

2024 Annual Financial Statements

for the year ended September 2024



sappi

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The audited financial statements for the year ended September 2024 have been prepared by the corporate accounting staff of Sappi Limited headed by John Shaw, Group Financial Manager. This process was supervised by Glen Pearce, Chief Financial Officer.

The financial statements have been audited in compliance with section 30 of the Companies Act of South Africa.

Director's approval

for the year ended September 2024

The directors are responsible for the maintenance of adequate accounting records and the content, integrity and fair presentation of the Group Annual Financial Statements and the related financial information included in this report. These have been prepared in accordance with IFRS Accounting Standards (IFRS®) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and, the JSE Financial Reporting Requirements and the requirements of the Companies Act of South Africa. In preparing the Group Financial Statements, the group applied appropriate accounting policies supported by reasonable judgements and estimates. The auditors are responsible for auditing the Group Annual Financial Statements in the course of executing their statutory duties.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and are committed to maintaining a strong control environment. Details relating to the group's internal control environment are set out in the Corporate Governance section of the Annual Integrated Report.

The directors are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Group Financial Statements that are free from material misstatements, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors have reviewed the group's budget and cash flow forecasts. This review, together with the group's financial position, existing borrowing facilities and cash on hand, has satisfied the directors that the group will continue as a going concern for the foreseeable future. The group, therefore, continues to adopt the going concern basis in preparing its Group Annual Financial Statements.

In terms of section 3.84(k) of the JSE Listings Requirements, each of the directors, whose names are stated below, hereby confirm that:

- (a) the Group Annual Financial Statements set out on pages 5 to 6 and 10 to 82, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Group Annual Financial Statements false or misleading
- (c) internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the group
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the Group Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- (e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies, and
- (f) we are not aware of any fraud involving directors.

The Directors' report and the Group Annual Financial Statements appear on pages 5 to 6 and 10 to 82 and were approved by the board of directors on 06 December 2024 and signed on its behalf by:

SR Binnie
Chief Executive Officer
Authorised director

GT Pearce
Chief Financial Officer
Authorised director

Sappi Limited

Group Company Secretary's certificate

for the year ended September 2024

In terms of section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, I hereby certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission of South Africa, for the financial year ended September 2024, all such returns as are required of a public company in terms of this Act and that such returns appear to be true, correct and up to date.

Sappi Southern Africa Limited

Secretaries

per A Mahendranath

Group Company Secretary

06 December 2024

Audit and Risk Committee report

for the year ended September 2024

Introduction

The Audit and Risk Committee presents its report for the financial year ended September 2024. The committee is an independent statutory committee whose duties are delegated to it by the board of directors. The committee has conducted its affairs in compliance with board-approved terms of reference and has discharged its responsibilities contained therein.

Objectives and scope

The overall objectives of the committee are:

- To assist the board in discharging its duties relating to the safeguarding of assets and the operation of adequate systems and control processes
- To provide oversight on reporting processes and the preparation of financial statements in compliance with the applicable legal and regulatory requirements and accounting standards
- To provide a forum for the governance of risk, including control assessment and developing recommendations for consideration by the board
- To oversee the internal and external audit appointments and functions
- To perform duties that are attributed to it by the South African Companies Act of 2008 (the Companies Act), the JSE Limited Listings Requirements and King IV.

Committee performance:

- Reviewed reports by management setting out the group's risk management approach, including an overview of the main risks, emerging risks, trends and key risk indicators, as well as the risk appetite, tolerance per risk and mitigations
- Considered feedback from the group's combined assurance processes in respect of key risk topics
- Received and reviewed reports from internal audit concerning the effectiveness of the internal control environment, systems and processes
- Reviewed the reports of both internal and external audit findings and their concerns arising out of their audits and requested appropriate responses from management
- Made recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings
- Ensured that appropriate financial reporting procedures are being maintained and are operating effectively
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided did not impair their independence
- Received and dealt with concerns and complaints through 'whistle-blowing' mechanisms that were reported to the committee by the group internal audit function
- Reviewed a documented assessment, including key assumptions, prepared by management on the going concern status of the group and accordingly made recommendations to the board
- Reviewed and recommended for adoption by the board the financial information that is publicly disclosed, which included:
 - The Annual Integrated Report
 - The Group Annual Financial Statements
 - The quarterly financial results
- Considered the effectiveness of the internal audit, approved the annual operational strategic internal audit plan, and monitored adherence of internal audit to its plan
- Reviewed the performance and expertise of the Chief Financial Officer and confirmed his suitability for the position
- Satisfied itself that the internal audit function is efficient and effective and carried out its duties in an independent manner in accordance with a board-approved internal audit charter
- Considered the certification process implemented by management to support the CEO and CFO's confirmation of the fairness of the Annual Financial Statements and the system of internal control over financial reporting as required by section 3.84(k) of the JSE Limited Listings Requirements. This includes consideration of the evaluation report, including identified control deficiencies and management's remedial actions, as well as compensating measures and assurance from other sources in the combined assurance framework.

The committee is satisfied that it has fulfilled its obligations in respect of its scope of responsibilities.

Audit and Risk Committee report continued

for the year ended September 2024

Membership

The membership of the committee is comprised of independent non-executive directors, all of whom are financially literate, with three members forming a quorum:

- Ms ZN Malinga (appointed in October 2018, chairperson from February 2024)
- Mr RJAM Renders (appointed in March 2017)
- Dr B Mehlomakulu (appointed January 2020)
- Mr LL von Zeuner (appointed September 2022)
- Ms E Istavridis (appointed October 2022)

Biographical details of the current members of the committee are set out in our Leadership section of the Integrated Annual Report.

In addition, the Chief Executive Officer, Chief Financial Officer, Head of Group Internal Audit, Group Financial Manager, Group Risk Manager and the external auditors are also permanent invitees to the meeting. The chairman of the board attends meetings ex officio. The effectiveness of the committee is assessed every year; however, due to the board member changes this year, it has been delayed to fiscal 2025. In terms of the Companies Act, the committee is required to be elected annually at the annual general meeting.

External audit

The committee, having considered all relevant matters, satisfied itself through enquiry that auditor independence, objectivity and effectiveness were maintained in 2024. Meetings were held with the auditors where management was not present.

No material non-audit services were provided by the external auditors during the year under review.

The committee has given adequate consideration to the information presented by the external auditor as required by the JSE Listings Requirements. The committee has consequently nominated, for approval at the annual general meeting, KPMG as the external auditor for the 2025 financial year, of whom Ms Giuseppina Aldrighetti is the designated auditor for Sappi Limited and Mr Mohammed Hassan is the designated auditor for Sappi Southern Africa Limited.

Integrated Report and the Group Annual Financial Statements

The committee has evaluated the Integrated Report, incorporating the Group Annual Financial Statements for the year ended September 2024. The committee has also considered the sustainability information as disclosed in the Integrated Report and has assessed its consistency with operational and other information known to committee members. The committee has also considered the report and is satisfied that the information is reliable and consistent with the financial results. The Group Annual Financial Statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

The committee has therefore recommended the Integrated Report and the Group Annual Financial Statements for approval to the board. The board has subsequently approved the report and the Group Annual Financial Statements, which will be open for discussion at the annual general meeting.

Based on the results of the formal documented review of the group's system of internal financial controls for the year, which was performed by the internal audit function, nothing has come to the attention of the committee to indicate that the internal financial controls were not operating effectively.

ZN Malinga

Chairperson

Audit and Risk Committee

06 December 2024

Directors' report

for the year ended September 2024

The directors have the pleasure of presenting their report for the year ended September 2024.

Nature of business

Sappi Limited, the holding company of the group, was formed in 1936 and is incorporated and domiciled in the Republic of South Africa.

Sappi is a leading provider of woodfibre-based renewable resources. Together with our partners, we are quickly moving toward a more circular economy.

Our raw material offerings (such as dissolving wood pulp, wood pulp and biomaterials) and end-use products (packaging and specialities papers, graphic papers, casting and release papers and forestry products) are manufactured from woodfibre sourced from sustainably managed forests and plantations, in production facilities powered, in many cases, with bio-energy from steam and existing waste streams. Many of our operations are energy self-sufficient.

Sappi works to build a thriving world to support Prosperity, People and Planet.

Financial results

The group generated a profit of US\$33 million for the year ended September 2024 (6 US cents) compared to a profit of US\$259 million (46 US cents) for the prior year.

Detailed commentary on the 2024 financial results is contained in various reviews throughout the Annual Integrated Report.

Dividends

The directors have decided to declare a cash dividend of 14 US cents.

Going concern

The directors believe that the group has sufficient resources and expected cash flows to continue as a going concern for the next financial year.

Corporate governance

Sappi is committed to high standards of corporate governance and endorses the recommendations contained in the King Code of Corporate Governance principles. Please refer to our Corporate Governance section contained in our Integrated Report for full details and to our website for Sappi's application of the King IV principles.

Health, safety, environment and community

Information on our health, safety and environmental performance is provided in our Sustainability Report in our Annual Integrated Report.

Significant announcements during the year under review and subsequent to year-end

The following significant announcements were made:

- In October 2023, it was announced that the consultation process for the closure of its Stockstadt Mill in Germany had been completed and a social plan for the employees had been agreed upon. In addition, an agreement was signed to sell the site. The closure of the site should be completed during the first calendar quarter of 2024. Further, it was also announced that it had entered into consultations for the potential closure of its Lanaken Mill in Belgium
- In January 2024, it was announced that the consultation process at Lanaken Mill had been concluded and paper production had ceased in December 2023
- In January 2024, the group gave notice that it intended to early redeem the residual ZAR1.2 billion 5.25% convertible bonds, resulting in the group issuing 39.5 million ordinary shares in March 2024
- In July 2024, the group announced that it had concluded an agreement to sell the land and assets of its Lanaken Mill to the UTB group for EUR40 million. The transaction closed in October 2024.

Directors' report continued

for the year ended September 2024

Liquidity and financing

At September 2024, we had liquidity comprising US\$317 million of cash on hand and US\$692 million available committed facilities in Europe and South Africa.

Net debt at financial year-end increased to US\$1,422 million (2023: US\$1,085 million), primarily due to the increased capital expenditure associated with the Somerset PM2 project and the closure of the two European paper mills. In addition, a negative currency translation effect on our Euro-denominated debt being converted at a higher rate increased net debt by a further US\$63 million for the year.

Details of our non-current borrowings are set out in note 22.

Risks and insurance

Details of the group's risks and insurance are set out in the Top Risks section of our Annual Integrated Report.

Property, plant and equipment

There were no major changes in the nature of the group's property, plant and equipment during the period under review.

Capital expenditure for the year ended amounted to US\$458 million (2023: US\$382 million). Of the above, expansion expenditure was US\$262 million (2023: US\$212 million), with maintenance expenditure of US\$196 million (2023: US\$170 million).

Subsequent events

Details of subsequent events are as set out in note 34.

Directorate

The composition of the board of directors is set out in the Our Leadership section in our Annual Integrated Report. During the year, the following changes were announced:

- The retirement of Sir Nigel Rudd and Mr Peter Mageza with effect from February 2024.

At the end of September 2024, there were 12 directors, two of whom are executive directors. All 10 of the non-executive directors are considered to be independent. The independence of those directors who are designated as independent was reviewed and confirmed during the year by the Nomination and Governance Committee.

In terms of the company's memorandum of incorporation, Mr S Binnie, Mr B Beamish, Mr J Lopez and Mr G Pearce will retire by rotation from the board at the forthcoming annual general meeting. All the directors who are retiring by rotation have indicated their availability for re-election to the board. Having assessed the individual performances of the directors concerned, the board recommends each of them for re-appointment. Mr V Moosa announced that he will be retiring at the end of December 2024.

Details of the secretaries and their business and postal addresses are set out in the administration section of the Annual Integrated Report.

Details of the directors and prescribed officers' shareholding and remuneration are set out in notes 35 to 37.

Directors' and officers' disclosure of interests in contracts

During the period under review, no significant contracts were entered into in which directors and officers had an interest and which affected the business of the group.

Directors' liabilities

Directors and officers of the group are covered by directors' and officers' liability insurance.

Subsidiary companies

Details of the company's significant subsidiaries are set out in note 38.

Independent auditor's report

for the year ended September 2024

To the shareholders of Sappi Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Sappi Limited and its subsidiaries (the Group) set out on pages 10 to 82, which comprise the group balance sheet as at September 2024, and the group income statement, the group statement of comprehensive income, the group statement of changes in equity, and the group statement of cash flows for the year then ended, and notes to the group financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sappi Limited and its subsidiaries as at September 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Financial Reporting Requirements") and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group, in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of plantations

Refer to note 2.2.24 for the accounting policies applied and note 12 to the group financial statements

Key audit matter	How the matter was addressed in our audit
<p>Plantations are stated at fair value less costs to sell and are considered to be a Level 3 measure in terms of the fair value measurement hierarchy as established by IFRS 13, <i>Fair Value Measurement</i> (IFRS 13).</p> <p>The valuation of plantations requires complex measurements and involves estimation uncertainty. The key inputs and assumptions involving significant estimation, judgement and having the most significant impact on the fair value of the plantations are:</p> <ul style="list-style-type: none"> • volume and growth estimations (together as standing tons); and • discount rate for immature timber. <p>Given the complexity and the significant estimation and judgement involved in the determination of the fair value of plantations, this was considered a key audit matter in respect of the consolidated financial statements.</p>	<p>Our team included senior audit team members and valuation specialists, who understand the Group's business and industry.</p> <p>Our audit procedures related to the valuation of plantations included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the plantation valuation process and evaluating the design and implementation of the relevant controls over the valuation of the plantations; • Critically evaluating the fair value methodology against the criteria in IAS 41, <i>Agriculture</i> (IAS 41) and IFRS 13 and evaluating the key measurements and assumptions applied by management in determining the fair value of the plantations; • Challenging the consistency, reasonableness and appropriateness of the underlying measurements and assumptions used by comparing to external observable data, where possible, and considering management's historical accuracy in determining these measurements and estimations; and • Assessing the reasonableness of the Group's fair value estimates, and the related sensitivity disclosures, by performing our own sensitivity analysis of the plantation valuations. <p>We also considered the adequacy and appropriateness of the Group's disclosures in respect of the valuation of plantations in accordance with IAS 41 and IFRS 13.</p>

Independent auditor's report continued

for the year ended September 2024

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "2024 Annual Integrated Report" and in the document titled "2024 Group Annual Financial Statements" which includes the Directors' Report, the Audit and Risk Committee Report and the Group Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS[®] Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Financial Reporting Requirements") and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Sappi Limited for eight years.

KPMG Inc.

Per Giuseppina Aldrighetti

Partner

Registered Auditor

Director

06 December 2024

85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa

Group income statement

for the year ended September 2024

US\$ million	Note	2024	2023
Revenue	3	5,458	5,809
Cost of sales	4	4,682	4,902
Gross profit		776	907
Selling, general and administrative expenses	4	403	365
Other operating (income) expenses		191	159
Share of profit from equity-accounted investees net of tax		-	3
Operating profit (loss)	4	182	380
Net finance costs	5	67	49
Finance costs		104	107
Finance income		(28)	(48)
Net foreign exchange gains		(9)	(10)
Profit before taxation		115	331
Taxation charge	6	82	72
Profit for the year		33	259
Basic earnings per share (US cents)	7	6	46
Weighted average number of ordinary shares in issue (millions)		582.4	563.6
Diluted earnings per share (US cents)	7	6	44
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)		588.2	604.6

Group statement of comprehensive income

for the year ended September 2024

US\$ million	Note	2024	2023
Profit for the year		33	259
Other comprehensive income net of tax	20	119	(74)
Item that will not be reclassified subsequently to profit or (loss)		(1)	(5)
Actuarial gains (losses) on post-employment benefit funds		1	(4)
Tax effect on above item and other tax items		(2)	(1)
Items that may be reclassified subsequently to profit or (loss)		120	(69)
Exchange differences on translation to presentation currency		103	(95)
Movements in hedging reserves		19	30
Tax effect on above items		(2)	(4)
Total comprehensive income for the year		152	185

Group balance sheet

as at September 2024

US\$ million	Note	2024	2023
ASSETS			
Non-current assets			
		4,208	3,742
Property, plant and equipment	10	3,241	2,886
Right-of-use assets	11	79	69
Plantations	12	562	488
Deferred tax assets	13	76	75
Goodwill and intangible assets	14	95	88
Equity-accounted investees	15	11	9
Other non-current assets	16	144	127
Current assets			
		1,998	2,054
Inventories	17	836	777
Trade and other receivables	18	771	658
Derivative financial instruments	31	18	14
Taxation receivable		6	4
Cash and cash equivalents		317	601
Assets held-for-sale	9	50	–
Total assets		6,206	5,796
EQUITY AND LIABILITIES			
Shareholders' equity			
		2,578	2,445
Ordinary share capital and share premium	19	815	679
Non-distributable reserves	21	124	111
Foreign currency translation reserve		(217)	(239)
Hedging reserves		(41)	(55)
Retained earnings		1,897	1,949
Non-current liabilities			
		2,299	2,035
Interest-bearing borrowings	22	1,537	1,329
Lease liabilities	11	74	61
Deferred tax liabilities	13	433	394
Defined benefit liabilities	29	207	198
Other non-current liabilities	23	48	53
Current liabilities			
		1,329	1,316
Interest-bearing borrowings	22	107	266
Lease liabilities	11	21	30
Trade and other payables	24	1,110	908
Provisions	24	8	80
Derivative financial instruments	31	17	3
Taxation payable		66	29
Total equity and liabilities		6,206	5,796

Group statement of cash flows

for the year ended September 2024

US\$ million	Note	2024	2023
Cash retained from operating activities		124	605
Cash generated from operations	25.1	550	659
– Closure and restructuring costs paid	25.2	29	178
		(280)	–
Cash generated from operating activities		299	837
– Finance costs paid	25.3	(62)	(115)
– Lease interest		(7)	(6)
– Finance income received		28	30
– Taxation paid	25.4	(50)	(56)
– Dividends paid		(84)	(85)
Cash utilised in investing activities		(430)	(395)
Investment to maintain operations		(196)	(170)
Investment to expand operations		(262)	(212)
Proceeds on disposal of assets held-for-sale		46	10
Proceeds on disposal of property, plant and equipment	25.5	3	6
Proceeds on disposal of business		2	–
Investment in equity-accounted investees		(2)	(1)
Increase in intangible assets	14	(15)	(26)
Other non-current asset movements		(6)	(2)
Cash effects of financing activities	25.6	4	(416)
Proceeds from interest-bearing borrowings		297	41
Repayment of interest-bearing borrowings		(269)	(412)
Share repurchases		–	(22)
Capital lease repayments		(24)	(23)
Net movement in cash and cash equivalents		(302)	(206)
Cash and cash equivalents at beginning of year		601	780
Translation effects		18	27
Cash and cash equivalents at end of year		317	601

Group statement of changes in equity

for the year ended September 2024

US\$ million	Number of ordinary shares	Ordinary share capital	Share premium	Ordinary share capital and share premium	Non-distributable reserves	Foreign currency translation reserve	Hedging reserves	Retained earnings	Total equity
Balance – September 2022	565.2	31	697	728	117	(191)	(76)	1,780	2,358
Share-based payments	–	–	–	–	6	–	–	–	6
Transfers of vested share options	1.3	–	–	–	–	–	–	–	–
Translation of parent company's ordinary share capital and share premium	–	(1)	(29)	(30)	–	30	–	–	–
Issue of shares	1.6	–	3	3	–	–	–	–	3
Dividend paid	–	–	–	–	–	–	–	(85)	(85)
Share repurchases	(9.3)	–	(22)	(22)	–	–	–	–	(22)
Profit for the year	–	–	–	–	–	–	–	259	259
Other comprehensive income (loss)	–	–	–	–	(12)	(78)	21	(5)	(74)
Balance – September 2023	558.8	30	649	679	111	(239)	(55)	1,949	2,445
Share-based payments	–	–	–	–	6	–	–	–	6
Transfers of vested share options	1.1	–	–	–	–	–	–	–	–
Translation of parent company's ordinary share capital and share premium	–	3	74	77	–	(77)	–	–	–
Issue of shares	39.5	2	57	59	–	–	–	–	59
Dividend paid	–	–	–	–	–	–	–	(84)	(84)
Profit for the year	–	–	–	–	–	–	–	33	33
Other comprehensive income (loss)	–	–	–	–	7	99	14	(1)	119
Balance – September 2024	599.4	35	780	815	124	(217)	(41)	1,897	2,578
Note				19	21				

Notes to the Group Annual Financial Statements

for the year ended September 2024

1. Basis of preparation

The consolidated financial statements of Sappi Limited (the 'company') as at and for the year ended September 2024 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities' or 'group entity') as well as the group's interests in associates and joint ventures.

The annual consolidated financial statements for the year ended September 2024 have been prepared in accordance with IFRS® Accounting Standards, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively 'JSE Financial Reporting Requirements') and the Companies Act of South Africa.

The Group Annual Financial Statements were authorised for issue by the Board of Directors on 06 December 2024.

The Group Financial Statements are prepared on the historical cost basis, except as set out in the accounting policies which follow. Certain items, including derivatives, are stated at their fair value while plantations are stated at fair value less costs to sell.

Fair value is determined in accordance with IFRS 13 *Fair Value Measurement* and is categorised as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices that are observable, either directly or indirectly
- Level 3: Inputs for the asset or liability that are unobservable.

Transfers between fair value hierarchies are recorded when that change occurs.

The Group Financial Statements are presented in United States Dollar (US\$) as it is the major trading currency of the pulp and paper industry and are rounded to the nearest million except as otherwise indicated.

The group's financial year-end is on the Sunday closest to the last day of September. Accordingly, the last two financial years were as follows:

- 02 October 2023 to 29 September 2024 (52 weeks)
- 03 October 2022 to 01 October 2023 (52 weeks).

Assets and liabilities and income and expenses are not offset in the income statement or balance sheet unless specifically permitted by IFRS.

Going concern

The group generated a profit of US\$33 million for the year ended September 2024 (2023: US\$259 million). The directors have reviewed the group's financial position, existing borrowing facilities and cash on hand, and are satisfied that the group will continue as a going concern for the foreseeable future.

2. Material accounting policies

The following principal accounting policies have been consistently applied in dealing with items that are considered material in relation to the Group Financial Statements. The adoption of new accounting standards and changes to accounting standards are dealt with in sections 2.3 and 2.4.

Changes in accounting estimates are recognised prospectively in profit or loss, except to the extent that they give rise to changes in the carrying amount of recognised assets and liabilities where the change in estimate is recognised immediately.

2.1 Judgement assumptions and estimation uncertainties

The group has made judgement assumptions and estimation uncertainties in the following areas:

- Impairment assessments of assets other than goodwill and financial instruments
- Methods of depreciation, useful lives and residual values for items of property, plant and equipment
- Valuation of plantation assets at fair value less costs to sell
- Post-employment benefits valuations.

2. Material accounting policies continued

2.2 Summary of material accounting policies

2.2.1 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The Group Financial Statements are presented in US Dollar as it is the major trading currency of the pulp and paper industry.

The functional currency of the parent company is ZAR (South African Rand). The share capital and share premium of the parent company are translated into US Dollar at the period-end rate. The exchange differences arising from this translation are included in the foreign currency translation reserve and cannot be recycled through profit or loss.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Subsequent to initial recognition, monetary assets and liabilities denominated in foreign currencies are translated at the earlier of reporting or settlement date and the resulting foreign currency exchange gains or losses are recognised in profit or loss for the period.

(iii) Foreign operations

The results and financial position of each group entity that has a functional currency that is different to the presentation currency of the group is translated into the presentation currency of the group as follows:

- Assets and liabilities are translated at the period-end rate
- Income statement items are translated at the average exchange rate for the year.

Exchange differences on translation are accounted for in OCI. These differences will be recognised in earnings on realisation of the underlying operation.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (ie the reporting entity's interest in the net assets of that operation), and of borrowings designated as hedging instruments of such investments, are taken to OCI.

Goodwill, intangible assets and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the period-end rate at each reporting date.

The group used the following exchange rates for financial reporting purposes:

Period-end rate	2024	2023
US\$1 = ZAR	17.1162	18.9299
€1 = US\$	1.1164	1.0572
Annual average rate		
US\$1 = ZAR	18.5357	18.1791
€1 = US\$	1.0843	1.0679

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.2 Group accounting

(i) Business combinations

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in the income statement immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

(ii) Subsidiaries

An entity is consolidated when the group can demonstrate power over the investee, is exposed or has rights to variable returns from its involvement with an investee, and has the ability to affect those returns through its power over the investee. The financial results of subsidiaries are consolidated into the group's results from acquisition date until disposal date.

Intra-group balances and transactions and, profits or losses arising from intra-group transactions are eliminated in the preparation of the Group Annual Financial Statements.

(iii) Associates and joint ventures (equity-accounted investees)

The financial results of associates and joint ventures are incorporated in the group's results using the equity method of accounting from acquisition date until disposal date. Under the equity method, associates and joint ventures are carried at cost and adjusted for the post-acquisition changes in the group's share of the associates' and joint ventures' net assets. The share of the associates' or joint ventures' profit after tax is determined from their latest financial statements or, if their year-ends are different to those of the group, from their unaudited management accounts that correspond to the group's financial year-end.

Where there are indicators of impairment, the entire carrying amount of the investment, including goodwill, is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised, which the group records in other operating expenses in profit or loss, is deducted from the carrying amount of the investment.

Any reversal of an impairment loss increases the carrying amount of the investment to the extent recoverable, but not higher than the historical amount.

2.2.3 Financial instruments

(i) Initial recognition

Financial instruments are recognised on the balance sheet when the group becomes a party to the contractual provisions of a financial instrument. All purchases of financial assets that require delivery within the time frame established by regulation or market convention ('regular way' purchases) are recognised at trade date.

(ii) Initial measurement

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(iii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at: amortised cost, fair value through other comprehensive income (FVOCI) – debt investment, FVOCI – equity instrument or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(iii) Classification and subsequent measurement continued

Financial assets continued

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held-for-trading, the group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets
- How the performance of the portfolio is evaluated and reported to the group's management
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- How managers of the business are compensated – eg whether compensation is based on the fair value of the assets managed or the contractual cash flows collected
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The group has concluded that it holds its financial assets to collect the contractual cash flows.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the group's continuing recognition of the assets. Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (eg liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the group considers:

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable-rate features
- Prepayment and extension features
- Terms that limit the group's claim to cash flows from specified assets (eg non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(iii) Classification and subsequent measurement continued

Financial assets – Subsequent measurement and gains and losses

- Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Embedded derivatives

Certain derivatives embedded in financial and host contracts are treated as separate derivatives and recognised on a standalone basis when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. Gains or losses on these embedded derivatives are reported in profit or loss.

(v) Derecognition

The group derecognises a financial asset when the rights to receive cash flows from the financial asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership of the financial asset.

A financial liability is derecognised when and only when the liability is extinguished, ie when the obligation specified in the contract is discharged, cancelled or has expired. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference in the respective carrying amounts is recognised in profit or loss for the period.

(vi) Impairment of financial assets

The group measures loss allowances at an amount equal to lifetime expected credit losses using a simplified approach. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment and including forward-looking information. Forward-looking information incorporates actual and expected significant changes in the political, regulatory and technological environment of the debtor and its business activities.

Impairment losses are calculated taking into account the lifetime expected credit losses of trade and other receivables. The group's trade and other receivables are managed on a collective basis irrespective of the nature of its customers. The group does not have a history of significant trade receivables write-offs as the contractual terms entered with the customers help ensure that these balances are recoverable.

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(vi) Impairment of financial assets continued

The group establishes an allowance for impairment that represents its estimate of credit losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individual significant exposures and a collective loss component in respect of losses that may be incurred but have not yet been identified. The collective loss allowances are determined based on historical write-off data over the last five years. This takes into account past circumstances which resulted in trade and other receivable balances that were not recovered. Individual significant exposures refer to customers who are under business rescue, in liquidation or unable to pay their obligations. These customers are credit impaired irrespective of their ageing. This takes into account forward-looking circumstances. Five years is considered to be a reasonable timeframe on which to calculate a loss rate given the nature of the group's operations and the contractual terms agreed to with its customers.

(vii) Finance income and finance costs

Finance income and finance costs are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to that asset's or liability's net carrying amount on initial recognition.

(viii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.2.4 Government grants

Government grants related to income are recognised in sundry income under selling, general and administrative expenses. Government grants related to assets are recognised by deducting the grant from the carrying amount of the related asset.

2.2.5 Intangible assets

(i) Research activities

Expenditures on research activities and internally generated goodwill are recognised in profit or loss as an expense as incurred.

(ii) Development activities

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation of engineering projects, computer software and development costs are charged to profit or loss on a straight-line basis over the estimated useful lives of these assets, not exceeding five years.

(iii) Brands, customer relationships and customer technology

Brands, customer relationships and customer technology acquired are capitalised and amortised on a straight-line basis over their estimated useful lives which, on average, is 10 years.

(iv) Other intangible assets

Other intangible assets comprise licence fees, trademarks and carbon certificates which are amortised on a straight-line basis over their useful lives between three and 20 years.

2.2.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost includes all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined on the following basis:

Classification

Finished goods
Raw materials, work in progress and consumable stores
Cost of items that are not interchangeable

Cost formula

First-in first-out (FIFO)
Weighted average
Specific identification inventory valuation basis

Net realisable value is the estimated selling price in the ordinary course of business less necessary costs to make the sale.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.7 Leases

At inception of a contract, the group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset, the group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use
- The group has the right to direct the use of the asset. The group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
 - The group has the right to operate the asset, or
 - The group designed the asset in a way that predetermines how and for what purpose it will be used.

As a lessee

The group's leasing activities mainly relate to the lease of premises, plant and equipment. Information about leases to which the group is a lessee is presented in note 11.

The group applies the practical expedient not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. This expedient is applied by class of underlying assets. The group applies this practical expedient to building leases. For all other leases, the non-lease components are separated.

Contracts sometimes include amounts payable by the lessee for activities and costs that do not transfer a good or service to the lessee. For example, a lessor may include in the total amount payable a charge for administrative tasks or other costs it incurs associated with the lease, that do not transfer a good or service to the lessee. Such amounts payable do not give rise to a separate component of the contract, but are considered to be part of the total consideration that is allocated to the separately identified components of the contract: eg property taxes, insurance, and admin costs.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any prepaid and accrued lease payments plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Generally, the group uses its incremental borrowing rate at the date of initial application as determined by Group Treasury, which is based on a portfolio of leases with similar lease terms. The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, or if there is a change in the group's assessment of the amount expected to be payable under a residual value guarantee if the group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease term is the non-cancellable period of a lease, together with both:

- Periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and
- Periods after an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee, and
- The exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.7 Leases continued

Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities of low-value assets and short-term leases. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. Low-value leases are deemed to be below that of US\$5 000 and mainly relate to IT equipment.

2.2.8 Segment reporting

The group's reportable segments, which have been determined in accordance with how the group allocates resources and evaluates performance, are predominantly on a geographical basis and comprise North America, Europe and Southern Africa.

Assets, liabilities, revenues or expenses that are not directly attributable to a particular segment are allocated between segments where there is a reasonable basis for doing so.

2.2.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction and production of qualifying assets are capitalised as part of the costs of those assets.

Borrowing costs capitalised are calculated at the group's average funding cost other than to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2.2.10 Revenue

Revenue is recognised when a customer obtains control of the goods. Revenue is recognised at a point in time, with no deferral of revenue. Control of goods passes to the customer when the performance obligations are satisfied. Sappi primarily has one performance obligation, which is the delivery of the goods to the customer. Control is dependent on shipping incoterms where goods are sold to customers overseas. The transaction price is the expected consideration to be received, to the extent that it is highly probable that there will not be a significant reversal of revenue in future, after deducting discounts, volume rebates, value added tax and other sales taxes. When the period of time between delivery of goods and subsequent payment by the customer is less than one year, no adjustment for a financing component is made. Depending on the shipping terms used, shipping and handling activities may be a separate performance obligation where these activities are performed after revenue is recognised from the sale of the goods. In these instances, revenue recognised from the shipping and handling activities when these activities are fulfilled, which is at the same time revenue is recognised from the sale of goods. Sappi acts as an agent in the fulfilment of these shipping and handling performance obligations, and as such recognises revenue from this performance obligation net of the costs incurred to fulfil it. When shipping and handling activities are not a separate performance obligation, these costs are included in cost of sales.

2.2.11 Emission trading

The European Union Emissions Trading Scheme (EU-ETS) is an instrument for reducing greenhouse gas emissions at the lowest possible economic cost. Facility operators which emit CO₂ must present a valid ETS certificate for each ton of CO₂ they emit. If the CO₂ emission exceeds the number of allocated certificates of a plant, operators must buy certificates in the emission allowance trading. At Sappi, we have an agreement between Sappi Europe and the production entities that stipulates that the production entities are obliged to participate in the European Trading System. Starting from 2013, the possibilities to cooperate were discussed and decided to conclude Forward or Spot contracts to buy CO₂ emission rights on external markets for the common interests of the parties.

Sappi Europe will buy and sell CO₂ emission rights from the production entities as well as on the external markets in its own name but for the account of the joint ownership of the parties. Further, Sappi Europe will manage the joint ownership of the CO₂ emission rights and will allocate the CO₂ emission rights according to the needs of the parties.

The group recognises government grants for emission rights as intangible assets at the cost of the rights as well as a liability, which equals the cost of the rights at the time of the grant. Emission certificates purchased externally are measured at the cost of the concluded Forward or Spot contract. The production entities with surpluses will sell these to the account of joint ownership at market value at that point in time. The full balance of the joint ownership is measured at weighted average price (WAP) and the allocated emission certificates to the production entities with shortages are also allocated at WAP. The surpluses sold to the account of joint ownership are intercompany profits, so these are eliminated at consolidated level. The group does not recognise a liability for emissions to the extent that it has sufficient allowances to satisfy emission liabilities; in other words, the surpluses exceed the shortages for the calendar year. Where there is a shortfall of allowances that the group would have to deliver for emissions, a liability is recognized at the current market value of the shortfall.

Where the group sells allowances to parties outside the group at amounts greater than the carrying amount, a gain is recognised in selling, general and administrative expenses in profit or loss for the period.

2.2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits and money market instruments with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into cash. Cash and cash equivalents are measured at amortised cost.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.13 Goodwill

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date.

Goodwill arising at acquisition is subsequently held at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently where there is an indication of impairment within one or more cash-generating units (CGUs) to which goodwill has been allocated.

Goodwill is tested for impairment using management's five-year cash flow valuation model based on an allocation of the goodwill to one or more CGUs. The group takes into account its ability to produce products across different operating units in determining CGUs and allocating goodwill to those CGUs. A pre-tax discount rate is used.

2.2.14 Share-based payments

(i) Equity-settled share-based payment transactions

The services or goods received in an equity-settled share-based payment transaction with counterparties are measured at the fair value of the equity instruments at grant date.

If the equity instruments granted vest immediately and the beneficiary is not required to complete a specified period of service before becoming unconditionally entitled to those instruments, the benefit received is recognised in profit or loss for the period in full on grant date with a corresponding increase in equity.

Where the equity instruments do not vest until the beneficiary has completed a specified period of service, it is assumed that the benefit received by the group as consideration for those equity instruments will be received over the vesting period. These benefits are accounted for in profit or loss as they are received with a corresponding increase in equity. Share-based payment expenses are adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met.

(ii) Measurement of fair value of equity instruments granted

The equity instruments granted by the group are measured at fair value at the measurement date using either the modified binomial option pricing or the Monte-Carlo simulation model. The valuation technique is consistent with generally acceptable valuation methodologies for pricing financial instruments and incorporates all factors and assumptions that knowledgeable, willing market participants would consider in setting the price of the equity instruments.

In accounting for the group's share-based payment transactions, management uses estimates and assumptions to determine share-based payment expenses. Key inputs, which are necessary for determining the grant date fair value, include the volatility of the group's share price, employee turnover rate, and dividend payout rates.

Note 30 provides further detail on key estimates, assumptions and other information on share-based payments applicable as at the end of the year.

2.2.15 Derivatives and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss. For the purpose of hedge accounting, hedges are classified as follows:

(i) Fair value hedges

Fair value hedges are designated when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment. Changes in the fair value of derivatives that are designated as hedging instruments are recognised in profit or loss immediately together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument is recognised in the same line of profit or loss as the change in the hedged item.

(ii) Cash flow hedges

Cash flow hedges are designated when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction, or the foreign currency risk in an unrecognised firm commitment. In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in OCI and the ineffective portion is recognised in profit or loss.

The gains or losses recognised in OCI are transferred to profit or loss in the same period in which the hedged transaction affects profit or loss.

If the forecast transaction results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is transferred from OCI to the underlying asset or liability on the transaction date.

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.15 Derivatives and hedge accounting continued

(iii) Hedge of a net investment in a foreign operation

The effective portion of the gain or loss on the hedging instrument is recognised in OCI and is only reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

(iv) Discontinuance of hedge accounting

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised and when, for cash flow hedges, the designation is revoked and the forecast transaction is no longer expected to occur. Where a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred in OCI is transferred to profit or loss.

The financial instruments that are used in hedging transactions are assessed both at inception and quarterly thereafter to ensure they are effective in offsetting changes in either the fair value or cash flows of the related underlying exposures. Hedge ineffectiveness is recognised immediately in profit or loss.

Refer to notes 31 and 32 for details of the hedging relationships as well as the impact of hedges on the pre-tax profit or loss for the period.

2.2.16 Provisions

A provision is recognised when the group has a legal or constructive obligation arising from a past event which can be reliably measured and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where the effect of discounting (time value) is material, provisions are discounted and the discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The establishment and review of the provisions require judgement by management as to whether or not there is a probable obligation and whether or not a reliable estimate of the amount of the obligation can be made.

Environmental accruals are recorded based on current interpretation of environmental laws and regulations.

Restructuring provisions are recognised when the group has developed a detailed formal plan for restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and is recorded in other operating expenses in profit or loss.

Refer to note 24 for the nature of provisions recorded.

2.2.17 Environmental restoration and decommissioning obligations

The group initially recognises a liability for management's best present value estimate of costs expected to be incurred in the dismantling and removal of non-current assets where a legal or constructive obligation exists. The liability changes over time and actual costs incurred in future periods could differ materially from estimates. Additionally, future changes to environmental laws and regulations, life-of-operation estimates and discount rates could affect the carrying amount of this liability.

Due to the uncertainty in the timing of the closure of the group's facilities, some of these obligations have an indeterminate settlement date, and the group believes that adequate information does not exist to apply an expected present value technique to estimate any such potential obligations. Accordingly, the group does not record a liability for such remediation until a decision is made that allows reasonable estimation of the timing of such remediation.

2.2.18 Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.2.19 Share capital

Share capital comprises ordinary shares and is classified as equity. Issued ordinary shares are measured at the fair value of the proceeds received less any directly attributable issue costs. An amount equal to the par value of the shares issued is presented as share capital. The amount by which the fair value exceeds par value is presented as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12. Treasury shares are excluded from equity.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.20 Assets held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying value and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity-accounted. The key inputs and assumptions are the criteria and timing for classification as held-for-sale, evaluation of conditions precedent, measurement of the disposal group at the lower of the carrying amount and fair value less costs to sell and presentation as a discontinued operation.

2.2.21 Impairment of assets other than goodwill and financial instruments

The group assesses all assets other than goodwill at each balance sheet date for indications of impairment or whether an impairment reversal is required. Given the results in the current year and related macroeconomic uncertainty, indicators of impairment were identified and, therefore, impairment tests were performed for all cash-generating units (CGUs) to determine each CGU's recoverable amount. The recoverable amount is measured at the higher of fair value less cost of disposal and value-in-use. An impairment loss is recognised to the extent that the carrying amount of the CGU exceeds its recoverable amount.

In assessing assets for impairment, the group estimates the asset's value-in-use based on its useful life, future cash flows based on management's five-year plan, including appropriate bases for future product pricing in the appropriate markets, raw material and energy costs, volumes of product sold, the planned use of machinery or equipment or closing of facilities and the long-term growth rate. The pre-tax discount rate (impairment discount factor) is another sensitive input to the calculation. The pre-tax real discount rates used for impairment testing ranged from 6.56% to 12.38% (2023: 6.89% to 14.61%). For an asset whose cash flows are largely dependent on those of other assets, the recoverable amount is determined for the CGU to which the asset belongs. Additionally, where required, assets are also assessed against their fair value less costs of disposal.

In cases where a revision to CGUs is required, the following key considerations are taken into account: (1) revenue separation, (2) assets separation and (3) management's monitoring and decision-making in respect of assets and operations. There were no changes in the identification of CGUs in the current year.

Where impairment loss exists, the losses are recognised in other operating expenses in profit or loss for the period.

A previously recognised impairment loss will be reversed through profit or loss if the recoverable amount increases as a result of a change in the estimates that were previously used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods.

2.2.22 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Land, whether in use or lying fallow, is stated at cost and not depreciated. Cost includes, where specifically required in terms of legislative requirements or where a constructive obligation exists, the estimated cost of dismantling and removing the assets, professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. In addition, spare parts whose expected useful lives are anticipated to be more than 12 months are treated as property, plant and equipment.

Expenditure incurred to replace a component of property, plant and equipment is capitalised to the cost of related property, plant and equipment and the part replaced is derecognised.

Depreciation, which commences when the assets are ready for their intended use, is recognised in profit or loss over their estimated useful lives to estimated residual values using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Management judgement and assumptions are necessary for estimating the methods of depreciation, useful lives and residual values. The residual value for the majority of items of property, plant and equipment has been deemed to be zero by management due to the underlying nature of the property, plant and equipment.

The following methods and rates are used to depreciate property, plant and equipment to estimated residual values:

Buildings	Straight-line	10 to 40 years
Plant and equipment	Straight-line	Three to 30 years

The group reassesses the estimated useful lives and residual values of components of property, plant and equipment on an ongoing basis. As a result, depending on economic and other circumstances, a component of property, plant and equipment could exceed the estimated useful life as indicated in the categories above.

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.23 Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in OCI, in which case it is also recognised in OCI.

(i) Current taxation

Current taxation is the expected taxation payable on the taxable income, which is based on the results for the period after taking into account necessary adjustments, using taxation rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxation payable in respect of previous years.

The group estimates its income taxes in each of the jurisdictions in which it operates. This process involves estimating its current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes.

The various group entities are subject to examination by tax authorities. The outcome of tax audits cannot be predicted with certainty. If any matters addressed in these tax audits are resolved in a manner not consistent with management's expectations or tax positions taken in previously filed tax returns, then the provision for income tax could be required to be adjusted in the period that such resolution occurs.

(ii) Deferred taxation

Deferred taxation is provided using the balance sheet liability method based on temporary differences. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation rates enacted or substantively enacted at the balance sheet date. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Before recognising a deferred tax asset, the group assesses the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent recovery is not probable, a deferred tax asset is not recognised. In recognising deferred tax assets, the group considers profit forecasts, including the effect of exchange rate fluctuations on sales, external market conditions and restructuring plans.

Refer to note 13 for the movement in unrecognised deferred tax assets.

(iii) Dividend withholding tax

Dividend withholding tax is payable on dividends distributed to certain shareholders. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the dividend withholding tax is recognised as part of the current tax charge in the income statement in the period in which the dividend is received.

2.2.24 Plantations

Plantations are stated at fair value less costs to sell, with all changes in fair value being recognised in profit or loss.

The fair value of forestry assets is a Level 3 measure in terms of the fair value measurement hierarchy. The group uses a combination of both the income approach and the market approach in determining fair value as it believes that these methods yield the most appropriate valuations. The income approach, which uses discounted cash flows, is applied to immature timber due to the extended time period required for the timber to reach maturity, whereas the market approach, which is based on the selling price of similar assets, is applied to mature timber due to its shorter time period to maturity.

The key inputs are the selling prices, costs to sell, discount rates, volume and growth estimations. The impact of these inputs are disclosed in note 12.

• Selling prices and costs to sell

The net selling price is defined as the selling price less the costs to sell, which include the costs of transport, harvesting, loading and overheads. The selling prices are based on external third-party transactions during the year and are benchmarked against international pricing of recent market transactions, which are influenced by species, maturity profile and location of timber. Forecast consumer price indexes are also considered for both timber prices and costs to sell.

A current net selling price is used for mature timber that is expected to be felled within 12 months from the end of the reporting period as such timber is expected to be used in the short term whereas a market trend related fair value price is used for immature timber and mature timber that is expected to be felled 12 months after the reporting date.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.24 Plantations continued

- Discount rate

The discount rate used is the real pre-tax discount rate. This is applied to pre-tax cash flows.

- Volume and growth estimations

The group focuses on good husbandry techniques, which include ensuring that the rotation of plantations is met with adequate planting activities for future harvesting. The age threshold used for quantifying immature timber is dependent on the rotation period of the specific timber genus, which varies between five and 18 years. In the Southern African region, softwood less than eight years and hardwood less than five years are classified as immature timber.

Trees are generally felled at the optimum age when ready for intended use. At the time the tree is felled, it is taken out of plantations and accounted for under inventory and reported as a depletion cost (fellings).

Depletion costs include harvesting (fellings) and damages. The fair value of timber felled is determined using the current net selling price while damages are calculated using the market trend-related fair value price. Damages are written off against standing timber to record loss or damage caused by fire, storms, disease and stunted growth. Harvesting (fellings) depletion costs are accounted for as actual tons multiplied by the current net selling price. Damages depletion costs are accounted for as actual damaged tons multiplied by the market trend-related fair value price. Damaged tons are calculated using the projected growth to rotation age and are extrapolated to current age on a straight-line basis.

The group has projected growth estimation over a period of five to 18 years per rotation. In deriving this estimate, the group established a long-term sample plot network which is representative of the species and sites on which trees are grown and the measured data from these permanent sample plots were used as input into the group's growth estimation. Periodic adjustments are made to existing models for new genetic material.

Volume and growth assumptions are used in determining standing tons at valuation date.

The associated costs for managing plantations are recognised as silviculture costs in cost of sales (see note 4). Silviculture costs are presented as operating activities in the statement of cash flows.

2.2.25 Post-employment benefits

Defined benefit and defined contribution plans have been established for eligible employees of the group, with the assets held in separate trustee-administered funds.

The present value of the defined benefit obligations and related current service costs are calculated annually by independent actuaries using the projected unit credit method.

These actuarial models use an attribution approach that generally spreads individual events over the service lives of the employees in the plan.

Estimates and assumptions used in the actuarial models include the discount rate, salary increases, healthcare cost trends, longevity and service lives of employees.

The group recognises actuarial gains or losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, in OCI. Any increase in the present value of plan liabilities expected to arise due to current service costs is charged to profit or loss.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the group is demonstrably committed to the curtailment or settlement. Past service costs or credits are recognised immediately.

Net interest for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, adjusted for any changes as a result of contributions and benefit payments, to the net defined benefit liability and recorded in finance costs in profit or loss.

The net liability recognised in the balance sheet represents the present value of the defined benefit obligation reduced by the fair value of the plan assets. Where the calculation results in a benefit to the group, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Refer to note 29 for the key estimates, assumptions and other information on post-employment benefits.

2. Material accounting policies continued

2.3 Adoption of accounting standards in the current year

The following standards, interpretations, amendments and improvements to standards were effective and adopted in the current fiscal year, all of which had no material impact on the group's reported results or financial position:

- IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- IAS 8 *Definition of Accounting Estimates*
- IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*.

2.4 Accounting standards, interpretations and amendments to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective and which have not yet been adopted by the group. The impact of these standards is being evaluated by the group, and standards and amendments effective in the next financial year are not expected to have a material impact on the group's results or financial position. The effective dates denote the fiscal year-end in which it will be adopted.

- IAS 1 *Classification of Liabilities as Current or Non-current* – September 2025
- IFRS 16 *Lease Liability in a Sale and Leaseback* – September 2025
- IAS 1 *Non-current Liabilities with Covenants* – September 2025
- IAS 7 and IFRS 7 *Supplier Finance Arrangements* – September 2025
- IAS 21 *Lack of Exchangeability* – September 2026
- IFRS 18 *Presentation and Disclosures in Financial Statements* – September 2028
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* – September 2028
- IFRS 7 and IFRS 9 amendments regarding the classification and measurement of financial instruments – September 2027
- Annual Improvements to IFRS Accounting Standards Volume 11 – September 2027.

3. Segment information

Reportable segments are components of an entity for which separate financial information, that is evaluated regularly by the chief operating decision maker in deciding on how to allocate resources and assess performance, is available. The group's reportable segments comprise the geographic regions of North America, Europe and Southern Africa (and which have remained unchanged from the prior year) as this is the basis on which financial information is reported to the chief operating decision maker, being the group Executive Committee, for the purposes of deciding on how to allocate resources and assess performance.

The group's revenue from contracts with customers is comprised mostly of the sale of dissolving wood pulp, coated paper and speciality paper in North America; coated, uncoated and speciality paper in Europe as well as dissolving wood pulp, paper pulp, and uncoated and commodity paper in Southern Africa. Revenue is recognised at a point in time when the goods are delivered to the customer. Customer payment terms do not contain significant financing components. Sappi acts as an agent for the fulfilment of shipping activities and as there is no margin earned on the shipping of the goods, the net revenue recognised for shipping is Rnil (2023: Rnil).

The group operates a trading network called Sappi Trading for the international marketing and distribution of dissolving wood pulp and paper pulp throughout the world and of the group's other products in areas outside its core operating regions of North America, Europe and Southern Africa. The financial results and position associated with Sappi Trading are allocated to the reportable segments.

The group regards its primary measures of segment performance as adjusted EBITDA and operating profit excluding special items.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

3. Segment information continued

	NORTH AMERICA		EUROPE	
US\$ million	2024	2023	2024	2023
Income statement				
Total sales	1,827	1,867	2,475	2,804
Intersegmental sales	(68)	(57)	(125)	(182)
External sales ⁽¹⁾	1,759	1,810	2,350	2,622
Operating profit (loss) excluding special items	110	175	33	8
Special items – (gains) losses ⁽²⁾	12	34	158	113
Operating profit (loss) by segment	98	141	(125)	(105)
Adjusted EBITDA ⁽²⁾	201	267	129	124
Plantation fair value price adjustment ⁽²⁾	–	–	–	–
EBITDA excluding special items ⁽²⁾	201	267	129	124
Cost of sales ⁽⁵⁾	(1,631)	(1,692)	(1,965)	(2,200)
Raw materials, energy and other direct input costs ⁽⁵⁾	(832)	(849)	(1,363)	(1,496)
Selling, general and administrative expenses ⁽⁵⁾	(132)	(117)	(202)	(189)
Share of profit of equity-accounted investees net of tax	–	–	–	–
Depreciation and amortisation	(91)	(92)	(96)	(116)
Asset impairment reversals/(impairments)	(5)	(33)	29	(197)
(Reversal of loss)/profit on disposal of held-for-sale assets	–	–	10	181
Profit (loss) on disposal and written off assets	–	(1)	2	5
Fellings	–	–	–	–
Plantation fair value adjustment	–	–	–	–
Net restructuring provisions	–	–	(134)	(77)
Finance costs ⁽⁵⁾	(4)	(4)	(6)	(6)
Finance income ⁽⁵⁾	–	–	–	–
Employment costs ⁽⁵⁾	(324)	(300)	(478)	(522)
Balance sheet				
Capital expenditures	234	160	151	142
Net operating assets ⁽²⁾	1,494	1,344	1,263	1,093
Property, plant and equipment	1,079	926	953	882
Reconciliation of operating profit excluding special items to operating profit (loss) by segment:				
Operating profit excluding special items	110	175	33	8
Special items – gains (losses) ⁽²⁾	(12)	(34)	(158)	(113)
Operating profit (loss) by segment	98	141	(125)	(105)
Special items cover those items which management believes are material by nature or amount to the operating results and require separate disclosure.				
Reconciliation of Adjusted EBITDA excluding special items and operating profit (loss) excluding special items to profit (loss) for the period:				
Adjusted EBITDA ⁽²⁾	201	267	129	124
Plantation fair value price adjustment ⁽⁴⁾	–	–	–	–
EBITDA excluding special items ⁽²⁾	201	267	129	124
Depreciation and amortisation	(91)	(92)	(96)	(116)
Operating profit (loss) excluding special items	110	175	33	8
Special items – gains (losses) ⁽²⁾	(12)	(34)	(158)	(113)
Plantation fair value price adjustment ⁽⁴⁾	–	–	–	–
Net restructuring provisions	–	–	–	–
Profit (loss) on disposal and written-off assets	–	–	–	–
Asset impairment reversals/(impairments)	–	–	–	–
(Loss) gain on remeasurement of held-for-sale assets	–	–	–	–
Profit (loss) on disposal of held-for-sale assets	–	–	–	–
Insurance recoveries	–	–	–	–
Fire, flood, storm and other events	–	–	–	–
Segment operating profit (loss)	98	141	(125)	(105)
Net finance costs	–	–	–	–
Profit before taxation	–	–	–	–
Taxation charge	–	–	–	–
Profit for the year	–	–	–	–

⁽¹⁾ Sales of products are allocated to where the product is manufactured.

⁽²⁾ Refer to the definitions below.

⁽³⁾ Includes the group's treasury operations, insurance captive and delivery costs netted off against revenue.

⁽⁴⁾ The definition of special items has been amended from fiscal 2024 to exclude the plantation fair value price adjustment, which was previously included as part of special items. The plantation fair value price adjustment is therefore included in the current year's EBITDA excluding special items and operating profit (loss) excluding special items. The prior year comparatives for special items continue to include the plantation fair value price adjustment.

SOUTHERN AFRICA		UNALLOCATED AND ELIMINATIONS ⁽³⁾		GROUP	
2024	2023	2024	2023	2024	2023
1,462	1,518	(92)	(116)	5,672	6,073
(21)	(25)	-	-	(214)	(264)
1,441	1,493	(92)	(116)	5,458	5,809
252	244	12	5	407	432
20	(119)	(35)	(24)	225	52
232	363	(23)	(19)	182	380
340	332	14	8	684	731
(1)	-	-	-	(1)	-
341	332	14	8	685	731
(1,080)	(1,002)	(6)	(8)	(4,682)	(4,902)
(656)	(740)	-	-	(2,851)	(3,085)
(88)	(72)	19	13	(403)	(365)
-	3	-	-	-	3
(89)	(88)	(2)	(3)	(278)	(299)
-	(3)	-	-	24	(233)
-	-	-	-	10	181
2	(1)	(1)	-	3	3
(73)	(69)	-	-	(73)	(69)
108	197	-	-	108	197
-	-	-	-	(134)	(77)
(20)	(25)	(74)	(72)	(104)	(107)
10	9	18	39	28	48
(177)	(168)	(56)	(35)	(1,035)	(1,024)
96	68	9	8	490	378
1,867	1,639	(12)	24	4,612	4,100
1,175	1,053	34	25	3,241	2,886
252	244	12	5	407	432
(20)	119	(35)	(24)	(225)	(52)
232	363	(23)	(19)	182	380
340	332	14	8	684	731
(1)	-	-	-	(1)	-
341	332	14	8	685	731
(89)	(88)	(2)	(3)	(278)	(299)
252	244	12	5	407	432
(20)	119	(35)	(24)	(225)	(52)
-	-	-	-	-	123
-	-	-	-	(134)	(77)
-	-	-	-	(3)	3
-	-	-	-	24	(233)
-	-	-	-	-	181
-	-	-	-	10	(1)
-	-	-	-	5	7
-	-	-	-	(127)	(55)
232	363	(23)	(19)	182	380
-	-	-	-	(67)	(49)
-	-	-	-	115	331
-	-	-	-	(82)	(72)
-	-	-	-	33	259

⁽⁵⁾ Comparatives have been restated following the adoption of the IFRIC agenda decision published in July 2024. The IFRIC clarified that the group must disclose amounts for each reportable segment when they are either included in the segment measure of profit or loss reviewed by the CODM or are otherwise regularly provided to the CODM. The group applied judgement, considering materiality and the core principle of IFRS 8 Operating Segments, to determine the material items of income and expenses to disclose for each reportable segment.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

3. Segment information continued

Reconciliation of segment assets to total assets:

US\$ million	GROUP	
	2024	2023
Net operating assets ⁽²⁾	4,612	4,100
Deferred tax assets	76	75
Cash and cash equivalents	317	601
Trade and other payables	1,110	908
Provisions	8	80
Derivative financial instruments	17	3
Taxation payable	66	29
Total assets	6,206	5,796

In addition to regularly reviewing separate financial information by reportable segment, the chief operating decision maker also reviews certain financial information by major product category, which is shown below.

US\$ million	GROUP	
	2024	2023
Sales		
Pulp	1,225	1,296
Packaging and speciality papers	1,714	1,755
Graphic papers	2,546	2,794
Forestry	65	80
Delivery cost adjustment ⁽³⁾	(92)	(116)
Total	5,458	5,809
Operating profit excluding special items		
Pulp	171	162
Packaging and speciality papers	66	119
Graphic papers	158	145
Unallocated and eliminations ⁽³⁾	12	6
Total	407	432
Adjusted EBITDA		
Pulp	284	238
Packaging and speciality papers	127	214
Graphic papers	259	271
Unallocated and eliminations ⁽³⁾	14	8
Total	684	731

⁽¹⁾ Sales of products are allocated to where the product is manufactured.

⁽²⁾ Refer to the definitions below.

⁽³⁾ Includes the group's treasury operations, insurance captive and delivery costs netted off against revenue.

⁽⁴⁾ The definition of special items has been amended from fiscal 2024 to exclude the plantation fair value price adjustment, which was previously included as part of special items. The plantation fair value price adjustment is therefore included in the current year's EBITDA excluding special items and operating profit (loss) excluding special items. The prior year comparatives for special items continue to include the plantation fair value price adjustment.

Adjusted EBITDA – earnings before interest (net finance costs), taxation, depreciation, amortisation, special items and the plantation fair value price adjustment.

EBITDA excluding special items – earnings before interest (net finance costs), taxation, depreciation, amortisation and special items

Net operating assets – total assets (excluding deferred tax assets and cash) less current liabilities (excluding interest-bearing borrowings, lease liabilities and overdraft).

Special items – special items cover those items which management believes are material by nature or amount to the operating results and require separate disclosure. Such items would generally include profit or loss on disposal of property, investments and businesses, asset impairments, restructuring charges, non-recurring integration costs related to acquisitions, financial impacts of natural disasters and settlement gains or losses on defined benefit obligations.

4. Operating profit

Operating profit has been arrived at after charging (crediting):

US\$ million	2024		2023	
	Cost of sales	Selling, general and administrative expenses	Cost of sales	Selling, general and administrative expenses
Raw materials, energy and other direct input costs	2,851	–	3,085	–
Wood (includes growth and felling adjustments) ⁽¹⁾	821	–	903	–
Energy	529	–	569	–
Chemicals	823	–	852	–
Pulp	580	–	567	–
Other variable costs	98	–	194	–
Plantation fair value price adjustment	(1)	–	(123)	–
Employment costs	839	196	847	178
Depreciation	251	22	270	21
Delivery charges	449	–	453	–
Maintenance	235	–	249	–
Other overheads	58	–	121	–
Marketing and selling expenses	–	69	–	67
Administrative and general expenses	–	116	–	99
	4,682	403	4,902	365

US\$ million	2024	2023
Silviculture costs (included within cost of sales)	71	68
Auditor's remuneration – financial statement audit ⁽²⁾	5	5
Research and development costs	42	44
Amortisation	5	7
Cost on derecognition of loans and receivables ⁽³⁾	22	23
Asset (impairment reversal)/impairments ⁽⁴⁾	(24)	233
Reversal of loss of held-for-sale assets	–	(181)
(Profit) loss on disposal of held-for-sale assets	(10)	1
Insurance recoveries	(5)	(7)
Allowance for credit losses	6	10
Loss (profit) on disposal and written-off assets	3	(3)
Net restructuring charge ⁽⁵⁾	134	77
Fire, flood, storm and other events ⁽⁶⁾	127	55
Employment costs consist of	1,035	1,025
Wages and salaries	962	956
Defined contribution plan expense (refer to note 29)	26	23
Defined benefit pension plan expense (refer to note 29)	10	12
Other defined benefit plan expense	1	–
Share-based payment expense	6	6
Other	30	28

⁽¹⁾ Includes changes in plantation volumes

Fellings

73

69

Growth

(107)

(74)

⁽²⁾ Other audit services amounted to US\$120,000, which comprised agreed-upon procedures ISRS 4400, independent reviews ISRE 2400 and ESG services.

⁽³⁾ The cost on derecognition of trade receivables relates to the derecognition of trade receivables related to the securitisation programme in South Africa and to the sale of letters of credit in Hong Kong.

⁽⁴⁾ Primarily relates to an impairment reversal of US\$30 million (EUR28 million) at our Lanaken Mill in valuing its assets at their fair value less costs to sell. In addition, our Westbrook Mill in North America recorded a US\$5 million impairment on property, plant and equipment and right-of-use assets and intangible asset impairments of US\$4 million were incurred in our European segment.

⁽⁵⁾ Restructuring costs of US\$134 million were raised during the year predominantly relating to the closure of our Lanaken Mill.

⁽⁶⁾ A number of additional special item charges were recorded in our European segment, which include closure costs at Lanaken and Stockstadt Mills of US\$54 million. Business interruption losses amounted to US\$38 million at our Ehingen (SEU), Kirkniemi (SEU), Somerset (SNA), Saiccor and Ngodwana (SSA). It further includes fire and snow-damaged timber, including insurance-related costs, of US\$20 million (SSA), incremental insurance costs of US\$3 million (SSA) and a pension settlement loss of US\$2 million (SSA).

Impairments and held-for-sale remeasurements are disclosed within other operating expenses.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

5. Net finance costs

US\$ million	2024	2023
Interest and other finance costs on liabilities carried at amortised cost	100	99
Interest on redeemable bonds and other loans	93	93
Interest cost on lease liabilities	7	6
Net interest on employee benefit liabilities	4	8
Finance costs	104	107
Finance income received on assets carried at amortised cost	(28)	(48)
Interest income on bank accounts	(10)	(11)
Interest income on other loans and investments ⁽¹⁾	(18)	(37)
Net foreign exchange gains	(9)	(10)
	67	49

⁽¹⁾ Fiscal 2023 includes a non-cash settlement gain of US\$15 million net of the accelerated amortisation of upfront costs on the 3.125% Senior Notes due in 2026.

6. Taxation charge

US\$ million	2024	2023
Current taxation		
Current year	71	51
Prior year	7	5
Deferred taxation		
Current year	22	18
Prior year	(18)	(2)
	82	72
Reconciliation of the tax rate		
Profit before taxation	115	331
Profit-making regions	352	510
Loss-making regions	(237)	(179)
Taxation at the average statutory tax rate	19	84
Profit-making regions at 26% (2023: 26%)	90	132
Loss-making regions at 30% (2023: 27%)	(71)	(48)
Non-taxable income ⁽¹⁾	-	(3)
Special tax allowances	(3)	(7)
Non-deductible expenditure ⁽²⁾	17	6
No tax relief on losses ⁽³⁾	33	47
No tax (charge)/relief on asset held-for-sale ⁽⁴⁾	-	(52)
Closure and sale of Lanaken Mill ⁽⁵⁾	31	-
No tax charge on profits	(5)	(9)
Derecognition of deferred tax assets	7	44
Recognition of deferred tax assets	(6)	(41)
Prior year adjustments ⁽⁶⁾	(11)	3
Taxation (relief)/charge	82	72
Effective tax rate for the year	71%	22%

In addition to income taxation charges to profit or loss, a taxation relief of US\$2 million (2023: US\$3 million relief) has been recognised directly in other comprehensive income (refer to note 13).

⁽¹⁾ This includes income in foreign jurisdictions, notional interest deductions and dividends received.

⁽²⁾ This includes mainly provisions for uncertain tax positions and non-deductible interest. This includes mainly provisions for uncertain tax positions and non-deductible interest.

⁽³⁾ No tax relief has been taken on European subsidiaries operating losses on unrecognised deferred tax assets.

⁽⁴⁾ FY2023 includes a reversal of assets held-for-sale. Refer to note 9.

⁽⁵⁾ Relates to Lanaken.

⁽⁶⁾ The prior year adjustments primarily relate to Sappi International SA being added to the tax group.

7. Earnings per share

Basic earnings per share (EPS)

EPS is based on the group's profit (loss) for the year divided by the weighted average number of shares in issue during the year under review.

	2024			2023		
	Profit US\$ million	Shares million	EPS US cents	Profit US\$ million	Shares million	EPS US cents
Basic EPS calculation	33	582.4	6	259	563.6	46
Convertible bond	-	-	-	5	37.1	-
Performance shares	-	5.8	-	-	3.9	-
Diluted EPS calculation	33	588.2	6	264	604.6	44

In the current and prior financial year all share options and share conversions that could potentially dilute EPS in the future are included in the calculation above.

Headline earnings per share⁽¹⁾

Headline earnings per share is based on the group's headline earnings divided by the weighted average number of shares in issue during the year.

Reconciliation between attributable earnings to ordinary shareholders and headline earnings:

US\$ million	2024			2023		
	Gross	Tax	Net	Gross	Tax	Net
Attributable earnings to ordinary shareholders	115	82	33	331	72	259
Asset impairments	(24)	1	(25)	233	26	207
(Profit) loss on disposal of held-for-sale assets	(10)	-	(10)	1	-	1
Loss (profit) on disposal and write-off of assets	3	(4)	7	(3)	1	(4)
(Reversal of loss)/loss of held-for-sale assets	-	-	-	(181)	-	(181)
Headline earnings	84	79	5	381	99	282
Weighted average number of ordinary shares in issue (millions)			582.4			563.6
Headline earnings per share (US cents)			1			50
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)			588.2			604.6
Diluted headline earnings per share (US cents)			1			47

⁽¹⁾ Headline earnings – as defined in Circular 1/2023, issued by the South African Institute of Chartered Accountants in March 2023, which separates from earnings all separately identifiable remeasurements. It is not necessarily a measure of sustainable earnings. It is a Listings Requirement of the JSE Limited to disclose headline earnings per share.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

7. Earnings per share continued

Adjusted EPS

Adjusted EPS is based on the group's earnings adjusted for special items and the plantation fair value price adjustment (as disclosed in note 3) and special finance and tax items, divided by the weighted average number of shares in issue during the year.

US\$ million	2024			2023		
	Gross	Tax	Net	Gross	Tax	Net
Attributable earnings to ordinary shareholders	115	82	33	331	72	259
Special items and plantation fair value price adjustment	224	18	206	52	23	29
Net finance costs	–	–	–	(15)	–	(15)
Tax special items	–	1	(1)	–	(22)	22
Adjusted earnings	339	101	238	368	73	295
Weighted average number of ordinary shares in issue (millions)			582.4			563.6
Adjusted EPS (US cents)			41			52
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)			588.2			604.6
Diluted Adjusted EPS (US cents)			40			50

8. Dividends

After year-end, the directors have resolved to declare a gross cash dividend (number 91) out of income earned for the financial year ended September 2024 of 14 US cents per ordinary share in issue on the record date being 10 January 2025. The dividend is payable in ZAR at an exchange rate (US\$1=ZAR) of 17.62526, being 246.75364 cents per share.

9. Assets for sale

The assets held-for-sale relate to items of property, plant and equipment from the closure of Lanaken Mill in the European segment. An impairment reversal of US\$30 million (EUR28 million) was recognised in valuing the assets at their fair value less costs to sell. Assets to the value of US\$44 million (EUR40 million) were sold post-year-end (refer note 34). The major classes of assets held-for-sale are as follows:

	US\$
Property, plant and equipment	41
Inventories	8
Trade and other receivables	1
Assets held-for-sale⁽¹⁾	50

⁽¹⁾ The assets held-for-sale have been classified within the Level 2 Fair Value hierarchy at the fair value as stipulated in the binding sale agreement.

10. Property, plant and equipment

US\$ million	2024	2023
Land and buildings ⁽¹⁾		
At cost	1,331	1,480
Accumulated depreciation and impairments	(874)	(1,008)
	457	472
Plant and equipment ⁽²⁾		
At cost	7,260	7,532
Accumulated depreciation and impairments	(5,026)	(5,427)
	2,234	2,105
Assets under construction		
At cost	550	309
Accumulated depreciation and impairments	–	–
	550	309
Aggregate cost	9,141	9,321
Aggregate accumulated depreciation and impairments	(5,900)	(6,435)
Aggregate book value	3,241	2,886

The movement of property, plant and equipment is reconciled as follows:

US\$ million	Land and buildings	Plant and equipment	Assets under construction	Total
Net carrying value at September 2022	377	2,148	180	2,705
Additions	57	97	224	378
Disposals	–	(3)	–	(3)
Depreciation	(28)	(238)	–	(266)
Impairments	(12)	(210)	(8)	(230)
Transfers from assets under construction to PPE	–	117	(117)	–
Transfers from assets held-for-sale	77	188	26	291
Translation differences	1	6	4	11
Net carrying value at September 2023	472	2,105	309	2,886
Additions	31	137	322	490
Disposals	–	(5)	(1)	(6)
Depreciation	(30)	(218)	–	(248)
Impairments ⁽³⁾	(2)	–	(1)	(3)
Impairment reversals ⁽³⁾	–	33	–	33
Transfer from assets under construction to PPE	–	94	(94)	–
Transfers to and disposals of assets held-for-sale	(42)	(36)	–	(78)
Translation differences	28	124	15	167
Net carrying value at September 2024	457	2,234	550	3,241

⁽¹⁾ Details of land and buildings are available at the registered offices of the respective companies that own the assets.

⁽²⁾ Plant and equipment include vehicles and furniture, the book value of which does not warrant disclosure as a separate class of assets.

⁽³⁾ Impairment reversals were recorded at our Lanaken and Stockstadt Mills within our European segment of US\$30 million and US\$3 million, respectively, using a pre-tax discount rate of 6.56% (2023: 6.89%). Due to the continued global economic downturn and weak economic growth, the group impaired its Westbrook Mill within our North American segment by US\$3 million using a pre-tax discount rate of 11.21% and at terminal growth rate of 0.54% (2023: 3.02%). The assets were impaired to their recoverable amounts using the value-in-use method.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

11. Right-of-use assets

US\$ million	Land and buildings	Plant and equipment ⁽¹⁾	Total
Net carrying value at September 2022	56	20	76
Additions and remeasurements	–	12	12
Depreciation	(14)	(12)	(26)
Impairments	–	(3)	(3)
Transfers to assets held-for-sale	–	10	10
Net carrying value at September 2023	42	27	69
Additions and remeasurements	16	18	34
Depreciation	(13)	(12)	(25)
Impairments	–	(2)	(2)
Translation differences	2	1	3
Net carrying value at September 2024	47	32	79

⁽¹⁾ Plant and equipment include vehicles, the book value of which does not warrant disclosure as a separate class of assets.

	2024	2023
Amounts recognised in profit (loss)		
Interest on lease liabilities	7	6
Expenses related to short-term and low-value asset leases	5	6
Amounts recognised in the statement of cash flows		
Capital lease payments	(24)	(23)

12. Plantations

US\$ million	2024	2023
Fair value of plantations at beginning of year	488	382
Additions	1	–
Gains arising from growth	107	74
Fire, flood, storms and related events	(18)	(1)
In-field inventory	2	(1)
Gain arising from fair value price changes	1	123
Harvesting – agriculture produce (fellings)	(73)	(69)
Translation differences	54	(20)
Fair value of plantations at end of year	562	488

The group has 401,085 hectares (2023: 399,996 hectares) of owned and leased land available for forestry activities. 139,505 hectares (2023: 138,785 hectares) are set aside for conservation activities. The balance of 261,580 hectares (2023: 261,211 hectares) are under afforestation, which forms the basis of the valuation set out above.

The fair value of forestry assets is a Level 3 measure in terms of the fair value measurement hierarchy, consistent with the prior year.

The following assumptions have a significant impact on the valuation of the forestry assets:

- A market trend-related fair value price that closely approximates the spot fair value price. At year-end, the gross weighted average timber price was US\$54 per ton (2023: US\$49 per ton) and the costs to sell was US\$36 per ton (2023: US\$32 per ton)
- A real pre-tax discount rate of 12.38% was used for immature timber (2023: 14.61%)
- Approximately 29 million standing tons of timber (2023: 29 million standing tons) were valued
- The average annual growth is measured at approximately 17 tons (2023: 17 tons) of timber per hectare.

The valuation of the group's forestry assets is determined in South African Rand and converted to US\$, the group's presentation currency, at the closing exchange rate.

12. Plantations continued

A sensitivity analysis of a change in each of these assumptions is tabled below:

US\$ million	2024	2023
Effect of 1% impact in gross selling price	5	4
Effect of 1% impact in costs to sell	(4)	(3)
Effect of 1% impact in net selling price	2	2
Effect of 1% impact in discount rate	(3)	(3)
Effect of 1% impact in volume	6	5
Effect of 1% impact in rate of growth	2	1

13. Deferred tax

US\$ million	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Other liabilities, accruals and prepayments	(16)	16	(18)	8
Inventory	–	10	1	9
Tax losses	122	10	128	13
Property, plant and equipment	(18)	(354)	(32)	(304)
Plantations	–	(151)	–	(132)
Other non-current assets	(21)	3	(28)	1
Other non-current liabilities	9	33	24	11
	76	(433)	75	(394)

Negative asset and liability positions

These balances reflect the impact of tax assets and liabilities arising in different tax jurisdictions, which cannot be netted against tax assets and liabilities arising in other tax jurisdictions.

Deferred tax assets recognised on the balance sheet

The recognised deferred tax assets relate mostly to available unused tax losses. It is probable that there will be sufficient future taxable profits against which these losses can be recovered. In the estimation of future taxable profits, future product pricing and production capacity utilisation are taken into account, among others.

Unrecognised deferred tax assets

Deferred tax assets arising from unused tax losses and unused tax credits are not recognised for carry forward when it cannot be demonstrated that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

13. Deferred tax continued

US\$ million	2024	2023
Unrecognised deferred tax assets relate to the following:		
Net deductible temporary differences	23	30
Tax losses	596	470
	619	500
Attributable to the following tax jurisdictions:		
Austria	279	271
Belgium	196	117
Canada	1	1
Finland	1	6
Germany	70	44
The Netherlands	62	51
United Kingdom	10	10
	619	500
Expiry between one and five years	–	–
Expiry after five years	1	1
Indefinite life	618	499
	619	500
The following table shows the movement in the unrecognised deferred tax assets for the year:		
Balance at beginning of year	500	417
No tax relief on losses	33	47
No tax charge on profits	(5)	(15)
Derecognition of deferred tax assets	7	44
Closure and restructuring cost ⁽¹⁾	59	–
Recognition of deferred tax assets	(6)	(41)
Prior year adjustments	–	16
Movement in foreign exchange rates	31	32
Balance at end of year ⁽²⁾	619	500

⁽¹⁾ Includes amounts related to prior years.

⁽²⁾ The balance of unrecognised deferred tax assets includes US\$191 million relating to Lanaken.

13. Deferred tax continued

US\$ million	2024	2023
Reconciliation of deferred tax		
Deferred tax balances at beginning of year		
Deferred tax assets	75	46
Deferred tax liabilities	(394)	(361)
	(319)	(315)
Deferred tax (charge)/relief for the year	(4)	(16)
Other liabilities, accruals and prepayments	12	2
Inventory	-	3
Tax losses	(18)	14
Property, plant and equipment	(11)	(24)
Plantations	(5)	(35)
Other non-current assets	10	-
Other non-current liabilities	8	24
Amounts recorded directly in other comprehensive income	(2)	(3)
Rate adjustments	-	-
Translation differences	(32)	15
Deferred tax balances at end of year	(357)	(319)
Deferred tax assets	76	75
Deferred tax liabilities	(433)	(394)

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

14. Goodwill and intangible assets

US\$ million	2024					Total
	Goodwill	Brand	Customer relationships	Customer technology	Other ⁽¹⁾	
Net carrying amount at beginning of year	54	4	20	3	7	88
Additions	-	-	-	-	15	15
Amortisation	-	-	(5)	-	-	(5)
Derecognition	-	-	-	-	-	-
Impairment	-	(4)	-	-	-	(4)
Translation differences	1	-	-	-	-	1
Net carrying amount	55	-	15	3	22	95
Gross carrying amount	55	-	51	12	32	150
Accumulated amortisation and impairments	-	-	(36)	(9)	(10)	(55)
Net carrying amount	55	-	15	3	22	95

Goodwill is attributable to the cash-generating units of specialities of US\$5 million (2023:US\$5 million), coated woodfree of US\$3 million (2023:US\$3 million) in our European segment and high yield pulp of US\$46 million (2023:US\$46 million) in our North American segment. The goodwill has been assessed for impairment by comparing the carrying amount against the recoverable amount. The recoverable amount is based on value-in-use determined on the same basis as described in note 2.2.13. The discount rate used in the value-in-use calculation for goodwill attributable to the goodwill in the North American segment was 11.21% (2023: 12.42%) and the terminal growth rate was 0.54% (2023: 3.02%).

⁽¹⁾ Included in other intangible assets are license fees, trademarks and carbon certificates. Derecognition represents utilisation of carbon certificates to settle emission liabilities.

15. Equity-accounted investees

	2024	2023
Group's share of carrying amount of equity-accounted investees		
Umkomaas Lignin Proprietary Limited	-	-
Other equity-accounted investees	11	9
	11	9

Dividends received from equity-accounted investees for the 2024 financial year were US\$nil million (2023: US\$nil million).

Umkomaas Lignin Proprietary Limited

A 50% joint venture agreement with Borregaard AS for the construction and operation of a lignin plant at Umkomaas, South Africa and the development, production and sale of products based on lignosulphonate in order to build a sustainable lignin business. The financial statements of Umkomaas Lignin Proprietary Limited are to 31 December of each year which is the year-end of Borregaard AS. The unaudited management accounts which are prepared in accordance with IFRS are used to account for the joint venture's income to Sappi's year-end. The financial information for Umkomaas Lignin Proprietary Limited is not material.

Details of other equity-accounted investees

The group has entered into various joint venture agreements primarily for the purchase of wood and wood chips for the common benefit of the venturers. The financial information for the joint ventures is in aggregate or individually material.

2023						
Goodwill	Brands	Customer relationships	Customer technology	Other	Total	
53	5	25	2	4	89	
-	-	-	1	25	26	
-	(1)	(6)	-	-	(7)	
-	-	-	-	(22)	(22)	
-	-	-	-	-	-	
1	-	1	-	-	2	
54	4	20	3	7	88	
54	9	49	12	11	135	
-	(5)	(29)	(9)	(4)	(47)	
54	4	20	3	7	88	

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

16. Other non-current assets

US\$ million	2024	2023
Investment funds	5	5
Defined benefit pension plan assets (refer to note 29)	97	85
Advances to tree growers	4	4
Equity investees loans	32	28
Other non-financial assets	3	3
Prepaid insurance premiums	3	2
	144	127

17. Inventories

Raw materials	202	191
Work in progress	61	57
Finished goods	411	362
Consumable stores and spares	162	167
	836	777

The charge to the group income statement relating to the write-down of inventories to net realisable value amounted to US\$4 million (2023: US\$5 million). There were no reversals of any inventory write-downs for the periods presented.

The cost of inventories recognised as an expense and included in cost of sales amounted to US\$4,241 million (2023: US\$5,022 million).

18. Trade and other receivables

US\$ million	2024	2023
Trade receivables, gross	627	527
Allowance for credit losses	(12)	(17)
Trade accounts receivable, net	615	510
VAT receivable ⁽¹⁾	52	48
Prepayments and other receivables	104	100
	771	658

⁽¹⁾ VAT receivable has been disaggregated due to the individual balance being material.

Management rates the quality of trade and other receivables periodically against its internal credit rating parameters. The quality of these trade and other receivables is such that management believes no additional allowance for expected credit losses, other than as provided, is necessary. No significant risk has been identified within the trade receivables not past due and not impaired. Due to the short maturities of trade and other receivables, the carrying amount of these trade and other receivables approximate their fair values.

Prepayments and other receivables primarily represent prepaid insurance, prepaid taxes and other sundry receivables.

Trade receivables (including securitised trade receivables) represent 13.2% (2023: 10.3%) of turnover.

18.1 Reconciliation for the allowance of credit losses

Balance at beginning of year	17	24
Raised during the year	6	10
Released during the year	(9)	(16)
Utilised during the year	(3)	(2)
Translation differences	1	1
Balance at end of year	12	17

The allowance for credit losses has been determined by reference to specific customer delinquencies incorporating future expected losses.

18. Trade and other receivables continued

18.2 Analysis of amounts past due

September 2024

The following provides an analysis of the amounts that are past the contractual maturity dates:

US\$ million	Not impaired	Impaired	Total
Less than seven days overdue	7	–	7
Between seven and 30 days overdue	6	–	6
Between 30 and 60 days overdue	1	–	1
More than 60 days overdue	(1)	12	11
	13	12	25

September 2023

The following provides an analysis of the amounts that are past the contractual maturity dates:

US\$ million	Not impaired	Impaired	Total
Less than seven days overdue	17	–	17
Between seven and 30 days overdue	3	–	3
Between 30 and 60 days overdue	1	–	1
More than 60 days overdue	12	17	29
	33	17	50

All amounts, which are due but beyond their contractual repayment terms, are reported to divisional management on a regular basis. Any allowance for credit losses is required to be approved in line with the group's limits of authority framework.

18.3 Trade receivables securitisation

The group operates on and off-balance sheet trade receivables securitisation programmes in order to improve working capital and to utilise the cost-effectiveness of such structures.

On-balance sheet structure

The group operates an on-balance sheet securitisation programme with UniCredit Bank AG, which ends in January 2026. This programme has a limit of US\$368 million (€330 million). The trade receivables sold in terms of this programme are disclosed on the group balance sheet together with a corresponding liability.

At financial year-end, trade receivables with a value of US\$371 million (2023: US\$357 million) have been pledged as collateral for amounts received as funding under the programme of US\$293 million (2023: US\$280 million). The group is restricted from selling or repledging the trade receivables that have been pledged as collateral for this liability. For more detail on this programme, refer to note 22.

Off-balance sheet structures

Southern African securitisation facility

Sappi sells the majority of its ZAR receivables to Rand Merchant Bank Limited, a division of FirstRand Bank Limited. In terms of the agreement, Sappi is required to maintain a credit insurance policy with a reputable insurance provider and, while the company does not guarantee the recoverability of any amounts, it carries 15% of the credit risk (and Rand Merchant Bank Limited the remainder) of each underlying receivable, after all recoveries, including insurance recoveries. As a result, no additional liability has been recognised as this would be insignificant to the financial statements.

Sappi administers the collection of all amounts processed on behalf of the bank that are due from the customer. The purchase price of these receivables is dependent on the timing of the payment received from the client. The rate of discounting that is charged on the receivables is the Johannesburg Interbank Agreed Rate (JIBAR) plus a spread. This structure is treated as an off-balance sheet arrangement.

If this securitisation facility were to be terminated, the group would discontinue further sales of trade receivables and would not incur any losses in respect of receivables previously sold in excess of the 15% mentioned above. There are a number of events, which may trigger termination of the facility, among others, an amount of defaults above a specified level, terms and conditions of the agreement not being met, or breaches of various credit insurance ratios. The impact on liquidity varies according to the terms of the agreement; generally, however, future trade receivables would be recorded on-balance sheet until a replacement agreement is entered into.

The total amount of trade receivables sold at the end of September 2024 amounted to US\$95 million (2023: US\$69 million).

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

18. Trade and other receivables continued

18.3 Trade receivables securitisation continued

Off-balance sheet structures continued

Southern African securitisation facility continued

Details of the securitisation programme at the end of the 2024 and 2023 financial years are disclosed in the table below:

Bank	Currency	Value	Facility ⁽¹⁾	Discount charges
2024				
Rand Merchant Bank Limited	ZAR	ZAR1,618 million	Unlimited	Linked to three-month JIBAR
2023				
Rand Merchant Bank Limited	ZAR	ZAR1,301 million	Unlimited	Linked to three-month JIBAR

⁽¹⁾ The securitisation facility is unlimited, but subject to the sale of qualifying receivables to the bank.

Letters of credit discounting

At the end of each financial month and on a non-recourse basis, the group sells certain Letters of Credit to Citibank (Hong Kong) and KBC Bank (Hong Kong) and, similarly, discounts certain trade receivables with Erste Bank Austria (Erste Bancolumbia and Citibank (New York) by utilising the customers' credit facilities with the discounting bank.

The total charge related to this discounting amounted to US\$15 million (2023: US\$16 million).

18.4 Concentration of credit risk

A significant portion of the group's sales and trade receivables are from a small number of customers. One of the group's significant customers represented more than 10% of sales and trade receivables during the years ended September 2024 (2023: none). Where appropriate, credit insurance has been taken out over the group's trade receivables.

None of the group's other receivables represents a high concentration of credit risk because the group has dealings with a variety of major banks and customers worldwide.

At balance sheet date, the carrying amount of US\$627 million (2023: US\$527 million) represents the group's maximum credit risk exposure from trade receivables.

Other receivables do not represent any significant credit exposure.

The group has the following net trade receivable amounts from single customers:

Threshold	2024			2023		
	Number of customers	US\$ million	Percentage	Number of customers	US\$ million	Percentage
Greater than US\$10 million	5	147	24%	3	81	16%
Between US\$5 million and US\$10 million	7	41	7%	6	40	8%
Less than US\$5 million	2,147	427	69%	2,141	388	76%
	2,159	615	100%	2,150	509	100%

Refer to note 32 for further details on credit risk.

19. Ordinary share capital and share premium

	2024		2023	
	Number of shares	US\$ million	Number of shares	US\$ million
Authorised share capital				
Ordinary shares of ZAR1 each	725,000,000		725,000,000	
Issued share capital				
Fully paid ordinary shares of ZAR1 each	602,291,463	35	562,762,380	30
Treasury shares	(2,872,523)	–	(3,913,297)	–
Share premium	–	780	–	649
	599,418,940	815	558,849,083	679
The movement in ordinary share capital and share premium is reconciled as follows:				
Opening balance		679		728
Issue of shares ⁽¹⁾		59		3
Share repurchases ⁽²⁾		–		(22)
Translation movements		77		(30)
Closing balance		815		679

⁽¹⁾ In March 2024, the group issued 39.5 million ordinary shares amounting to US\$59 million, inclusive of US\$2 million tax impact, to settle the residual ZAR1.2 billion 5.25% convertible bonds issued by Sappi's wholly owned subsidiary, Sappi Southern Africa Limited.

⁽²⁾ During April and May 2023, the group repurchased 9,256,685 ordinary shares for US\$22 million (ZAR400 million) in accordance with its general authority to repurchase shares at an average price of R43.21 per share. The repurchased shares were cancelled and reverted to authorised share capital.

The movement in the number of treasury shares is set out in the table below:

	2024	2023
Ordinary treasury shares		
Opening balance	3,913,297	5,163,562
Treasury shares issued to participants	(1,040,774)	(1,250,265)
– Plan shares (refer to note 30)	(1,040,774)	(1,250,265)
Closing balance	2,872,523	3,913,297

Capital risk management

The capital structure of the group consists of:

- Issued share capital and share premium and accumulated profits disclosed above and in the statement of changes in equity, respectively
- Debt, which includes interest-bearing borrowings as disclosed in note 22, and
- Cash and cash equivalents.

The objectives of the group in managing capital are:

- To safeguard the group's ability to continue as a going concern, to be flexible and to take advantage of opportunities that are expected to provide an adequate return to shareholders
- To ensure sufficient resilience against economic turmoil
- To maximise returns to stakeholders by optimising the weighted average cost of capital, given inherent constraints, and
- To ensure appropriate access to equity and debt.

The group monitors its gearing through a ratio of net debt (interest-bearing borrowings and leased liabilities, bank overdrafts less cash and cash equivalents) to total capitalisation (shareholders' equity plus net debt).

The group has entered into a number of debt facilities which contain certain terms and conditions in respect of capital management.

The group is in compliance with all material financial covenants applicable to its borrowing facilities.

The group manages its capital and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the current period.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

20. Other comprehensive income

US\$ million	2024	2023
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Actuarial gains (losses) on post-employment benefit funds	(1)	(5)
Gross amount (refer to note 29)	1	(4)
Tax effect on above and other tax items	(2)	(1)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	103	(95)
Translation of foreign operations	99	(78)
Exchange differences arising on non-distributable reserves	7	(12)
Exchange differences arising on hedging reserves	(3)	(5)
Hedging reserves	17	26
Gains (losses) during the year	33	19
Reclassified to profit or loss	(14)	11
Tax	(2)	(4)
Other comprehensive income recorded directly in equity	119	(74)
Profit for the year	33	259
Total comprehensive income for the year	152	185

21. Non-distributable reserves

US\$ million	2024				2023			
	Legal reserves ⁽¹⁾	Share-based payment reserve	Other	Total	Legal reserves ⁽¹⁾	Share-based payment reserve	Other	Total
Opening balance	23	87	1	111	31	85	1	117
Share-based payment expense	-	6	-	6	-	6	-	6
Translation differences	(4)	11	-	7	(8)	(4)	-	(12)
	19	104	1	124	23	87	1	111

⁽¹⁾ Represents equity of the group that is not available for distribution to shareholders other than on liquidation. This is a legal requirement in certain countries which requires a percentage of profit (loss) for the year to be transferred to a legal reserve until a certain threshold is reached. This threshold varies from country to country.

22. Interest-bearing borrowings

US\$ million	2024	2023
Total securitisation ⁽¹⁾	293	280
Unsecured borrowings	1,351	1,315
Total borrowings	1,644	1,595
Less: Current portion included in current liabilities	(107)	(266)
Total non-current interest-bearing borrowings	1,537	1,329
The repayment profile of the interest-bearing borrowings is as follows:		
Payable in the year ended September:		
2024	-	266
2025	107	23
2026	605 ⁽²⁾	614 ⁽²⁾
2027	80	25
2028	491	447
2029 (September 2023: thereafter)	54	220
Thereafter	307	-
	1,644	1,595

⁽¹⁾ Consists of sold trade receivables that do not qualify for derecognition under IFRS 9 (refer to note 26 for details of encumbered assets).

⁽²⁾ Includes securitisation debt.

22. Interest-bearing borrowings continued

Set out below are details of the more significant interest-bearing borrowings in the group at September 2024:

	Currency	Interest rate ⁽¹⁾	Principal amount outstanding	Balance sheet value	Security/cession	Expiry ⁽⁸⁾	Financial covenants
Redeemable bonds							
Public bond	EUR	Fixed	€240 million	€240 million ⁽³⁾⁽⁴⁾⁽⁵⁾	Unsecured	April 2026	No financial covenants
Public bond	EUR	Fixed	€400 million	€398 million ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁹⁾	Unsecured	March 2028	No financial covenants
Public bond	US\$	Fixed	US\$221 million	US\$218 million ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Unsecured	June 2032	No financial covenants
Public bond	ZAR	Variable	ZAR600 million	ZAR599 million	Unsecured	April 2027	No financial covenants
Public bond	ZAR	Variable	ZAR600 million	ZAR599 million	Unsecured	April 2029	No financial covenants
Public bond	ZAR	Variable	ZAR300 million	ZAR300 million	Unsecured	April 2031	No financial covenants
Securitisation							
UniCredit Bank	EUR	Variable	€148 million	€148 million	Trade receivables (securitisation programme)	January 2026	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
UniCredit Bank	US\$	Variable	US\$128 million	US\$128 million	Trade receivables (securitisation programme)	January 2026	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Unsecured bank term loans							
Österreichische Kontrollbank (OeKB)	EUR	Fixed	€150 million	€149 million ⁽²⁾		March 2031	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Österreichische Kontrollbank	EUR	Fixed	€42 million	€42 million		December 2027	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Österreichische Kontrollbank	CAD	Fixed	CAD73 million	CAD73 million		December 2027	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Trade finance facilities							
Österreichische Kontrollbank	EUR	Variable	€58 million	€58 million		October 2024	No financial covenants

	Local currency million	US\$ million
The analysis of the currency per debt is:		
US Dollar	346	346
Euro	1,035	1,156
ZAR	1,498	88
CAD	73	54
		1,644

⁽¹⁾ The nature of the rates for the group bonds is explained in note 32.

⁽²⁾ The OeKB provides the funding for this facility but the majority of the credit risk is guaranteed by some of Sappi's relationship banks.

⁽³⁾ Under the relevant indenture, certain limitations exist including dividend distributions and other payments, indebtedness, asset sales, liens, guarantees, and mergers and consolidations. In case of a change of control, holders have a right to require the relevant issuer to repurchase all or any part of their bonds at a purchase price of 101% of the principal amount of bonds.

⁽⁴⁾ The principal value of the loans/bonds corresponds to the amount of the facility; however, the balance sheet value has been adjusted by the discounts and capitalised transaction costs paid upfront.

⁽⁵⁾ Sappi Papier Holding GmbH, Sappi Limited or Sappi International SA may at any time redeem any public bonds (the 'securities'), in whole or in part, at a redemption price equal to the greater of (i) 100% of the principal amount of the securities to be redeemed and (ii) a make-whole amount based upon the present values of remaining payments at a rate based upon yields of specified US treasury securities plus a premium, as defined in the bond indentures, together with interest calculated on the principal amount of the securities to be redeemed up to the date of redemption.

⁽⁶⁾ Under the relevant indenture, limitations exist on liens, sale and leaseback transactions, and mergers and consolidations. Sappi Limited must maintain a majority holding in Sappi Papier Holding GmbH group.

⁽⁷⁾ Financial covenants relate to the Sappi Limited group.

⁽⁸⁾ The expiry date reflects the final repayment date of the borrowings. Certain borrowings have separate instalment payments prior to the expiry date, which is reflected in the repayment profile of the borrowings.

⁽⁹⁾ In March 2021 the group raised an aggregate principal amount of €400 million (US\$472 million) in new senior unsecured notes due 2028 at a coupon of 3.625% per annum.

A comprehensive global reform of key interest rate benchmarks is underway, including the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The group holds exposures to IBORs on its financial instruments, which will be replaced or reformed as part of these broad market initiatives. As of September 2024, the group's primary IBOR exposure was indexed to JIBAR. The South African Reserve Bank (SARB) has announced its intention to move away from JIBAR and to introduce a new reference rate for South Africa. SARB's initial preference is the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured rate to replace JIBAR for both cash and derivative instruments. ZARONIA was first published for observation in 2022 and was formally endorsed as the successor rate in 2023. The official cessation of JIBAR as a reference rate is anticipated in 2025. This transition period will allow the ZARONIA market to develop further in both derivative and cash products throughout 2024. The final cessation of JIBAR is expected to occur after 2025.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

22. Interest-bearing borrowings continued

The majority of the non-Southern African long-term debt is guaranteed by Sappi Limited.

A detailed analysis of total interest-bearing borrowings has been disclosed in note 32.

Other restrictions

As is the norm for bank loan debt, a portion of the group's financial indebtedness is subject to cross-default provisions above certain de minimis amounts. Breaches in bank covenants in Sappi Southern Africa, if not corrected in time, might result in a default in group debt, and in this case, a portion of the group's consolidated liabilities might eventually become payable on demand.

Securitisation

The on-balance sheet securitisation programme with UniCredit Bank AG has a limit of US\$368 million (€330 million) and, to the extent utilised, is disclosed on the balance sheet together with a corresponding trade receivable. The interest arising from this programme is recorded within finance costs.

In terms of the programme, the securitisation sellers being Sappi Papier Holding GbmH on behalf of Europe and Trading, and Sappi NA Finance LLC (a special purpose entity) on behalf of North America, sell certain eligible trade receivables to Elektra Purchase N° 29 DAC (Elektra) a securitisation special purpose entity, that is consolidated by the Sappi group. Elektra has a commissioning agreement with Arabella Finance Limited (Arabella), an entity belonging to UniCredit Bank AG that issues commercial paper to fund the purchase of the trade receivables (alternative funding resources are available should the market for commercial paper be disrupted). The funding is settled in US Dollar and Euro.

The cost of the programme includes a variable component based on Euribor/Libor (floor 0%), a fixed margin and a commitment fee computed on the difference between US\$346 million (€310 million) and the used portion of the programme limit.

The trade receivables are legally transferred; however, these receivables do not qualify for derecognition under IFRS 9 as most of the market risk (foreign exchange risk and interest rate risk) and the credit risk are retained by Sappi.

Further detail of the value of trade receivables pledged as security for this programme is included in notes 18 and 26.

Unutilised facilities

The group monitors its availability of funds on a daily basis. The group Treasury committee monitors the amount of unutilised facilities to assess the headroom available. The net cash balances included in current assets and current liabilities are included in the determination of the headroom available.

US\$ million	Currency	Interest rate	2024	2023
Unutilised committed facilities				
Syndicated loan/revolving credit facility ⁽¹⁾	EUR/ZAR	Variable (EURIBOR/JIBAR)	692	650
Securitisation facility (if underlying eligible trade receivables would be available)	EUR	Variable (cost of funding bank)	75	69
			767	719
Unutilised uncommitted facilities				
Cash management overdraft facility/short-term banking facilities	ZAR	Variable (ZAR bank prime rate)	22	20
Cash management overdraft facility	US\$	Variable (LIBOR)	17	17
			39	37
Total unutilised facilities (committed and uncommitted) excluding cash			806	756

⁽¹⁾ Two syndicated loans with a consortium of banks with revolving facilities available of €515 million (2023: €515 million) and ZAR2,000 million (2023: ZAR2,000 million), with both facilities unutilised at year-end. The €515 million facility matures in February 2027, is unsecured, subject to financial covenants related to the Sappi Limited group and certain sustainability key performance indicators. The ZAR2,000 million revolving credit facility matures in August 2027, is unsecured, subject to financial covenants relating to Sappi Southern Africa and certain sustainability key performance indicators. The group has paid a total combined commitment fee of US\$4 million (2023: US\$4 million) in respect of the two facilities.

Fair value

The fair values of all interest-bearing borrowings are disclosed in note 32.

Reconciliation of net debt and covenants

US\$ million	2024	2023
Non-current and current interest-bearing borrowings	1,644	1,595
Non-current and current lease liabilities	95	91
Less: Cash and cash equivalents	(317)	(601)
Net debt	1,422	1,085
As at year-end, the group was in compliance with its debt covenants		
Covenant leverage ratio ⁽¹⁾	2.0	1.4
Interest cover ⁽²⁾	10.9	11.4

⁽¹⁾ Covenant leverage ratio – net debt divided by last 12 months' EBITDA excluding special items as defined by our bank covenants.

⁽²⁾ Interest cover is defined as last 12 months' EBITDA excluding special items to net interest adjusted for refinancing costs.

23. Other non-current liabilities

US\$ million	2024	2023
Workmen's compensation	6	7
Long-service awards	15	15
Land restoration obligation	15	13
Other	12	18
	48	53

Details of long-term restructuring provisions are provided below:

US\$ million	Severance, retrenchment and related costs
Balance at September 2022	3
Transfer to short-term restructuring provision	(2)
Utilised	(1)
Balance at September 2023	–
Utilised	–
Transfer to short-term restructuring provision	–
Balance at September 2024	–

24. Trade and other payables and provisions

US\$ million	2024	2023
Trade payables	713	566
Employee-related liabilities	165	138
Capital expenditure accruals	24	5
Accrued interest	18	13
Customer rebates	71	56
Valued-added tax	23	35
Fixed cost accruals	31	25
Other payables	65	70
Trade and other payables	1,110	908
Short-term provisions	8	80

Details of short-term restructuring provisions are provided below:

US\$ million	Severance, retrenchment and related costs
Balance at September 2022	4
Increase in provisions	77
Utilised	(5)
Transfer from liabilities held-for-sale	3
Transfer from long-term restructuring provision	2
Translation effect	(1)
Balance at September 2023	80
Increase in provisions ⁽¹⁾	144
Utilised	(209)
Released during the year ⁽¹⁾	(10)
Translation effect	3
Balance at September 2024	8

⁽¹⁾ The net increase of US\$134 million primarily relates to the closure of our Lanaken Mill. The restructuring charges will be paid within the next 12 months.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

25. Notes to the group statement of cash flows

25.1 Cash generated from operations

US\$ million	2024	2023
Profit for the year	33	259
Adjustment for non-cash and separately disclosable items:		
– Depreciation	273	292
– Fellings	73	69
– Amortisation	5	7
– Taxation charge	82	72
– Net finance costs	67	49
– Asset impairments (impairment reversals)	(24)	233
– (Reversal of loss) loss of held-for-sale assets	–	(181)
– Loss on disposal of held-for-sale assets	(10)	1
– Net restructuring provisions	134	77
– Plantation fair value adjustments	(108)	(197)
– Defined employment benefits paid	(24)	(32)
– Loss (profit) on disposal and written-off assets	3	(3)
– Share-based payment charges	6	6
– Plantation drought, snow and fire-damaged timber written off	18	1
– Other non-cash items	22	6
	550	659
25.2 Decrease (increase) in working capital		
(Increase) decrease in inventories	(29)	156
Decrease (increase) in trade and other receivables	(90)	370
(Decrease) increase in trade and other payables	148	(348)
	29	178
25.3 Finance costs paid		
Finance costs and foreign exchange gains (losses)	(88)	(101)
Accrued interest and non-cash items	26	(14)
	(62)	(115)
25.4 Taxation paid		
Net amounts payable at beginning of year	(25)	(24)
Taxation charge to profit or loss	(78)	(56)
Translation and other	(7)	(1)
Less: Net amounts payable at end of year	60	25
	(50)	(56)
25.5 Proceeds on disposal of property, plant and equipment		
Carrying value of non-current assets disposed of	6	3
Profit (loss) on disposal	(3)	3
	3	6

25. Notes to the group statement of cash flows continued

25.6 Reconciliation of liabilities arising from financing activities

US\$ million	2023	Net cash flows	Transfers between long-term and short-term	New leases and remeasurements	Foreign exchange movements	Other changes	2024
Long-term borrowings	1,329	240	(101)	–	67	2	1,537
Short-term borrowings ⁽¹⁾	266	(212)	101	–	9	(57) ⁽²⁾	107
Lease liabilities	91	(24)	–	23	5	–	95
Total	1,686	4	–	23	81	(55)	1,739

	2022	Net cash flows	Transfers between long-term and short-term	New leases and remeasurements	Foreign exchange movements	Other changes	2023
Long-term borrowings	1,688	(292)	(173)	–	101	5 ⁽²⁾	1,329
Short-term borrowings ⁽¹⁾	171	(79)	173	–	1	–	266
Lease liabilities	84	(23)	–	30	–	–	91
Total	1,943	(394)	–	30	102	5	1,686

⁽¹⁾ Includes overdrafts.

⁽²⁾ Includes convertible bond conversions of US\$57 million (2023: US\$3 million) that occurred during the year. Refer to note 22.

26. Encumbered assets

US\$ million	2024	2023
The carrying value of trade receivables which are mortgaged, hypothecated or subject to a pledge as security for borrowings, subject to third-party ownership in terms of capitalised leases or suspensive sale agreements, are as follows:		
Trade receivables	371	357

The encumbered trade receivables relate to the securitisation facility with UniCredit Bank of US\$368 million (€330 million), of which, US\$293 million (€263 million) was utilised at financial year-end (refer to notes 18 and 22).

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

27. Commitments

US\$ million	2024	2023
Capital commitments		
Contracted but not provided	254	269
Approved but not contracted	182	320
	436	589
Future forecasted cash flows of capital commitments in the year ended:		
2024	–	474
2025	434	116
2026	2	(1)
2027	–	–
2028	–	–
2029 (September 2023: thereafter)	–	–
Thereafter	–	–
	436	589

These projects are expected to be financed by funds generated by the business, existing cash resources and borrowing facilities available to the group.

28. Contingent liabilities

Other contingent liabilities	2	4
	2	4

Contingent liabilities mainly relate to environmental and operational items.

The group is involved in various lawsuits and administrative proceedings. The relief sought in such lawsuits and proceedings includes injunctions, damages and penalties. Although the final results in these lawsuits and proceedings cannot be predicted with certainty, it is the present opinion of management, after consulting with legal counsel, that the possibility of a material outflow of resources in connection with these lawsuits and administrative proceedings is considered to be remote.

29. Post-employment benefits

Summary of results

US\$ million	Defined contribution plans ⁽¹⁾		Defined benefit pension plans		Post-employment healthcare subsidy	
	2024	2023	2024	2023	2024	2023
Post-employment plan costs recognised in profit or loss	26	23	9	14	6	6
Employer contributions paid during the financial year	26	23	18	24	6	4
Amounts presented in the group balance sheet are as follows:						
Net pension/healthcare subsidy liabilities (refer to balance sheet)			131	127	76	71
Net pension assets (refer to note 16) ⁽²⁾			(97)	(85)	-	-
Net balance sheet liabilities			34	42	76	71
Movement in the balance sheet for the pension/healthcare subsidy						
Net pension/healthcare subsidy liabilities at beginning of year			(42)	(6)	(71)	(79)
Transfer from liabilities held-for-sale			-	(26)	-	-
Net pension/healthcare subsidy costs for the year			(9)	(14)	(6)	(6)
Employer contributions			18	24	6	4
Net actuarial gains (losses) for the year			4	(12)	(3)	8
Translation differences			(5)	(8)	(2)	2
Net pension/healthcare liabilities at end of year			(34)	(42)	(76)	(71)

⁽¹⁾ Defined contribution plans: Employer contributions paid is the amount charged to profit or loss.

⁽²⁾ Defined benefit plans in the United Kingdom and certain defined benefit plans in North America and one in South Africa.

Actuarial valuations of all plans are performed annually with the exception of our South African and United Kingdom defined benefit pension plans where actuarial reviews are performed annually and formal actuarial funding valuations are performed tri-annually.

Defined contribution plans

The group operates defined contribution plans of various sizes for all qualifying employees in most regions throughout the group. The assets of the plans are held separately from those of the group in funds under the control of trustees or administered by insurance companies. The group also participates in various local industry (multi-employer) plans, open to eligible employees often as a voluntary alternative to company-sponsored plans. There are no obligations on the group other than to pay contributions according to the rules of each plan.

The total cost charged to the income statement of US\$26 million (2023: US\$23 million) represents contributions payable to these plans by the group based on rates specified in the rules of these plans. Expected contributions to be paid in the next financial year are US\$29 million.

In addition to company-sponsored plans across the group, employees commonly participate in local state plans wherever they exist. State plans exist in most regions to provide such benefits as disability, unemployment income protection, basic state pension, top-ups thereon, and spousal benefits. Eligibility and participation are generally mandatory for local taxpayers, usually on residence-based criteria in accordance with domestic laws. State benefits vary widely in value and accrual formulae from country to country. Contributions are normally paid with domestic taxation or as supplemental national insurance contributions (or the like), at rates set by domestic governments. Participation in state plans involves no obligations on group companies other than to pay contributions according to the rates specified by domestic governments. Costs, where incurred, are included in employee costs reported in note 4 and are excluded from the figures reported in this note.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

29. Post-employment benefits continued

Summary of results continued

Defined benefit pension/lump sum plans

The group operates several principal defined benefit pension and/or lump sum plans in all regions plus a number of smaller plans. The extent of employee access to these plans varies. Plans open to new entrants or future accrual cover all qualifying employees. All plans have been established in accordance with applicable legal requirements, customs and existing circumstances in each country.

With the exception of our German, Austrian and Italian plans, which are unfunded, the assets of our funded plans are held in separate trustee-administered funds, which are subject to varying statutory requirements in the particular countries concerned. Generally, the trusts are required by local legislation as well as their respective articles of association to act in the interests of the fund and its stakeholders (ie members and the various local sponsoring companies across the group). The pension funds comprise management and member-appointed trustees, including (in some instances) an independent trustee, who collectively are responsible for the administration and governance of the trusts.

Benefits are formula-driven, comprising a variety of earnings definitions (such as final average salary or career average revalued earnings) and years of service. Exceptions include certain plans in Germany and Austria that provide fixed-value Euro benefits and certain plans in North America that provide benefits based on years of service and a '\$ multiplier' (a nominal US Dollar value, which increases from time to time only by collective bargaining agreement). The table below briefly illustrates the nature of defined benefits and their link with earnings.

Type of benefit revaluation rate/pensionable salary definition	Location of scheme
Final Average Salary	South Africa, Austria, Germany, Canada
Career Average Revalued Earnings	Belgium, The Netherlands
Frozen benefit and/or pensioners only	United Kingdom, United States (salaried plan), Italy, Switzerland
Fixed €-value	Germany, Austria
Nominal US\$-value (periodically revalued)	United States (works plans)

Plans remain open to new hires in some locations. Plans in the United States, South Africa, Austria and some in Germany continue to accrue but are closed to new hires. Plans in the United Kingdom, one in the United States, Italy and Switzerland are closed to future accrual.

Investment management and strategic asset allocation

Plan fiduciaries are responsible for investment policies and strategies for local trusts. Long-term strategic investment objectives include preserving the funded status of the trust and balancing risk and return while keeping in mind the regulatory environment in each region. Plan fiduciaries oversee the investment allocation process, which includes selecting investment managers, setting long-term strategic targets and rebalancing assets periodically. Plan fiduciaries also make use of fiduciary managers, multi-asset manager mandates and 'flight path' assessment tools to assist with strategic asset allocation. Such reviews include asset-liability modelling studies with varying degrees of complexity according to the needs of each plan, analysing risk-and-return profiles in order to help set investment and contribution policies for our plans.

The main strategic asset allocation choices that are formulated in the actuarial and technical policies of our plans across the group are shown below. Local regulations impose minimum funding target, which significantly influence the strategic asset allocation of individual plans.

- **South Africa pension:** Asset mix based on 15% equities, 63% debt instruments, 22% cash
- **South Africa post-retirement medical aid:** Asset mix based on 97% with-profit annuities, 3% cash
- **Europe including United Kingdom (UK)⁽¹⁾:** Asset mix based on 16% insurance contracts, 71% tradeable investment funds, 2% cash and 11% other mandates
- **North America:** Asset mix based on 17% equities, 81% debt instruments, 1% real estate and 1% cash.

⁽¹⁾ Weighted average of plans in this region.

29. Post-employment benefits continued

Summary of results continued

Exposure to risks

The major risks faced by the group as a result of the defined benefit obligation can be summarised as follows:

- Since the pension liabilities are adjusted to respective local consumer price indices, the plans are exposed to local inflation, interest rate risks and changes in life expectancies of members
 - **Inflation:** The risk that future inflation indices (including medical aid inflation) are higher than expected leading to higher ultimate benefit costs
 - **Future changes in legislation:** The risk that changes to legislation with respect to the post-employment liability may increase the liability for the group
 - **Future changes in the tax environment:** The risk that changes in the tax legislation governing employee benefits may increase the liability for the group
 - **Longevity:** The risk that pensioners live longer than expected will increase the cost of the ultimate benefits
 - **Administration:** Administration of this liability poses a burden to the group
 - **Investment:** The risk that the return earned by plan assets is lower than expected. As the plan assets include significant investments in quoted equity shares, property and high-yield bonds in various markets around the globe, the group is exposed to equity, property, high-yield bond market risk and for non-domestic holdings, currency risk. Debt instruments typically comprise investment grade corporate and government debt (nominal coupon and index-linked coupon) in markets around the globe, primarily held to match, fully or partially, counter-movements in plan liabilities. The group is also exposed to losses from the effects of credit grade re-ratings on debt instruments across the globe. Changes in tax status of dividends and coupons will also affect investment income
 - **Default:** The risk of default on the instruments underpinning plan assets.

Funding policy

The group's subsidiaries fund the entire cost of the entitlements expected to be earned on an annual basis, with the exception of plans where employees contribute a fixed percentage of pensionable salary (or equivalent definition). The funding requirements are based on local actuarial measurement models. For prefunded plans, contributions are determined on a current salary base or fixed nominal amounts and, for unfunded plans, contributions are paid to meet ongoing pension payroll. Additional liabilities on accrued service are funded according to agreed contribution rates to restore plan deficits.

Apart from paying the costs of entitlements, the group's subsidiaries are liable to pay additional contributions in cases where plans hold insufficient assets. These are normally voluntary payment agreements with plan fiduciaries but could evolve into enforcement actions by local regulators, reduced entitlements or a charge over company assets.

Expected normal company contributions for our defined benefit pension/lump sum plans across group subsidiaries over the next financial year are US\$8 million.

Post-employment healthcare subsidy

The group sponsors two defined benefit post-employment plans that provide certain healthcare and life insurance benefits to eligible retired employees of the North American and South African operations. Employees are generally eligible for benefits upon retirement and on completion of a specified number of years of service, or joining the company prior to a certain date.

Our healthcare subsidy plan in South Africa is partially funded with assets held in a local cell-captive. Our subsidy plan in North America is wholly unfunded.

Expected company contributions to fund these subsidies over the next financial year are US\$5 million.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

29. Post-employment benefits continued

Summary of results continued

Post-employment healthcare subsidy continued

US\$ million	Defined benefit pension plans		Post-employment healthcare subsidy	
	2024	2023	2024	2023
Components of defined benefit cost recognised in profit or loss				
Current service cost	9	9	1	1
Past service cost (credit)	1	–	–	(1)
Interest on net defined benefit	(1)	2	5	6
Fund administration costs	2	2	–	–
Non-routine settlement gain (loss)	(2)	1	–	–
Net amount recognised in profit or loss	9	14	6	6
Charge attributed to operating cost (refer to note 4)	10	12	1	–
Charge attributed to finance cost (refer to note 5)	(1)	2	5	6
Components of defined benefit cost recognised in OCI				
Actuarial gains (losses) arising from membership experience	(1)	(14)	3	6
Actuarial gains (losses) arising from changes in demographic assumptions	–	2	–	(1)
Actuarial gains (losses) arising from changes in financial assumptions	(29)	15	(6)	3
Return on plan assets (excluding amounts included in interest income)	32	(10)	–	–
Effect of asset ceiling	2	(5)	–	–
Gain (loss) recognised in other comprehensive income (refer to note 20)	4	(12)	(3)	8

29. Post-employment benefits continued

Summary of results continued

Movement in the present value of the defined benefit obligation in the current year

US\$ million	Defined benefit pension plans		Post-employment healthcare subsidy	
	2024	2023	2024	2023
Defined benefit obligation at beginning of year	407	527	74	82
Current service cost	9	9	1	1
Past service cost (credit)	1	–	–	(1)
Interest expense	21	31	5	6
Plan participants' contributions	–	1	–	–
Remeasurements	30	(3)	3	(8)
– Membership experience changes	1	14	(3)	(6)
– Demographic assumption changes	–	(2)	–	1
– Financial assumption changes	29	(15)	6	(3)
Transfer to liabilities held-for-sale	–	26	–	–
Non-routine plan settlements ⁽¹⁾	(2)	(131)	–	–
Benefits paid	(29)	(74)	(4)	(4)
Translation difference	14	21	2	(2)
Defined benefit obligation at end of year	451	407	81	74
– Present value of wholly unfunded obligation	105	99	58	56
– Present value of wholly or partially funded obligation	346	308	23	18
Movement in the fair value of the plan assets in the current year				
Fair value of plan assets at beginning of year	370	521	3	3
Interest income	22	29	–	–
Employer contributions	18	24	6	4
Plan participants' contributions	–	1	–	–
Remeasurements	–	–	–	–
– Return (loss) on plan assets net of interest income	32	(10)	–	–
Non-routine plan settlements ⁽¹⁾	–	(132)	–	–
Benefits paid	(29)	(74)	(4)	(4)
Fund administration costs	(2)	(2)	–	–
Translation difference	9	13	–	–
Fair value of plan assets at end of year	420	370	5	3
Asset ceiling not recognised	3	5	–	–
Net balance sheet defined benefit liability	34	42	76	71

⁽¹⁾ In fiscal 2023 a full buy-out of the UK scheme was recorded at year-end with assets of US\$132 million used to settle liabilities of US\$132 million.

The major categories of plan assets at fair value are presented as follows:

US\$ million	Funded pension plans		Funded subsidy plans	
	2024	2023	2024	2023
Investments quoted in active markets				
– Equity and high-yield investments	70	62	–	–
– Investment grade debt instruments	39	40	–	–
– Property investment funds	2	2	–	–
Unquoted investments				
– Equity and high-yield investments ⁽¹⁾	297	259	5	3
Cash	12	9	–	–
	420	372	5	3
Total investment return on plan assets	54	19	–	–

⁽¹⁾ Commingled funds not quoted in active markets, but with assets consisting of securities quoted in active markets or determined by other observable market data. Funded subsidy plans included here, consist of with-profit annuities where distributable income is subject to the discretion of the insurer's investment returns.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

29. Post-employment benefits continued

Summary of results continued

Movement in the present value of the defined benefit obligation in the current year continued

As at financial year-end, there were no investments in the group's own quoted equity instruments.

The fair values of the various equity and debt instruments are determined based on quoted market prices in active markets, whereas the fair values of certain properties and derivatives are not based on quoted market prices in active markets. Plans generally buy and hold bonds as a hedge against interest rate and inflation rate risk.

The principal assumptions used in determining pension and post-employment medical aid subsidies for the group's plans (weighted average per region) are shown below:

	2024			2023		
	North America	Europe (including UK)	Southern Africa	North America	Europe (including UK)	Southern Africa
Discount rate – pension (%)	4.83	3.50	8.15	5.63	3.90	11.60
Discount rate – post-employment healthcare subsidy (%)	4.65	n/a	10.85	5.54	n/a	13.50
Future salary increase rate – pension (%)	–	2.50	n/a	–	2.50	7.50
Cost-of-living adjustment for pensions in payment (%) ⁽¹⁾	–	1.60	n/a	–	2.10	6.50
Healthcare cost trend rate (%) ⁽²⁾	7.5→4.5	n/a	7.25	7.5→4.5	n/a	9.00
Sample rate average life expectancy from retirement (years) ⁽³⁾						
– For current beneficiaries	26.00	18.30	19.00	25.90	25.90	19.00
– For future retiring beneficiaries	27.70	19.50	20.00	27.60	27.80	20.00

⁽¹⁾ Weighted average for plans granting cost-of-living adjustment whether fixed or variable.

⁽²⁾ North America: Initial rate -> long-term rate trend over nine years (2023: 10 years).

⁽³⁾ Based on local mortality tables in use (with modifications to reflect expected changes in mortality over time) for males at age 60.

A quantitative sensitivity analysis for significant assumptions as at financial year-end is disclosed below:

Significant actuarial assumptions for the determination of the defined benefit obligations are discount rate, expected salary increase, cost-of-living adjustments to pensions in payment, healthcare cost trends and mortality. The sensitivity analysis below has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, whilst holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by US\$37 million (increase by US\$46 million)
- If the expected salary increase rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$4 million (decrease by US\$3 million)
- If the post-retirement pension increase (cost-of-living adjustment) rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$9 million (decrease by US\$8 million)
- If the expected healthcare cost trend rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$4 million (decrease by US\$3 million)
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by US\$9 million (decrease by US\$9 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the sensitivity analysis above, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

29. Post-employment benefits continued

Summary of results continued

Movement in the present value of the defined benefit obligation in the current year continued

The weighted average duration of the defined benefit obligations at the end of the reporting period (per region) is as follows:

	Pension plans	Healthcare subsidy
North America	13 years	8 years
Europe (including UK)	7 years	n/a
Southern Africa	8 years	11.5 years

Regional split of results

US\$ million	2024			2023		
	North America	Europe (including UK)	Southern Africa	North America	Europe (including UK)	Southern Africa
Defined benefit obligation (pension)	(236)	(190)	(25)	(205)	(180)	(22)
Defined benefit obligation (healthcare)	(58)	n/a	(23)	(56)	n/a	(18)
Fair value of plan assets (pension)	312	70	35	272	61	32
Fair value of plan assets (healthcare)	–	n/a	5	–	n/a	3
Net defined benefit liability	18	(120)	(8)	11	(119)	(5)

Reconciliation of the regional balance sheets

Net defined benefit liability at beginning of year	11	(119)	(5)	1	(86)	2
Defined benefit cost recognised in profit or loss (pension)	(2)	(5)	(2)	(2)	(9)	(4)
Defined benefit cost recognised in profit or loss (healthcare)	(4)	n/a	(2)	(4)	n/a	(1)
Net gain (loss) recognised in OCI (pension)	10	(7)	1	8	(15)	(5)
Net gain (loss) recognised in OCI (healthcare)	(1)	n/a	(2)	7	n/a	1
Company contributions paid during the year	4	17	3	3	23	2
Transfer from liabilities held-for-sale	–	–	–	–	(26)	–
Translation differences	–	(6)	(1)	(2)	(6)	–
Net defined benefit liability at end of year	18	(120)	(8)	11	(119)	(5)

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

30. Share-based payments

The Sappi Limited Performance Share Incentive Trust

In February 2020, shareholders fixed the aggregate number of shares, which may be acquired by all participants under The Sappi Limited Performance Share Incentive Trust (the Plan) at 27,402,673 shares. 18,614,889 shares have been issued to participants under this authority but which have not yet vested leaving 8,787,784 shares, which can still be allocated as at September 2024.

Under the rules of the Plan, participants may be awarded conditional contracts to acquire ordinary shares for no cash consideration. The conditional contracts are subject to performance criteria being met or exceeded after the fourth anniversary date. Should the performance criteria not be met, the number of shares allotted is adjusted downwards from 100% to 25%, or none depending on the degree of not meeting the criteria. The performance criteria, which entails benchmarking the company's performance against an appropriate peer group of companies, are set by the board at the offer date for each conditional share award.

The Plan rules provide that appropriate adjustments are made to the rights of participants in the event that the company, inter alia, undertakes:

- A rights offer, or
- Is a party to a scheme of arrangement affecting the structuring of its issued share capital or reduces its share capital.

The Plan rules also provide that if:

- The company undergoes a change in control after an allocation date other than a change in control initiated by the board itself, or
- The persons who have control of the company as at an allocation date, take any decision, pass any resolution or take any action, the effect of which is to delist the company from the JSE Limited and the company becomes aware of such decision, resolution, or action;

then the company is obliged to notify every participant thereof that such participant may within a period of one month (or such longer period as the board may permit) take delivery of those shares, which they would have been entitled to had the performance criteria been achieved.

Movements in performance shares for the financial years ended September 2024 and September 2023 are as follows:

	Total shares ⁽¹⁾
Outstanding at September 2022	15,753,955
– Offered and accepted	4,182,000
– Paid for/vested	(1,250,265)
– Returned, lapsed and forfeited	(2,016,311)
Outstanding at September 2023	16,669,379
– Offered and accepted	5,320,650
– Paid for/vested	(1,040,774)
– Returned, lapsed and forfeited	(2,334,366)
Outstanding at September 2024	18,614,889

⁽¹⁾ Performance shares are issued in terms of the Plan and are for no cash consideration. The value is determined on the day the shares vest.

30. Share-based payments continued

The following table sets out the number of performance shares outstanding:

Issue date	2024	2023	Vesting conditions	Vesting date	Expiry date	Exercise price (ZAR)
19 November 2019	–	2,852,887	Performance	19 November 2023	n/a	Rnil
18 November 2020	5,193,190	5,365,077	Performance	18 November 2024	n/a	Rnil
18 November 2021	4,099,772	4,299,016	Performance	18 November 2025	n/a	Rnil
18 November 2022	4,001,277	4,152,399	Performance	18 November 2026	n/a	Rnil
20 November 2023	5,320,650	–	Performance	20 November 2027	n/a	Rnil
	18,614,889	16,669,379				

The following assumptions have been utilised to determine the fair value of the shares granted in the financial period in terms of the Plan:

	Issue 49	Issue 49
Date of grant	20 November 2023	20 November 2023
Type of award	Performance	Performance
Share price at grant date	ZAR40.08	ZAR40.08
Vesting period	Four years	Four years
Vesting conditions	Market-related – relative to peers	Cash flow return on net assets relative to peers
Life of options	n/a	n/a
Market-related vesting conditions	Yes	No
Percentage expected to vest	71.8%	80.0%
Number of shares offered	2,658,325	2,658,325
Volatility	49.6%	n/a
Risk-free discount rate	9.31% (ZAR yield)	n/a
Expected dividend yield	2.1%	n/a
Model used to value	Monte-Carlo	Market price
Fair value of option	ZAR25.73	ZAR28.63

Volatility has been determined with reference to the historic volatility of the Sappi share price over the expected period.

Refer to note 37 for more information on directors' and prescribed officers' participation in the Plan.

31. Derivative financial instruments

US\$ million		2024	2023
Hedging instrument	Hedged item		
Current assets			
Forward exchange contracts	Various	18	14
		18	14
Current liabilities			
Forward exchange contracts	Various	15	1
Commodity forward contracts	Raw materials	2	2
		17	3

Refer to note 32 for more detail on financial instruments.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments

The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, certain investments, trade payables, borrowings and derivative instruments.

Introduction

The group's main financial risk management objectives are to identify, measure and manage, through financial instruments, the following principal risks to which the group is exposed to:

- (a) Market risk (the risk of loss arising from adverse changes in market rates and prices), arising from:
 - Interest rate risk
 - Currency risk
 - Commodity price risk
- (b) Liquidity risk
- (c) Credit risk.

Sappi's Group Treasury is primarily responsible for managing the group's interest rate, foreign currency, liquidity and credit risk (in so far as it relates to deposits of cash, cash equivalents and financial investments). Commodity risks are assessed regionally and if hedged any hedging instruments are managed by Group Treasury.

Credit risk, in so far as it relates to trade receivables, is primarily managed regionally but is coordinated on a group basis, whilst commodity price risk is managed regionally within the overall commodity group policy.

The group's Limits of Authority framework delegates responsibility and approval authority to various officers, committees and boards based on the nature, duration and size of the various transactions entered into by, and exposures of, the group, including the exposures and transactions relating to those financial instruments and risks referred to in this note.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the value of a borrowing or an investment will change due to a change in the absolute level of interest rates, the spread between two rates, the shape of the yield curve or any other interest rate relationship.

The group is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The group monitors market conditions and may utilise approved interest rate derivatives to alter the existing balance between fixed and variable interest rate loans in response to changes in the interest rate environment. Hedging of interest rate risk for periods greater than one year is only allowed if income statement volatility can be minimised by means of hedge accounting, fair value accounting or other means. The group's exposure to interest rate risk is set out on the following page.

32. Financial instruments continued

(a) Market risk continued

Interest rate risk continued

Interest-bearing borrowings

The following table provides information about Sappi's principal amounts of current and non-current borrowings that are sensitive to changes in interest rates. The table presents cash flows of the carrying value by expected maturity dates and the estimated fair value of borrowings. The information is presented in US Dollar, which is the group's reporting currency.

US\$ equivalent in millions	Expected maturity date						2024		2023	
	2025	2026	2027	2028	2029	2030+	Carrying value	Fair value ⁽⁴⁾	Carrying value	Fair value
US Dollar										
Fixed-rate debt	–	–	–	–	–	218	218	242	220	216
Average interest rate (%)	–	–	–	–	–	7.61	7.61		7.56	
Variable rate debt ⁽¹⁾	–	128	–	–	–	–	128	128	110	110
Average interest rate (%)	–	6.84	–	–	–	–	6.84		4.49	
Euro										
Fixed-rate debt	29	299	31	477	19	71	926	952	791	760
Average interest rate (%)	3.47	3.16	3.47	3.64	4.80	4.78	3.58		3.20	
Variable rate debt ⁽²⁾	65	165	–	–	–	–	230	230	232	232
Average interest rate (%)	0.69	5.14	–	–	–	–	3.88		1.75	
SA Rand										
Fixed-rate debt	–	–	–	–	–	–	–	–	135	165
Average interest rate (%)	–	–	–	–	–	–	–		7.63	
Variable rate debt ⁽³⁾	–	–	35	–	35	18	88	93	40	40
Average interest rate (%)	–	–	9.53	–	9.69	9.83	9.65		9.09	
Canadian Dollar										
Fixed-rate debt	13	13	14	14	–	–	54	56	67	67
Average interest rate (%)	4.12	4.11	4.10	4.10	–	–	4.11		3.90	
Total										
Fixed-rate debt	42	312	45	491	19	289	1,198	1,250	1,213	1,208
Average interest rate (%)	3.67	3.20	3.67	3.65	4.80	6.91	4.34		4.52	
Variable rate debt	65	293	35	–	35	18	446	451	382	382
Average interest rate (%)	0.69	2.89	9.53	–	9.69	9.83	5.87		3.31	
Fixed and variable	107	605	80	491	54	307	1,644	1,701	1,595	1,590
Current portion							107	110	266	268
Long-term portion							1,537	1,591	1,329	1,322
Total interest-bearing borrowings (refer to note 22)							1,644	1,701	1,595	1,590

⁽¹⁾ The US Dollar floating interest rates are based on Risk-free Rates (SOFR). This facility uses the one-month Term USD Secure Overnight Financing Rate published by CME plus a credit spread agreed by ISDA to replace the former USD Libor discontinued in June 2023.

⁽²⁾ The Euro floating interest rates are based on the European Interbank Offered Rate (EURIBOR).

⁽³⁾ The ZAR floating interest rates are based on the Johannesburg Interbank Agreed Rate (JIBAR).

⁽⁴⁾ The method used to measure fair value is the net present value method using a yield curve plus an appropriate credit spread. For disclosure purposes, the fair value of non-current borrowings is estimated by Sappi based on rates from market quotations for non-current borrowings with fixed interest rates and on quotations provided by internationally recognised pricing services for notes, exchange debentures and revenue bonds.

The abovementioned fair values include Sappi's own credit risk. Please refer to the sensitivity analysis on interest rate risk in this note for additional information regarding Sappi's rating.

The range of interest rates in respect of all non-current borrowings, comprising both fixed and floating rate obligations, is between 0.53% and 9.83% (depending on currency). At September 2024, 73% of Sappi's borrowings were at fixed rates of interest and 27% were at floating rates. Fixed rates of interest are based on contract rates.

A detailed analysis of the group's borrowings is presented in note 22.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(a) Market risk continued

Interest rate risk continued

Hedging of interest rate risk

Depending on the market conditions, Sappi uses interest rate derivatives as a means of managing interest rate risk associated with outstanding debt entered into in the normal course of business. Sappi does not use these instruments for speculative purposes. Interest rate derivative financial instruments are measured at fair value at each reporting date with changes in fair value recorded in profit or loss for the period or in other comprehensive income (OCI), depending on the hedge designation as described in a documented hedging strategy.

Cash flow hedges

The effective gains or losses from changes in fair value of the derivatives designated in a cash flow hedge are recorded in OCI. These accumulated gains or losses will be recycled to profit or loss in the same account as the hedged item when the hedged item affects profit or loss.

Hedge effectiveness is assessed at inception of the hedge relationship and on a quarterly basis or upon a significant change in circumstances affecting the hedge effectiveness requirements. The hedge effectiveness requirements are principles-based, so there is no determined precise quantitative threshold of effectiveness.

The hedge effectiveness assessment is only forward-looking using the critical terms match.

To confirm the expected effectiveness of the hedge relationship at inception of the hedge relationship, a retrospective ratio analysis is performed using the hypothetical derivative where the changes in fair value or cash flows of the hedging instrument are compared with the changes in fair value or cash flows of the perfect hypothetical derivative. The hypothetical derivative exactly mirrors the features of the underlying hedged item.

The valuation of the hedging instruments includes an adjustment for credit risk, ie an asset includes a counterparty credit risk spread, whereas the fair value measurement of a liability includes Sappi's own credit risk spread.

Interest rate swaps floating to fixed

In May 2019, Sappi contracted a floating rate term loan in the total amount of ZAR1.5 billion maturing in 2024 and swapped the floating rates into fixed rates. This liability and the corresponding interest rate swap were designated in a cash flow hedging relationship, allowing all mark-to-market valuations of the swaps to be booked to equity. As all critical terms of the hedged item and the hedging instrument matched perfectly, the hedge was highly effective.

During 2024, the hedge ended and the floating rate term loan was repaid.

Sensitivity analyses

The following are sensitivity analyses, in US Dollar, of the impact on profit or loss arising from:

Sensitivity analysis: interest rate risk – in case of a credit rating downgrade of Sappi

The table below shows the sensitivity of certain debt to changes in the group's own credit rating. The agreements of these specific external loans (including the on-balance sheet securitisation programme) stipulate that if the company were downgraded below its current rating, an additional margin would be added to the contractual funding rate.

US\$ million	Notional	Impact on profit or loss of downgrade below current credit rating
Securitisation – Elektra N°29 DAC (only if double notch downgrade below BB-)	293	0.88
Commitment fee on unused revolving credit facility	692	0.50
Interest on utilised bank syndicated loans	269	0.37
	1,254	1.75
Impact calculated on total portfolio amounts to	0.14%	

Sensitivity analysis: interest rate risk of floating rate debt

The table below shows the sensitivity of the floating rate debt to a move by 50 bps to the interest rates.

US\$ million	Total	Fixed-rate debt	Floating rate debt	Impact on profit or loss of 50 bps interest
Total debt	1,644	1,198	446	2.2
Ratio fixed/floating to total debt		73%	27%	

The floating rate debt represents 27% of total debt. If interest rates were to increase (decrease) by 50 bps, the finance cost on floating rate debt would increase (decrease) by US\$2.2 million.

32. Financial instruments continued

(a) Market risk continued

Currency risk

The objective of the group in managing currency risk is to ensure that foreign exchange exposures are identified as early as possible and actively managed. Sappi is exposed to the following currency risks:

- Economic exposures which consist of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders
- Transaction exposures arise from transactions entered into which result in a flow of cash in foreign currency such as payments under foreign currency long- and short-term loan liabilities, purchases and sales of goods and services, capital expenditure and dividends. Where possible, commercial transactions are only entered into in currencies that are readily convertible by means of formal external forward exchange contracts
- Translation exposures arise from translating the group's assets, liabilities, income and expenditure into the group's presentation currency.

Borrowings are taken out in a range of currencies which are based on the group's preferred ratios of gearing and interest cover based on a judgement of the best financial structure for the group. This gives rise to translation exposure on consolidation.

In managing currency risk, the group first makes use of internal hedging techniques with external hedging being applied thereafter. External hedging techniques consist primarily of foreign currency forward exchange contracts and zero-cost foreign exchange collars. Foreign currency capital expenditure on projects must be covered as soon as practical.

Currency risk analysis

In the preparation of the currency risk analysis, derivative instruments are allocated to the currency of the hedged item.

The following tables for the 2024 and 2023 financial years disclose financial instruments as determined by IFRS 9 *Financial Instruments: Recognition and Measurement*, classified by underlying currency, and do not indicate the group's foreign currency exchange exposure.

US\$ million	Total	Total in scope	USD	EUR	ZAR	GBP	Other
September 2024							
Classes of financial instruments							
Non-current assets							
Other non-current assets	144	40	–	7	33	–	–
Current assets							
Trade receivables	615	615	366	200	9	28	12
Prepayments and other receivables	156	69	11	12	40	–	6
Derivative financial instruments	18	18	6	–	12	–	–
Cash and cash equivalents	317	317	164	16	113	1	23
		1,059	547	235	207	29	41
Non-current liabilities							
Interest-bearing borrowings	1,537	1,537	346	1,062	88	–	41
Lease liabilities	74	74	32	11	29	–	2
Other non-current liabilities	255	2	–	–	2	–	–
Current liabilities							
Interest-bearing borrowings	107	107	–	93	–	–	14
Lease liabilities	21	21	9	6	5	–	1
Trade payables	713	713	200	278	221	2	12
Other payables and accruals	397	191	27	107	56	–	1
Derivative financial instruments	17	17	13	2	1	1	–
		2,662	627	1,559	402	3	71
Foreign exchange gap		(1,603)	(80)	(1,324)	(195)	26	(30)

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Currency risk analysis continued

US\$ million	Total	Total in scope	USD	EUR	ZAR	GBP	Other
September 2023							
Classes of financial instruments							
Non-current assets							
Other non-current assets	127	35	–	6	29	–	–
Current assets							
Trade receivables	510	510	276	188	7	28	11
Prepayments and other receivables	148	69	10	44	12	–	3
Derivative financial instruments	14	14	11	–	2	1	–
Cash and cash equivalents	601	601	458	17	90	1	35
		1,229	755	255	140	30	49
Non-current liabilities							
Interest-bearing borrowings	1,329	1,329	330	889	56	–	54
Lease liabilities	61	61	28	10	23	–	–
Other non-current liabilities	251	2	–	–	2	–	–
Current liabilities							
Interest-bearing borrowings	266	266	–	134	119	–	13
Lease liabilities	30	30	10	15	4	–	1
Overdrafts	–	–	–	–	–	–	–
Trade payables	566	566	143	256	158	1	8
Other payables and accruals	342	152	25	85	41	–	1
Derivative financial instruments	3	3	1	2	–	–	–
		2,409	537	1,391	403	1	77
Foreign exchange gap		(1,180)	218	(1,136)	(263)	29	(28)

Foreign currency forward exchange contracts

The group's foreign currency forward exchange contracts at September are detailed below:

US\$ million		2024		2023	
		Contract amount (notional amount)	Fair value (unfavourable) favourable	Contract amount (notional amount)	Fair value (unfavourable) favourable
Foreign currency					
Bought:					
	US Dollar	181	6	145	–
	Euro	682	(13)	354	12
	SA Rand	36	3	28	–
Sold:					
	US Dollar	(1)	–	–	–
	Euro	(141)	(1)	(93)	–
	SA Rand	(24)	(1)	(27)	–
		733	(6)	407	12

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Currency risk analysis continued

Foreign currency forward exchange contracts continued

The fair value of foreign currency contracts has been computed by the group using the market data at the end of the 2024 financial year.

All forward exchange contracts are valued at fair value with the resultant profit or loss included in net finance costs for the year.

The foreign currency forward exchange contracts have different maturities, with the most extended maturity date being 30 September 2025.

As at September 2024, there was an open exposure of US\$252.7 million that has since been hedged.

Sensitivity analysis – (loss) gain

Base currency	Exposure (US\$ million)	+10%	–10%
AUD	4.3	0.4	(0.5)
CAD	(6.4)	(0.6)	0.7
USD	(210.1)	(19.1)	23.3
ZAR	(36.4)	(3.3)	4.0
Other currencies	(4.1)	(0.4)	0.5
Total	(252.7)	(23.0)	28.0

Based on the exposure at the end of September 2024, if the foreign currency rates had moved 10% upwards or downwards compared to the closing rates, the result would have been impacted by a loss of US\$23.0 million or a gain of US\$28.0 million, respectively.

Cash flow hedges

Export sales

In Southern Africa, Sappi is exposed to an economic risk arising from its export sales of its dissolving wood pulp product. As sales prices are linked to a US Dollar price but sales are invoiced in SA Rand, any change in the foreign currency exchange rate between the US Dollar and the SA Rand would result in a different SA Rand selling price. This results in an economic foreign currency exchange rate exposure between the order date and invoicing date.

Sappi therefore enters into cash flow hedges with the objective of eliminating this economic foreign exchange rate exposure by entering into non-deliverable forward exchange contracts and zero-cost foreign exchange collars which were designated as hedging instruments. Only the spot movements of the FECs and the intrinsic value of the zero-cost foreign exchange collar are designated as the hedging instrument. The forward points of the FECs and the time value of the zero-cost collars are not included in the hedge designation and will be reported as cost of hedging in OCI.

The hedging instruments are recorded at fair value on the balance sheet with changes in fair value recorded through OCI. In assessing the effectiveness of the hedge of the foreign currency risk, Sappi compares the critical terms (expected maturity dates, underlying foreign currencies and the notional amounts) of the hedging instrument to the hedged item. An assessment is then performed on a cumulative basis at each reporting period. Throughout the hedge designation, the hedge relationship has been assessed to be highly effective in offsetting changes in the cash flows attributable to the hedged risk.

During the 2024 financial year, the hedges were highly effective. A realised gain of US\$9.3 million relating to the realised fair value movements of non-deliverable forward exchange contracts (including cost of hedging) was transferred from OCI to revenue in profit or loss and at the financial year-end, a gain of US\$2.7 million was deferred in equity. A realised gain of US\$4.2 million relating to the settled zero-cost foreign exchange collars (including cost of hedging) was transferred from OCI to revenue in profit or loss and at the financial year-end, a gain amount of US\$8.2 million was deferred to equity.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Cash flow hedges continued

Net investment hedges

The hedge of the net investment designated in February 2010, was de-designated in March 2016. At the moment of the de-designation, the life-to-date negative foreign exchange differences amounting to EUR37.0 million (US\$41.2 million) will remain in equity until the disposal or liquidation of the foreign operation.

In March 2016, Sappi designated a new net investment hedge for an indeterminate period of Sappi Papier Holding GmbH (SPH) in SD Warren Holdings Corporation (North America) including all its subsidiaries and incorporating all net assets.

During 2017 several de-designations and re-designations took place in line with the evolving net USD exposure linked to the net investment. In 2021, another de-designations and re-designation occurred and as at September 2024, the hedged notional amount at amortised cost amounted to US\$205 million.

The hedged risk is the currency risk associated with the spot retranslation of the net assets of the foreign operation into the functional currency of the consolidating parent entities at the level of which the hedge is designated, ie SPH for US Dollar/Euro spot exchange rate risk and Sappi Limited for US Dollar/SA Rand spot exchange rate risk. The hedging instrument is a non-derivative foreign currency external debt instrument. At the inception of the hedge (or on hedge designation date), both the designated portion of the net investment in the foreign operation (as hedged item) and the foreign currency-denominated debt (as hedging instrument) were recorded at the spot rate.

To the extent that the hedge is effective, foreign exchange rate differences linked to the subsequent revaluation of the foreign currency debt in the books of the entity holding the debt are deferred in OCI until the foreign operation is disposed of or liquidated. These foreign exchange currency differences are recognised in profit or loss on disposal or liquidation of the foreign operation as part of the gain or loss on disposal.

Ineffectiveness can only occur if the net investment carrying value of the foreign operation falls below the designated amount of the hedging instruments. The net investment value of the foreign operation is validated each quarter. Ineffective gains or losses are booked directly to profit or loss. As at the end of the 2024 financial year, the hedge was 100% effective.

US\$ million	2024		2023	
	Hedged notional	Foreign exchange result deferred in OCI	Hedged notional	Foreign exchange result deferred in OCI
Bond 2032	205	(17)	205	(27)
Previous designations	-	(29)	-	(28)
	205	(46)	205	(55)
Net investment value of North America	1,483		1,405	

Commodity price risk

The group is exposed to various commodity prices like gas, pulp and oil. From time to time, we take out derivatives to cover the exposure. At year-end, commodity pulp swap related to European BHKP exposure were still outstanding with an overall negative mark-to-market of US \$1.5 million.

(b) Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its current and future financial obligations as they fall due.

The group's objective is to manage its liquidity risk by:

- Managing its bank balances, cash concentration methods and cash flows
- Managing its working capital and capital expenditure
- Ensuring the availability of a minimum amount of short-term borrowing facilities at all times, to meet any unexpected funding requirements
- Ensuring appropriate long-term funding is in place to support the group's long-term strategy.

Details of the group's borrowings, including the maturity profile thereof, as well as the group's committed and uncommitted facilities are set out in note 22.

The group is in compliance with all material financial covenants applicable to its borrowing facilities.

32. Financial instruments continued

(b) Liquidity risk continued

Liquidity risk management

The following tables for the 2024 and 2023 financial years disclose financial instruments, as determined by IFRS 9 *Financial Instruments: Recognition and Measurement*, are classified by liquidity and do not necessarily indicate the group's actual cash flows. Interest-bearing borrowings that become payable will be settled with future cash generation or refinanced.

US\$ million	Total financial assets and liabilities	Fair value of financial instruments	Undiscounted cash flows					Total
			0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years	
September 2024								
Non-current assets								
Other non-current assets	40	40	–	–	7	–	33	40
Current assets								
Trade receivables	615	615	609	6	–	–	–	615
Prepayments and other receivables	69	69	29	40	–	–	–	69
Derivative financial instruments	18	18	6	12	–	–	–	18
Cash and cash equivalents	317	317	205	112	–	–	–	317
			849	170	7	–	33	1,059
Non-current liabilities								
Interest-bearing borrowings	1,537	1,591	–	–	655	714	361	1,730
Lease liabilities	74	74	–	–	19	47	20	86
Other non-current liabilities	2	2	–	–	–	–	2	2
Current liabilities								
Interest-bearing borrowings	107	107	111	–	–	–	–	111
Lease liabilities	21	21	5	16	–	–	–	21
Trade payables	713	713	493	220	–	–	–	713
Other payables and accruals	191	191	139	52	–	–	–	191
Derivative financial instruments	17	17	16	1	–	–	–	17
			764	289	674	761	383	2,871
Liquidity surplus (gap)			85	(119)	(667)	(761)	(350)	(1,812)

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(b) Liquidity risk continued

Liquidity risk management continued

US\$ million	Total financial assets and liabilities	Fair value of financial instruments	Undiscounted cash flows					Total
			0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years	
September 2023								
Non-current assets								
Other non-current assets	35	35	–	–	6	–	29	35
Current assets								
Trade receivables	510	510	505	5	–	–	–	510
Prepayments and other receivables	69	69	50	20	–	–	–	70
Derivative financial instruments	14	14	12	2	–	–	–	14
Cash and cash equivalents	601	601	513	88	–	–	–	601
			1,080	115	6	–	29	1,230
Non-current liabilities								
Interest-bearing borrowings	1,329	1,322	–	–	121	1,129	287	1,537
Lease liabilities	61	61	–	–	18	37	29	84
Other non-current liabilities	2	2	–	–	–	2	–	2
Current liabilities								
Interest-bearing borrowings	266	268	170	140	–	–	–	310
Lease liabilities	30	30	5	25	–	–	–	30
Trade payables	566	566	408	158	–	–	–	566
Other payables and accruals	152	152	113	39	–	–	–	152
Derivative financial instruments	3	3	3	–	–	–	–	3
			699	362	139	1,168	316	2,684
Liquidity surplus (gap)			381	(247)	(133)	(1,168)	(287)	(1,454)

32. Financial instruments continued

(b) Liquidity risk continued

Derivative financial instruments with maturity profile

The following tables indicate the different types of derivative financial instruments for the 2024 and 2023 financial years that are included within the various categories on the balance sheet. The reported maturity analysis is calculated on an undiscounted basis.

US\$ million	Maturity analysis Undiscounted cash flows					
	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years
September 2024						
Assets						
Fair value of derivatives by risk factor						
Foreign exchange risk						
FX forward contracts	18	18	–	–	–	–
– Receiving leg	258	258	–	–	–	–
– Paying leg	(240)	(240)	–	–	–	–
Liabilities						
Fair value of derivatives by risk factor						
Foreign exchange risk						
FX forward contracts	15	15	–	–	–	–
– Receiving leg	(748)	(748)	–	–	–	–
– Paying leg	763	763	–	–	–	–
Commodity price risk	2	2	–	–	–	–

US\$ million	Maturity analysis Undiscounted cash flows					
	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years
September 2023						
Assets						
Fair value of derivatives by risk factor						
Foreign exchange risk						
FX forward contracts	14	14	–	–	–	–
– Receiving leg	484	484	–	–	–	–
– Paying leg	(470)	(470)	–	–	–	–
Liabilities						
Fair value of derivatives by risk factor						
Interest rate risk						
Interest rate swaps	1	1	–	–	–	–
– Receiving leg	(107)	(107)	–	–	–	–
– Paying leg	108	108	–	–	–	–
Commodity price risk	2	2	–	–	–	–

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(b) Liquidity risk continued

Fair values

The group's financial instruments are initially recognised at fair value. The carrying amounts of other financial instruments which include cash and cash equivalents, trade receivables, certain investments, bank overdraft, trade payables and the current portion of interest-bearing borrowings approximate their fair values due to their short-term nature.

In line with IFRS 13 *Fair Value Measurement*, the fair value of all financial instruments measured at fair value, are measured based on a market exit price incorporating credit risk, by using standard valuation techniques based on observable market data inputs.

The fair value of all external over-the-counter derivatives and material non-current borrowings (for disclosure purposes only) is calculated based on the discount rate adjustment technique. The discount rate used is derived from observable rates of return for comparable assets or liabilities traded in the market. The credit risk of the external counterparty is incorporated into the calculation of fair values of financial assets and own credit risk is incorporated in the measurement of financial liabilities. The change in fair value is therefore impacted by the move of the interest rate curves, by the volatility of the applied credit spreads, and by any changes in the credit profile of the involved parties.

There are no financial assets and liabilities that have been remeasured to fair value on a non-recurring basis. The carrying value of assets and liabilities which are held-for-sale are carried at their fair value less cost of disposal.

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value through OCI	Fair value
September 2024							
Non-current assets							
Other non-current assets	144	104	40	–	35	5	40
	144	104	40	–	35	5	40
Current assets							
Trade receivables	615	–	615	–	615	–	615
Prepayments and other receivables	156	87	69	–	69	–	69
Derivative financial instruments	18	–	18	18	–	–	18
Cash and cash equivalents	317	–	317	–	317	–	317
	1,106	87	1,019	18	1,001	–	1,019

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value
September 2024						
Non-current liabilities						
Interest-bearing borrowings	1,537	–	1,537	–	1,537	1,591
Lease liabilities	74	–	74	–	74	74
Other non-current liabilities	255	253	2	–	2	2
	1,866	253	1,613	–	1,613	1,667
Current liabilities						
Interest-bearing borrowings	107	–	107	–	107	107
Lease liabilities	21	–	21	–	21	21
Trade payables	713	–	713	–	713	713
Other payables and accruals	397	206	191	–	191	191
Derivative financial instruments	17	–	17	17	–	17
	1,255	206	1,049	17	1,032	1,049

32. Financial instruments continued

(b) Liquidity risk continued

Fair values continued

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value through OCI	Fair value
September 2023							
Non-current assets							
Other non-current assets	127	92	35	–	31	4	35
	127	92	35	–	31	4	35
Current assets							
Trade receivables	510	–	510	–	510	–	510
Prepayments and other receivables	148	79	69	–	69	–	69
Derivative financial instruments	14	–	14	14	–	–	14
Cash and cash equivalents	601	–	601	–	601	–	601
	1,273	79	1,194	14	1,180	–	1,194

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value
September 2023						
Non-current liabilities						
Interest-bearing borrowings	1,329	–	1,329	–	1,329	1,322
Lease liabilities	61	–	61	–	61	61
Other non-current liabilities	251	249	2	–	2	2
	1,641	249	1,392	–	1,331	1,385
Current liabilities						
Interest-bearing borrowings	266	–	266	–	266	268
Lease liabilities	30	–	30	–	30	30
Trade payables	566	–	566	–	566	566
Other payables and accruals	342	190	152	–	152	152
Derivative financial instruments	3	–	3	3	–	3
	1,207	190	1,017	3	1,014	1,019

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

32. Financial instruments continued

(b) Liquidity risk continued

Fair values continued

The level in the fair value hierarchy into which financial instruments that are measured at fair value are categorised is disclosed below.

There have been no transfers between the categories of the fair value hierarchy.

	2024				2023			
	Total fair value	Fair value hierarchy			Total fair value	Fair value hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Non-current assets								
Other non-current assets	5	5	-	-	4	4	-	-
	5	5	-	-	4	4	-	-
Current assets								
Assets held-for-sale ⁽¹⁾	50	-	50	-	-	-	-	-
Derivative financial instruments	18	-	18	-	14	-	14	-
	68	-	68	-	14	-	14	-
Current liabilities								
Derivative financial instruments	17	-	17	-	3	-	3	-
	17	-	17	-	3	-	3	-

⁽¹⁾ The assets held-for-sale have been classified within the Level 2 Fair Value hierarchy at the fair value as stipulated in the binding sale agreement.

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. The group faces credit risk in relation to trade receivables, cash deposits and financial investments.

Credit risk relating to trade receivable management is the responsibility of regional management and is coordinated on a group basis.

The group's objective in relation to credit risk is to limit the exposure to credit risk through specific group-wide policies and procedures. Credit control procedures are designed to ensure the effective implementation of best trade receivable practices, the comprehensive maintenance of all related records, and effective management of credit risk for the group.

The group assesses the creditworthiness of potential and existing customers in line with its credit policies and procedures. Collateral is obtained to minimise risk. Exposures are monitored on an ongoing basis utilising various reporting tools which highlight potential risks when considered appropriate.

In the event of deterioration of credit risk, the appropriate measures are taken by the regional credit management team. All known risks are required to be fully disclosed, accounted for, and provided for as bad debts in accordance with the applicable accounting standards.

Overall, 68% (2023: 69%) of the group's total trade receivables, both on- and off-balance sheet, are insured or covered by letters of credit and bank guarantees.

33. Related party transactions

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Details of transactions between the group and other related parties are disclosed below:

US\$ million	Sales		Purchases		Amounts owed by related parties		Amounts owed to related parties	
	2024	2023	2024	2023	2024	2023	2024	2023
proNARO GmbH	-	-	93.5	149.1	-	-	-	-
Umkomaas Lignin Proprietary Limited	-	-	-	-	-	-	-	-
Mkomazi Alienfuel Proprietary Limited	0.1	-	0.5	-	2.4	1.9	0.1	-
Papierholz Austria GmbH	-	-	122.9	120.3	-	-	-	-
Ngodwana Energy Proprietary Limited ⁽¹⁾	4.3	6.0	-	-	21.9	19.0	-	-
Tugela Fuel Rods Proprietary Limited	-	-	-	-	3.4	3.5	-	-
Bagasse Moulded Fibre Proprietary Limited	-	-	-	-	4.1	3.3	-	-
	4.4	6.0	216.9	269.4	31.9	27.7	0.1	-

⁽¹⁾ Shareholder loans owing by Ngodwana Energy Proprietary Limited will only be paid back to Sappi once the company is profitable and has repaid its external borrowings.

The amounts outstanding at balance sheet date are unsecured and will be settled in cash. No expense has been recognised in the period for expected credit losses in respect of the amounts owed by related parties.

Key management personnel

Key management personnel include our directors and prescribed officers. The total key management personnel emoluments amounted to US\$10 million (2023: US\$7 million). The details of key management personnel, including emoluments, interests in contracts and participation in the groups' share scheme are disclosed in notes 35 to 37.

A large number of shares are held by nominee companies for beneficial shareholders. Pursuant to section 56(7) of the Companies Act 71 of 2008 of South Africa, the directors have investigated the beneficial ownership of shares in Sappi Limited, including those which are registered in the nominee holdings. These investigations revealed as of September 2024, the following are beneficial holders of more than 5% of the issued share capital of Sappi Limited:

Beneficial holder	Shares	%
Public Investment Corporation	128,870,311	21.5
Allan Gray Balanced Fund	49,695,141	8.3
Alexander Forbes Investments	30,533,702	5.1

Shareholder spread

Type of shareholder	% of shares in issue
Non-public	0.4
Sappi Limited directors and prescribed officers	0.4
Associates of group directors	-
Trustees of the company's share and retirement funding schemes	-
Shareowners who, by virtue of any agreement, have the right to nominate board members	-
Share owners interested in 10% or more of the issued shares	-
Public (the number of public shareholders as at September 2024 was 8,994)	99.6
	100.0

34. Events after balance sheet date

On 25 October 2024 the group sold two of its wholly owned subsidiaries namely Sappi Lanaken NV and Sappi Lanaken Press Paper to the UTB group for US\$44 million (EUR40 million).

The directors have resolved to declare a gross cash dividend (number 91) out of income earned for the financial year ended September 2024 of 14 US cents per ordinary share in issue on the record date being 10 January 2025. The dividend is payable in ZAR at an exchange rate (US\$1=ZAR) of 17.62526, being 246.75364 cents per share.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

35. Directors' and prescribed officers' remuneration

Non-executive directors

Directors are normally remunerated in the currency of the country in which they live or work. Their remuneration is translated into US Dollar, the group's reporting currency, at the average exchange rate prevailing during the financial year. Directors' fees are established in local currencies to reflect market conditions in those countries.

Non-executive directors' fees reflect their services as directors and services on various sub-committees on which they serve. The quantum of committee fees depends on whether the director is an ordinary member or a chairman of the committee. Non-executive directors do not earn attendance fees; however, additional fees are paid for attendance at board meetings in excess of the five scheduled meetings per annum.

The chairman of the Sappi Limited board receives a flat director's fee and does not earn committee fees.

Non-executive directors do not participate in any incentive schemes or plans of any kind.

In determining the fees for non-executive directors, due consideration is given to the fee practice of companies of similar size and complexity in the countries in which the directors are based.

The extreme volatility of currencies, in particular the ZAR/US Dollar exchange rate in the past few years, caused distortions of the relative fees in US Dollar paid to individual directors.

Non-executive directors' fees are proposed by the Executive Committee, agreed by the Compensation Committee, recommended by the board and approved at the annual general meeting by the shareholders.

US\$	2024			Total
	Board fees	Committee fees	Travel allowance	
ANR Rudd ⁽¹⁾	143,364	–	11,400	154,764
NP Mageza ⁽¹⁾	10,140	13,823	–	23,963
MV Moosa	42,925	27,230	7,600	77,755
MA Fallon	65,580	92,817	19,000	177,397
RJAM Renders	74,495	69,508	15,200	159,203
B Mehlomakulu	28,688	24,216	7,600	60,504
Z Malinga	28,688	24,525	7,600	60,813
BR Beamish	65,580	55,448	15,200	136,228
JM Lopez	78,203	39,517	22,800	140,520
LL von Zeuner	28,688	18,603	7,600	54,891
E Istavridis	78,203	39,556	22,800	140,559
N Sowazi	95,632	–	7,600	103,232
	740,186	405,243	144,400	1,289,829

US\$	2023			Total
	Board fees	Committee fees	Travel allowance	
ANR Rudd	392,519	–	11,400	403,919
NP Mageza	27,465	37,443	7,600	72,508
MV Moosa	41,096	26,070	7,600	74,766
MA Fallon	61,022	62,617	11,400	135,039
RJAM Renders	70,545	65,822	11,400	147,767
B Mehlomakulu	27,465	23,184	7,600	58,249
Z Malinga	27,465	14,260	7,600	49,325
BR Beamish	61,022	51,594	11,400	124,016
JM Lopez	75,196	27,183	11,400	113,779
LL von Zeuner	27,465	14,260	7,600	49,325
E Istavridis	75,196	38,035	7,600	120,831
N Sowazi	27,465	14,260	7,600	49,325
	913,921	374,728	110,200	1,398,849

⁽¹⁾ ANR Rudd and NP Mageza retired as directors at February 2024.

35. Directors' and prescribed officers' remuneration continued

Executive directors

Our pay policy is to pay our executive directors a compensation package which is fair and equitable in comparison to their peers in the markets in which they live and work. They are generally paid in the currency of that country.

US\$	2024				
	Salary	Performance-related remuneration	Contributions paid under pension and medical aid schemes	Share-based payment benefit	Total
SR Binnie ⁽¹⁾	581,824	585,119	167,096	274,423	1,608,462
GT Pearce ⁽¹⁾	336,539	335,583	98,060	134,482	904,664
	918,363	920,702	265,156	408,905	2,513,126

US\$	2023				
	Salary	Performance-related remuneration	Contributions paid under pension and medical aid schemes	Share-based payment benefit	Total
SR Binnie	549,940	79,460	76,477	265,701	971,578
GT Pearce	317,425	45,864	54,008	123,799	541,096
	867,365	125,324	130,485	389,500	1,512,674

⁽¹⁾ S Binnie and G Pearce received a 6.5% and 7.0% increase, respectively, on their South African salaries and both received a 4.0% off-shore salaries for fiscal 2024.

The remuneration figures shown above are affected by the translation into US Dollar.

Details of directors' service contracts

The executive directors have service contracts with notice periods of 12 months or less. These notice periods are in line with international norms for executive directors.

None of the non-executive directors have service contracts with the company.

None of the directors have provisions for predetermined compensation on termination of their contracts exceeding 12 months' gross remuneration and benefits-in-kind.

No loans were granted to any of the directors in the current and prior years.

Notes to the Group Annual Financial Statements continued

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35. Directors' and prescribed officers' remuneration continued

Prescribed officers

As with our executive directors, our pay policy is to pay our prescribed officers a compensation package which is fair and equitable in comparison to their peers in the markets in which they live and work. They are generally paid in the currency of that country.

US\$	2024				Total
	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Share-based payment benefit	
M Eikelenboom	715,926	343,563	158,992	149,691	1,368,172
M Haws	494,646	392,283	58,531	152,270	1,097,730
A Thiel	345,886	289,568	99,139	152,270	886,863
M van Hoven	185,333	141,324	59,118	120,617	506,392
G Bowles ⁽¹⁾	89,628	73,341	25,895	53,010	241,874
L Kruyshaar ⁽²⁾	210,115	160,051	65,107	82,174	517,447
F Marupen	195,999	149,457	59,413	103,493	508,362
M Mansoor	479,133	306,563	89,111	90,555	965,362
Total	2,716,666	1,856,150	615,306	904,080	6,092,202

⁽¹⁾ Retired in January 2024.

⁽²⁾ Appointed in February 2024.

US\$	2023				Total
	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Share-based payment benefit	
M Eikelenboom	553,561	61,453	123,839	119,256	858,109
M Haws	474,601	250,186	55,259	138,891	918,937
A Thiel	329,253	197,119	22,270	147,208	695,850
M van Hoven	176,380	19,488	43,950	116,085	355,903
G Bowles	260,806	31,034	48,369	117,874	458,083
F Marupen	185,415	21,692	41,429	99,346	347,882
M Mansoor	471,648	143,999	78,206	85,923	779,776
Total	2,451,664	724,971	413,322	824,583	4,414,540

36. Directors' and prescribed officers' interests

The following table sets out each director's and prescribed officer's direct and indirect interests in shares in Sappi Limited.

Director	2024		2023	
	Direct interests Beneficial	Indirect interests Beneficial	Direct interests Beneficial	Indirect interests Beneficial
Non-executive directors				
ANR Rudd ⁽¹⁾	-	-	500,000	-
MV Moosa	-	576,542	-	576,542
MA Fallon	5,000	-	5,000	-
Executive directors				
SR Binnie	488,000	-	456,000	-
GT Pearce	225,384	-	211,139	-
Prescribed officers				
M Eikelenboom	44,568	-	34,443	-
M Haws	91,600	-	59,350	-
A Thiel	643,152	-	610,902	-
M van Hoven	240,537	-	227,095	-
G Bowles ⁽²⁾	-	-	97,438	-
L Kruyshaar ⁽³⁾	59,196	2,694	-	-
F Marupen	114,550	-	102,913	-
M Mansoor	100,050	-	81,300	-
	2,012,037	579,236	2,385,580	576,542

⁽¹⁾ Retired February 2024.

⁽²⁾ Retired January 2024.

⁽³⁾ Appointed in February 2024.

Subsequent to year-end and up to the date of this report, 669,342 shares were acquired by the directors and prescribed officers.

	Acquired ⁽¹⁾	Sold ⁽²⁾	Net
SR Binnie	250,000	(117,740)	132,260
GT Pearce	115,000	(54,278)	60,722
M Eikelenboom	138,000	(72,450)	65,550
M Haws	138,000	-	138,000
A Thiel	138,000	(65,133)	72,867
M van Hoven	107,000	(70,000)	37,000
L Kruyshaar	65,000	(30,679)	34,321
F Marupen	92,000	(43,378)	48,622
M Mansoor	80,000	-	80,000
	1,123,000	(453,658)	669,342

⁽¹⁾ Acquisition of shares per vesting of Performance Shares 46 on 18 November 2024.

⁽²⁾ Sale of shares to settle their tax liability arising from vesting of Performance Shares 46 on 20 November 2024.

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

37. Directors' and prescribed officers' participation in the Sappi Limited share schemes

Changes in executive directors' and prescribed officers' share options and performance shares before financial year-end

			Executive directors	
	SR Binnie	GT Pearce	Total 2024	Total 2023
Outstanding at beginning of year				
Number of shares held	748,000	348,000	1,096,000	1,064,000
Performance shares 44	–	–	–	207,000
Performance shares 45	156,000	71,000	227,000	227,000
Performance shares 46	250,000	115,000	365,000	365,000
Performance shares 47	180,000	85,000	265,000	265,000
Performance shares 48	162,000	77,000	239,000	–
Offered and accepted during the year				
Performance shares 48			–	239,000
Performance shares 49	205,000	114,000	319,000	–
Vested during the year				
Number of shares	(58,500)	(26,625)	(85,125)	(103,500)
Forfeited during the year				
Number of shares	(97,500)	(44,375)	(141,875)	(103,500)
Appointment/(retirement) during the year				
Number of shares	–	–	–	–
Outstanding at end of year				
Number of shares	797,000	391,000	1,188,000	1,096,000
Performance shares 45	–	–	–	227,000
Performance shares 46	250,000	115,000	365,000	365,000
Performance shares 47	180,000	85,000	265,000	265,000
Performance shares 48	162,000	77,000	239,000	239,000
Performance shares 49	205,000	114,000	319,000	–

Performance shares are issued for Rnil and vest after four years subject to performance criteria being achieved. The Plan share issue 45 vested at R40.38.

Vesting dates

Performance shares 46
 Performance shares 47
 Performance shares 48
 Performance shares 49

								Prescribed officers	
M Eikelenboom	M Haws	A Thiel	M v Hoven	G Bowles	L Kruyshaar	F Marupen	M Mansoor	Total 2024	Total 2023
355,000	414,000	414,000	326,000	331,000	–	279,000	244,000	2,363,000	2,179,000
–	–	–	–	–	–	–	–	–	343,000
27,000	86,000	86,000	67,000	71,000	–	58,000	50,000	445,000	445,000
138,000	138,000	138,000	107,000	110,000	–	92,000	80,000	803,000	803,000
100,000	100,000	100,000	80,000	80,000	–	68,000	60,000	588,000	588,000
90,000	90,000	90,000	72,000	70,000	–	61,000	54,000	527,000	–
								–	527,000
114,000	114,000	114,000	90,000	–	–	79,000	68,000	579,000	–
(10,125)	(32,250)	(32,250)	(25,125)	(26,625)	–	(21,750)	(18,750)	(166,875)	(171,500)
(16,875)	(53,750)	(53,750)	(41,875)	(44,375)	–	(36,250)	(31,250)	(278,125)	(171,500)
–	–	–	–	(260,000)	239,000	–	–	(21,000)	–
442,000	442,000	442,000	349,000	–	239,000	300,000	262,000	2,476,000	2,363,000
–	–	–	–	–	–	–	–	–	445,000
138,000	138,000	138,000	107,000	–	65,000	92,000	80,000	758,000	803,000
100,000	100,000	100,000	80,000	–	50,000	68,000	60,000	558,000	588,000
90,000	90,000	90,000	72,000	–	45,000	61,000	54,000	502,000	527,000
114,000	114,000	114,000	90,000	–	79,000	79,000	68,000	658,000	–

18 November 2024

18 November 2025

18 November 2026

20 November 2027

Notes to the Group Annual Financial Statements continued

for the year ended September 2024

38. Investments in subsidiaries

Set out below are the significant subsidiaries of the group as at financial year-end:

Name of subsidiary	Country of incorporation	Principal activity	Effective holding (%)	
			2024	2023
Elektra Purchase N° 29 Limited	Ireland	Securitisation of receivables	–	–
Sappi Rockwell Solutions Limited	Scotland	Manufacture of paper	100	100
Sappi Alfeld GmbH	Germany	Manufacture of paper and paper pulp	100	100
Sappi Austria Produktions GmbH and Co. KG	Austria	Manufacture of paper and paper pulp	100	100
Sappi Canada Enterprises Inc	Canada	Manufacture of paper pulp	100	100
Sappi Cloquet LLC	United States of America	Manufacture of paper, paper pulp and dissolving wood pulp	100	100
Sappi Deutschland GmbH*	Germany	Sales	–	100
Sappi Ehingen GmbH	Germany	Manufacture of paper and paper pulp	100	100
Sappi Europe SA	Belgium	Sales	100	100
Sappi Finland Operations Oy and Sappi Finland I Oy	Finland	Manufacture of paper and paper pulp	100	100
Sappi Germany GmbH*	Germany	Sales and manufacture of lignin	100	100
Sappi Italy Operations SpA	Italy	Manufacture of paper	100	100
Sappi International Holdings Proprietary Limited	South Africa	Treasury	100	100
Sappi International SA	Belgium	Treasury	100	100
Sappi Lanaken NV	Belgium	Manufacture of paper	100	100
Sappi Lanaken Press Paper NV	Belgium	Manufacture of paper and paper pulp	100	100
Sappi Maastricht BV	Netherlands	Manufacture of paper	100	100
Sappi Papier Holding GmbH	Austria	Holding company/sales	100	100
Sappi Southern Africa Limited	South Africa	Production of paper and paper pulp, dissolving wood pulp and forestry	100	100
Sappi Stockstadt GmbH*	Germany	Manufacture of paper and paper pulp	–	100
Sappisure Försäkrings AB	Sweden	Insurance	100	100
Sappi North America Inc	United States of America	Manufacture of paper and paper pulp	100	100

* Sappi Stockstadt GmbH and Sappi Deutschland GmbH were merged with Sappi Germany GmbH (formerly Sappi Deutschland Holding GmbH).

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