Second Quarter Results

for the period ended March 2025

sappi

"Sappi uses renewable resources to make woodfibre-based products. We are a diversified, innovative and trusted leader focused on sustainable processes and products."

Our packaging papers, graphic papers, pulp and biomaterials are manufactured from woodfibre sourced from sustainably managed forests, in production facilities which, in many cases use internally generated bio-energy. Many of our operations are self-sufficient.

Together with our partners, Sappi works to build a thriving world by acting boldly to support the planet, people and prosperity.

	Quarter ended			Half-year ended	
	Mar 2025	Mar 2024	Dec 2024	**Mar 2025**	Mar 2024
Key figures (US$ million)					
Revenue	**1,347**	1,352	1,363	**2,710**	2,624
Operating profit (loss) excluding special items[1]	**19**	116	132	**151**	202
Special items – loss (gain)[2]	**17**	46	11	**28**	225
Adjusted EBITDA[3] [4]	**107**	180	203	**310**	310
EBITDA excluding special items[1]	**90**	183	202	**292**	339
Profit (Loss) for the period	**(20)**	29	70	**50**	(97)
Basic earnings per share (US cents)	**(3)**	5	12	**8**	(17)
Adjusted EPS (US cents)[3] [4]	**1**	12	14	**15**	17
Net debt[3]	**1,670**	1,366	1,406	**1,670**	1,366
Key ratios (%)					
Operating profit (loss) excluding special items to revenue	**1.4**	8.6	9.7	**5.6**	7.7
Operating profit (loss) excluding special items to capital employed (ROCE)[3] [4]	**1.9**	13.0	13.4	**7.4**	11.2
Adjusted EBITDA to revenue[3]	**7.9**	13.3	14.9	**11.4**	11.8
EBITDA excluding special items to revenue	**6.7**	13.5	14.8	**10.8**	12.9
Net debt to EBITDA excluding special items	**2.6**	2.2	1.9	**2.6**	2.2
Covenant leverage ratio[3]	**2.4**	2.3	1.8	**2.4**	2.3
Interest cover[3]	**9.4**	9.9	10.8	**9.4**	9.9
Net asset value per share (US cents)[3]	**407**	387	407	**407**	387

(1) *Refer to note 2 to the group results for the reconciliation of Adjusted EBITDA, EBITDA excluding special items and operating profit excluding special items to operating profit by segment and profit for the period.*

(2) *Refer to note 2 to the group results for details on special items.*

(3) *Refer to supplemental information for the definition of the term.*

(4) *The Adjusted EBITDA definition was introduced in September 2024 and comparatives have been included for March 2024.*

Highlights for the quarter

Adjusted EBITDA[1]
US$107 million (Q2 FY2024: US$180 million)

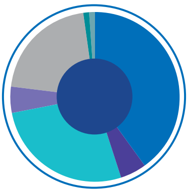
Loss for the period
US$20 million (Q2 FY2024: profit of US$29 million)

Net debt of
US$1,670 million (Q2 FY2024: US$1,366 million)

Adjusted EPS[2]
1 US cent (Q2 FY2024: 12 US cents)

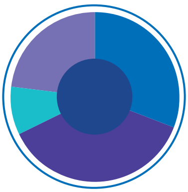
(1) *Adjusted EBITDA is EBITDA excluding special items and plantation fair value price adjustment.*
(2) *Adjusted EPS is EPS excluding special items and plantation fair value price adjustment.*

Sales by product* (%)



Coated paper	40
Uncoated paper	5
Speciality papers	27
Containerboard	5
Dissolving pulp	21
Paper pulp	1
Other	1

Sales by destination* (%)



North America	31
Europe	37
South Africa	9
Asia and other	23

Sales by source* (%)

North America	33
Europe	41
South Africa	26

Net operating assets (ex corporate)** (%)

North America	35
Europe	27
South Africa	38

* *For the period ended March 2025.*
** *As at March 2025.*

Commentary on the quarter[3]

Operating performance for the second quarter fell short of expectations, with the group delivering Adjusted EBITDA of US$107 million. Challenging market conditions prevailed across all segments, driven by heightened uncertainty from potential global trade tensions and a broader economic slowdown, which placed downward pressure on selling prices. Despite these headwinds, year-on-year sales volumes remained stable, with a modest recovery in packaging and speciality papers volumes, underscoring the long-term potential of these markets. While market conditions for graphic papers remained soft, targeted efforts to grow market share delivered positive year-on-year gains. The forestry fair value price adjustment for the quarter was a loss of US$17 million. Amid these macroeconomic challenges, the group remained focused on optimising asset utilisation and advancing cost-saving initiatives to support future performance.

The quarter was negatively impacted by issues that arose during the scheduled maintenance shuts in South Africa, which required additional repairs and extended the shutdowns beyond the planned timeline thereby reducing production for the period. This resulted in an additional financial impact of US$13 million over and above the US$45 million guidance. These issues were resolved and both Saiccor and Ngodwana Mills are running well post start-up. The quarter was also affected by the extended shut for the conversion and expansion of Somerset Mill PM2 in North America, which was US$20 million as per guidance.

Demand for dissolving wood pulp (DWP) remained steady during the quarter, but the typical seasonal boost in demand post Chinese New Year was not observed as textile and apparel markets slowed on the back of increasing geopolitical trade tensions and macroeconomic uncertainties. Viscose staple fibre (VSF) pricing consequently came under pressure catalysing a US$70 per ton decline in the hardwood DWP market price[4], which ended the quarter at US$900 per ton. The profitability of the pulp segment was negatively impacted by the lower production at the Saiccor and Ngodwana Mills during the quarter. Although market prices dropped during the quarter, the net average selling price for the segment was above the equivalent period last year. However, this positive year-on-year sales price momentum was offset by lower sales volumes and increased costs resulting from the extended maintenance shuts.

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(3) *"year-on-year" or "prior/previous year" is a comparison between Q2 FY2025 versus Q2 FY2024; "Quarter-on-quarter" or "prior/previous quarter" is a comparison between Q2 FY2025 and Q1 FY2025.*

(4) *Market price for imported hardwood dissolving wood pulp into China issued daily by the CCF Group.*

Graphic papers sales volumes remained relatively stable year-on-year, despite the ongoing structural decline in market demand, reflecting positive market share gains for Sappi. The segment continued to operate in an oversupplied environment, with pricing largely influenced by cost dynamics rather than demand fundamentals. In this context, lower raw material costs compared to last year, particularly for paper pulp, exerted some downward pressure on selling prices, which negatively impacted profitability of the segment.

Sales volumes in the packaging and speciality papers segment increased by 9% year-on-year, reflecting a normalisation of inventory levels and modest recovery in demand in North America and South Africa. However, overall global demand remained subdued due to persistent macroeconomic headwinds and weak consumer sentiment. Intense competition across all product categories, driven in part by ongoing market oversupply, coupled with deliberate product-mix adjustments undertaken in North America to seed the market ahead of the Somerset Mill PM2 commissioning, contributed to a 4% year-on-year decline in average selling price. Profitability was impacted by the extended maintenance shut at the Ngodwana Mill.

Adjusted earnings per share for the quarter was 1 US cent, which was below the 12 US cents in the prior year due to the challenging market conditions and the adverse impacts of the once-off operational challenges experienced during the quarter. Special items reflected a net expense of US$17 million due primarily to US$12 million related to fire and other extraordinary events at our sites together with the final closure costs for the Lanaken Mill of US$4 million.

Cash flow and debt

Net cash utilised for the quarter of US$207 million was principally due to elevated capital expenditure of US$182 million associated with the scheduled maintenance shuts and the Somerset Mill PM2 conversion and expansion project and a dividend payment of US$85 million.

On 19 March 2025, Sappi successfully completed a €300 million bond issuance of 4.500% sustainability-linked senior notes due in 2032. The net proceeds from the offering were used to redeem all of Sappi's outstanding senior notes due in 2026, with an aggregate principal amount of €240 million, with the remaining funds to be used for general corporate purposes.

Net debt of US$1,670 million was US$264 million above last quarter. This was due to the net cash utilised as discussed above, and a negative currency translation effect of US$52 million due to a weaker US Dollar on our Euro-denominated debt. Liquidity comprised cash on hand of US$156 million and US$612 million from the committed unutilised revolving credit facilities (RCF) in South Africa and Europe.

Operating review for the quarter

EUROPE

	Quarter ended				
€ million	**Mar 2025**	Dec 2024	Sept 2024	Jun 2024	Mar 2024
Volumes sold – tons (000's)	**491**	465	488	492	495
Revenue	**523**	517	541	538	534
Operating profit (loss) excluding special items	**4**	13	14	4	10
Operating profit (loss) excluding special items to revenue (%)	***0.8***	*2.5*	*2.6*	*0.7*	*1.9*
Adjusted EBITDA	**25**	35	36	25	32
Adjusted EBITDA to revenue (%)	***4.8***	*6.8*	*6.7*	*4.6*	*6.0*
RONOA pa (%)	***1.4***	*4.6*	*5.1*	*1.5*	*4.2*

The European business remained under pressure due to persistent macroeconomic weakness and the significant oversupply in paper markets. While sales volumes were relatively stable year-on-year, margins were adversely affected by lower selling prices. The region continued to benefit from a focus on operational efficiency with variable cost savings contributing positively to profitability.

Graphic papers sales volumes remained steady year-on-year, a strong result within the context of structurally declining market demand and a clear indication of market share gains. However, the segment faced pricing pressure, with average prices declining by 3% compared to the prior year. This was driven by strong competition due to industry oversupply, Asian imports and downstream expectations of improved cost pass-through as input costs, particularly paper pulp, reduced. These dynamics continue to weigh on overall profitability despite stable volumes.

The packaging and speciality papers segment continued to face headwinds due to subdued downstream demand, which remained well below historical norms. Sales volumes of wet-strength label paper showed continued growth, but this was offset by notably weak demand in paperboard and flexible packaging papers. Overall sales volumes remained stable, and pricing increased compared to the prior year, which contributed to improved profitability of the segment.

Variable costs were 1% below last year driven by lower purchased pulp and wood costs. Fixed costs were 3% above the prior year due to personnel cost inflation.

NORTH AMERICA

US$ million	Quarter ended Mar 2025	Dec 2024	Sept 2024	Jun 2024	Mar 2024
Volumes sold – tons (000's)	**362**	371	389	340	361
Revenue	**440**	458	474	421	439
Operating profit (loss) excluding special items	**5**	47	47	11	29
Operating profit (loss) excluding special items to revenue (%)	***1.1***	*10.3*	*9.9*	*2.6*	*6.6*
Adjusted EBITDA	**29**	71	71	33	51
Adjusted EBITDA to revenue (%)	***6.6***	*15.5*	*15.0*	*7.8*	*11.6*
RONOA pa (%)	***1.2***	*12.3*	*13.1*	*3.2*	*8.4*

Profitability of the North American business was adversely affected by higher costs related to the planned shut for the conversion and expansion of Somerset Mill PM2 combined with general production challenges early in the quarter. Although these factors weighed on margins for the period, the underlying fundamentals of the business remained sound with stable sales volumes compared to last year. The average net selling price was broadly in line with the prior year with resilient graphic papers prices offsetting downward pressure in the packaging papers and high yield pulp segments.

Graphic papers sales volumes increased slightly compared to the prior year supported by inventory build ahead of the Somerset Mill PM2 conversion and positive market share gains. Higher year-on-year selling prices were offset by increased variable costs, which reduced margins for the segment. Capacity utilisation improved for the quarter as we realised our strategic objective to reduce exposure to graphic papers markets with PM2 exiting coated woodfree paper production.

Demand for packaging and speciality papers strengthened compared to the prior year, with sales volumes increasing by 13%. However, pricing came under pressure declining 9% year-on-year due to a highly competitive market environment and a proactive shift in product mix as we increased volumes of food service board ahead of the Somerset Mill PM2 start-up. These pricing pressures, coupled with higher input costs, resulted in reduced profitability for the segment.

Although demand in the pulp segment was steady, sales volumes declined compared to last year as we integrated more of our production at the Cloquet and Matane Mills into our own operations. Higher year-on-year DWP selling prices offset lower high yield pulp[5] pricing and higher costs leading to improved profitability of the segment.

Variable costs were 5% above last year primarily due to higher energy and raw material usage costs associated with operational disruptions during the quarter and higher purchased pulp costs, which were partially offset by lower wood costs. Fixed costs were 2% above the prior year primarily due to higher maintenance and personnel costs.

[5] *High yield pulp = bleached chemi-thermomechanical pulp (BCTMP).*

Operating review for the quarter continued

SOUTH AFRICA

ZAR million	Quarter ended				
	Mar 2025	**Dec 2024**	**Sept 2024**	**Jun 2024**	**Mar 2024**
Volumes sold – tons (000's)	**690**	665	707	678	611
Revenue	**6,598**	6,312	7,165	6,860	6,285
Operating profit (loss) excluding special items	**148**	1,234	963	1,226	1,358
Operating profit (loss) excluding special items to revenue (%)	***2.2***	*19.6*	*13.4*	*17.9*	*21.6*
Adjusted EBITDA	**883**	1,663	2,033	1,561	1,678
Adjusted EBITDA to revenue (%)	***13.4***	*26.3*	*28.4*	*22.8*	*26.7*
RONOA pa (%)	***1.8***	*15.3*	*12.0*	*14.9*	*16.4*

The South African business experienced a challenging quarter as the planned maintenance shuts at the Ngodwana and Saiccor Mills adversely impacted profitability. The shuts and subsequent start-up took longer than scheduled and we experienced other production challenges during the period. As a result, production in the quarter was lower than expected. Despite the shuts, sales volumes were steady year-on-year, and the average net selling price was higher. The forestry fair value price adjustment for the quarter was a loss of ZAR307 million.

Demand for DWP was stable with sales volumes 2% below last year and constrained by production. Higher year-on-year US Dollar selling prices were partially offset by a stronger ZAR exchange rate compared to the prior year. Higher costs due to the shuts and associated operational inefficiencies reduced margins in the pulp segment.

Containerboard sales volumes rose by 16% from the depressed levels of the comparable quarter of last year. Demand improved towards the end of the period, supported by optimistic market forecasts for the 2025 citrus season. The sales volume gains versus the prior year were offset by the adverse impact of the Ngodwana Mill shut which increased costs and reduced profitability in the packaging and speciality papers segment.

Demand for office paper and newsprint was subdued, weighed down by a sluggish domestic economy and intensified competition from imports. Higher year-on-year selling prices were insufficient to offset lower sales volumes.

Variable costs were 11% above the prior year primarily due to higher raw material usage, specifically energy, due to operational inefficiencies associated with the scheduled shuts. Fixed costs were 27% above last year due to higher personnel costs and increased maintenance costs during the quarter.

OUTLOOK

The escalating tariff trade tensions initiated by the United States against key trading partners introduces a high level of uncertainty into the global macroeconomic outlook which poses risks to our financial performance. We expect the direct impact of the currently proposed United States trade tariffs on our business to be relatively limited. At present, less than 7% of the group's sales volumes involve cross-border trade with the United States, limiting our direct revenue exposure to tariff-related risks. Importantly, we maintain a strong domestic presence in the United States, and the paper markets in which we operate are net importers. As a result, tariffs could present a strategic opportunity as downstream participants in the value chain may increasingly shift toward domestic supply. However, the disruption of trade flows related to tariff actions could contribute to global inflationary pressures which may materially weaken consumer demand across all of our key markets. We continue to monitor these developments closely and remain focused on maintaining operational flexibility and cost discipline in the face of these external challenges.

The Somerset Mill PM2 conversion and expansion project was successfully completed in early May 2025 and machine commissioning is in progress. Our strategic focus for the packaging and speciality papers segments is to execute the commercial ramp-up of the PM2 machine, optimise our product portfolio mix and capture long-term growth opportunities as market conditions improve.

The textile and apparel market, with its long and complex supply chain, is particularly vulnerable to ongoing trade tensions and inflationary pressures. Moreover, inflation driven constraints on consumer spending are likely to dampen demand for discretionary items such as clothing. Demand for VSF and DWP in China has slowed in recent weeks as the value chain assesses the implications of these newly imposed tariffs. This has exerted downward pressure on pricing causing the hardwood DWP market price[(6)] to drop to US$847 per ton in early May. Despite current headwinds, our DWP business remains well positioned for sustained long-term growth.

Demand for graphic papers continues to decline. Our strategic focus in this segment is to proactively manage capacity utilisation and cash generation from our assets. Our efforts to maximise our market share is yielding positive results, with year-on-year gains reinforcing our competitive positioning.

[(6)] *Market price for imported hardwood dissolving wood pulp into China issued daily by the CCF Group.*

Despite current raw material costs being relatively low, potential global inflationary impacts associated with trade tensions pose a risk for our input costs. Maintenance shuts are scheduled for the Cloquet[7] and Saiccor Mills in the third quarter, which will have a negative impact on earnings of approximately US$20 million. We further anticipate that the forestry fair value price adjustment will be negative due to lower wood market prices in South Africa.

Our capital expenditure forecast for FY2025 has risen to US$550 million due to the delay in the start-up and substantially increased labour costs associated with the Somerset Mill PM2 project. We anticipate that net debt will peak in the third quarter as the capital expenditure for the project is completed. We remain committed to disciplined capital allocation and reducing net debt is our priority for FY2026 and FY2027.

Given the uncertainty in our markets due to ongoing global trade tensions and their broader indirect effects on macroeconomic conditions, particularly the tariffs imposed by the US on textile and apparel manufacturers in China which is impacting demand and pricing for DWP, we are adopting a cautious outlook and estimate that Adjusted EBITDA for the third quarter of FY2025 will be at a similar level to that of the second quarter.

On behalf of the board

SR Binnie
Director

GT Pearce
Director

07 May 2025

[7] *The Cloquet Mill has 18-month intervals between shuts and the last shut was in Q1 FY2024.*

Forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words "believe", "anticipate", "expect", "intend", "estimate", "plan", "assume", "positioned", "will", "may", "should", "risk" and other similar expressions, which are predictions of or indicate future events and future trends and which do not relate to historical matters, identify forward looking statements. In addition, this document includes forward looking statements relating to our potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. You should not rely on forward looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- *the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicality, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);*
- *the impact on our business of adverse changes in global economic conditions;*
- *unanticipated production disruptions (including as a result of planned or unexpected power outages);*
- *changes in environmental, tax and other laws and regulations;*
- *adverse changes in the markets for our products;*
- *the emergence of new technologies and changes in consumer trends including increased preferences for digital media;*
- *consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;*
- *adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;*
- *the impact of restructurings, investments, acquisitions, dispositions and other strategic initiatives (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions or implementing restructurings or other strategic initiatives, and achieving expected savings and synergies;*
- *currency fluctuations.*

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

Condensed group income statement

US$ million	Note	Quarter ended Mar 2025	Quarter ended Mar 2024	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Revenue		**1,347**	1,352	**2,710**	2,624
Cost of sales		**1,231**	1,143	**2,361**	2,227
Gross profit		**116**	209	**349**	397
Selling, general and administrative expenses		**101**	101	**202**	201
Other operating (income) expenses		**13**	37	**24**	216
Share of (profit) loss from equity-accounted investees		**–**	1	**–**	3
Operating profit (loss)	3	**2**	70	**123**	(23)
Net finance costs		**20**	17	**39**	31
Finance costs		**26**	25	**52**	51
Finance income		**(4)**	(6)	**(9)**	(16)
Net foreign exchange gain		**(2)**	(2)	**(4)**	(4)
Profit (Loss) before taxation		**(18)**	53	**84**	(54)
Taxation		**2**	24	**34**	43
Profit (Loss) for the period		**(20)**	29	**50**	(97)
Basic earnings per share (US cents)	4	**(3)**	5	**8**	(17)
Weighted average number of shares in issue (millions)		**604.6**	571.6	**603.2**	565.5
Diluted earnings per share (US cents)	4	**(3)**	5	**8**	(17)
Weighted average number of shares on fully diluted basis (millions)		**606.9**	580.9	**605.7**	574.8

Condensed group statement of other comprehensive income

	Quarter ended		Reviewed Half-year ended	
US$ million	Mar 2025	Mar 2024	Mar 2025	Mar 2024
Profit (Loss) for the period	**(20)**	29	**50**	(97)
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss	**(2)**	–	**(2)**	–
Actuarial gains (losses) on post-employment benefit funds	**(2)**	–	**(2)**	–
Tax effect	**–**	–	**–**	–
Items that may be reclassified subsequently to profit or loss	**20**	(31)	**(84)**	(6)
Exchange differences on translation of foreign operations	**8**	(23)	**(72)**	(7)
Movements in hedging reserves	**14**	(9)	**(15)**	1
Tax effect	**(2)**	1	**3**	–
Total comprehensive income for the period	**(2)**	(2)	**(36)**	(103)

Condensed group balance sheet

		Reviewed	
US$ million	Note	**Mar 2025**	**Sept 2024**
ASSETS			
Non-current assets		**4,209**	4,208
Property, plant and equipment		**3,299**	3,241
Right-of-use assets		**82**	79
Plantations		**517**	562
Deferred tax assets		**74**	76
Goodwill and intangible assets		**93**	95
Equity-accounted investees		**13**	11
Other non-current assets		**131**	144
Current assets		**1,689**	1,998
Inventories	8	**857**	836
Trade and other receivables	8	**667**	771
Derivative financial assets	5	**5**	18
Taxation receivable		**2**	6
Cash and cash equivalents	7	**156**	317
Assets held for sale	9	**2**	50
Total assets		**5,898**	6,206
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest		**2,461**	2,578
Non-current liabilities		**2,213**	2,299
Interest-bearing borrowings	7	**1,479**	1,537
Lease liabilities	7	**75**	74
Deferred tax liabilities		**411**	433
Defined benefit and other liabilities		**248**	255
Current liabilities		**1,224**	1,329
Interest-bearing borrowings	7	**249**	107
Lease liabilities	7	**23**	21
Trade and other payables	8	**919**	1 110
Provisions		**2**	8
Derivative financial liabilities	5	**14**	17
Taxation payable		**17**	66
Total equity and liabilities		**5,898**	6,206
Number of shares in issue at balance sheet date (millions)		**604.6**	599.4

Condensed group statement of cash flows

US$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2025	**Mar 2024**	**Mar 2025**	**Mar 2024**
Profit (Loss) for the period	**(20)**	29	**50**	(97)
Adjustment for:				
Depreciation, fellings and amortisation	**85**	86	**174**	173
Taxation	**2**	24	**34**	43
Net finance costs	**20**	17	**39**	31
Defined post-employment benefits paid	**(6)**	(10)	**(10)**	(14)
Plantation fair value adjustments	**(4)**	(31)	**(24)**	(79)
Asset impairments	**–**	3	**1**	5
Write down of held-for-sale assets	**–**	–	**4**	–
Net restructuring charge	**(1)**	5	**(1)**	141
(Profit) Loss on disposal and written-off assets	**1**	–	**(1)**	(1)
Other non-cash items[1]	**1**	5	**18**	47
Cash generated from operations	**78**	128	**284**	249
(Increase) Decrease in working capital	**4**	(45)	**(126)**	(88)
Closure and restructuring costs paid	**(2)**	(133)	**(4)**	(176)
Finance costs paid	**(2)**	(25)	**(36)**	(38)
Finance income received	**4**	7	**9**	16
Taxation (paid) refund	**(21)**	(17)	**(70)**	(27)
Dividend paid	**(85)**	(84)	**(85)**	(84)
Cash (utilised by) generated from operating activities	**(24)**	(169)	**(28)**	(148)
Cash utilised in investing activities	**(183)**	(65)	**(241)**	(155)
Capital expenditure	**(182)**	(65)	**(283)**	(140)
Proceeds on disposal of assets	**–**	1	**4**	2
Proceeds on held-for-sale assets	**–**	–	**43**	–
Movements to non-current and intangible asset	**(1)**	(1)	**(5)**	(17)

[1] *Other non-cash items for the period ended March 2025 include accruals for closure costs at Lanaken of US$Nil million (2024: US$33 million) (€28 million), non-cash movements in the defined benefit liabilities and plan assets of US$14 million (2024: US$12 million) and share-based charges of US$4 million (2024: US$3 million).*

Condensed group statement of cash flows

continued

US$ million	Quarter ended Mar 2025	Quarter ended Mar 2024	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Net cash (utilised) generated	**(207)**	(234)	**(269)**	(303)
Cash effects of financing activities	**78**	95	**121**	94
Proceeds from interest-bearing borrowings	**372**	175	**456**	215
Repayment of interest-bearing borrowings	**(287)**	(74)	**(322)**	(109)
Share repurchases	**–**	–	**–**	–
Capital lease repayments	**(7)**	(6)	**(13)**	(12)
Net movement in cash and cash equivalents	**(129)**	(139)	**(148)**	(209)
Cash and cash equivalents at beginning of period	**283**	533	**317**	601
Translation effects	**2**	(2)	**(13)**	–
Cash and cash equivalents at end of period	**156**	392	**156**	392

Condensed group statement of changes in equity

US$ million	Reviewed Half-year ended Mar 2025	Mar 2024
Balance – beginning of period	**2,578**	2,445
Profit (Loss) for the period	**50**	(97)
Other comprehensive income for the period	**(86)**	(6)
Issue of shares	**–**	58
Dividend – 14 US cents (2024: 15 US cents)	**(85)**	(84)
Share-based payment reserve	**4**	3
Balance – end of period	**2,461**	2,319
Comprising		
Ordinary share capital and premium	**758**	739
Non-distributable reserves	**124**	114
Foreign currency translation reserves	**(229)**	(247)
Hedging reserves	**(52)**	(55)
Retained earnings	**1,860**	1,768
Total equity	**2,461**	2,319

Notes to the condensed group results

1. Basis of preparation

The condensed group interim financial statements for the quarter and half-year ended March 2025 have been prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting*, the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the South African Companies Act. The accounting policies applied in the preparation of the condensed group financial statements are consistent with those applied in the previous annual financial statements.

The group amended its fiscal year from using a 52/53 week year to using calendar month ends.

The preparation of these condensed group financial statements was supervised by the Chief Financial Officer, GT Pearce, CA(SA) and were authorised for issue on 07 May 2025.

The condensed group interim financial statements for the half-year ended March 2025 which includes condensed group balance sheet, condensed group income statement, condensed group statements of other comprehensive income, changes in equity and cash flows and notes to the condensed group financial statements have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditor's report should therefore be read in conjunction with these condensed group financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

2. Segment information

	Quarter ended		Half-year ended	
Metric tons (000's)	Mar 2025	Mar 2024	Mar 2025	Mar 2024
Volumes sold				
North America	**362**	361	**733**	681
Europe	**491**	495	**956**	989
South Africa – Pulp and paper	**386**	384	**757**	741
Forestry	**304**	227	**598**	462
Total	**1,543**	1,467	**3,044**	2,873
Which consists of:				
Pulp	**354**	377	**700**	712
Packaging and speciality papers	**355**	327	**680**	612
Graphic papers	**530**	536	**1 066**	1 087
Forestry	**304**	227	**598**	462

2. Segment information continued

US$ million	Quarter ended Mar 2025	Quarter ended Mar 2024	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Revenue[1]				
North America	**440**	439	**898**	828
Europe	**550**	580	**1 102**	1 148
South Africa – Pulp and paper	**340**	319	**674**	620
Forestry	**17**	14	**36**	28
Total	**1,347**	1,352	**2,710**	2,624
Which consists of:				
Pulp	**298**	295	**591**	550
Packaging and speciality papers	**434**	416	**854**	782
Graphic papers	**598**	627	**1 229**	1 264
Forestry	**17**	14	**36**	28
Operating profit (loss) excluding special items				
North America	**5**	29	**52**	52
Europe	**4**	11	**18**	13
South Africa	**7**	72	**76**	132
Unallocated and eliminations[2]	**3**	4	**5**	5
Total	**19**	116	**151**	202
Which consists of:				
Pulp	**14**	52	**80**	87
Packaging and speciality papers	**(18)**	18	**(12)**	29
Graphic papers	**20**	42	**78**	81
Unallocated and eliminations[2]	**3**	4	**5**	5

(1) *Segment revenue is presented net of delivery costs. Prior periods have been adjusted.*
(2) *Includes the group's treasury operations and insurance captive.*

2. Segment information continued

US$ million	Quarter ended Mar 2025	Quarter ended Mar 2024	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Special items – (gains) losses				
North America	**1**	2	**2**	2
Europe	**6**	31	**8**	207
South Africa	**3**	5	**3**	8
Unallocated and eliminations[(2)]	**7**	8	**15**	8
Total	**17**	46	**28**	225
Operating profit (loss) by segment				
North America	**4**	27	**50**	50
Europe	**(2)**	(20)	**10**	(194)
South Africa	**4**	67	**73**	124
Unallocated and eliminations[(2)]	**(4)**	(4)	**(10)**	(3)
Total	**2**	70	**123**	(23)
Adjusted EBITDA[(3)]				
North America	**29**	51	**100**	97
Europe	**27**	35	**64**	63
South Africa	**47**	89	**140**	144
Unallocated and eliminations[(2)]	**4**	5	**6**	6
Total	**107**	180	**310**	310
Which consists of:				
Pulp	**50**	70	**135**	114
Packaging and speciality papers	**8**	37	**42**	57
Graphic papers	**45**	68	**127**	133
Unallocated and eliminations[(2)]	**4**	5	**6**	6

(2) *Includes the group's treasury operations and insurance captive.*
(3) *The Adjusted EBITDA definition was introduced in September 2024 and comparatives have been included for March 2024.*

2. **Segment information** continued

Reconciliation of Adjusted EBITDA to profit for the period and operating profit excluding special items to operating profit

	Quarter ended		Reviewed Half-year ended	
US$ million	Mar 2025	Mar 2024	Mar 2025	Mar 2024
Adjusted EBITDA[3]	**107**	180	**310**	310
Plantation fair value price adjustment	**(17)**	3	**(18)**	29
EBITDA excluding special items	**90**	183	**292**	339
Depreciation and amortisation	**(71)**	(67)	**(141)**	(137)
Operating profit excluding special items	**19**	116	**151**	202
Special items – gains (losses)	**(17)**	(46)	**(28)**	(225)
Net restructuring release (charge)	**1**	(5)	**1**	(141)
Profit (Loss) on disposal and written off assets	**(1)**	–	**1**	1
Asset (impairments) impairment reversal	**–**	(3)	**(1)**	(5)
Write down of held-for-sale assets	**–**	–	**(4)**	–
Insurance	**–**	(2)	**–**	2
Fire, flood, storm and other events	**(17)**	(36)	**(25)**	(82)
Operating profit (loss)	**2**	70	**123**	(23)
Net finance costs	**(20)**	(17)	**(39)**	(31)
Profit (Loss) before taxation	**(18)**	53	**84**	(54)
Taxation	**(2)**	(24)	**(34)**	(43)
Profit (Loss) for the period	**(20)**	29	**50**	(97)

(3) *The Adjusted EBITDA definition was introduced in September 2024 and comparatives have been included for March 2024.*

2. Segment information continued

US$ million	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Net operating assets		
North America	**1,658**	1,395
Europe	**1,293**	1,094
South Africa	**1,774**	1,760
Unallocated and eliminations[2]	**(9)**	2
Total	**4,716**	4,251
Reconciliation of net operating assets to total assets		
Segment assets	**4,716**	4,251
Deferred tax assets	**74**	84
Cash and cash equivalents	**156**	392
Trade and other payables	**919**	939
Provisions	**2**	73
Derivative financial instruments	**14**	4
Taxation payable	**17**	51
Total assets	**5,898**	5,794

[2] *Includes the group's treasury operations and insurance captive.*

3. Operating profit (loss)

	Quarter ended		Reviewed Half-year ended	
US$ million	Mar 2025	Mar 2024	Mar 2025	Mar 2024
Included in operating profit are the following items:				
Depreciation and amortisation	**71**	67	**141**	137
Fair value adjustment on plantations (included in cost of sales)				
Fellings	**14**	19	**33**	36
Growth	**(21)**	(28)	**(42)**	(50)
Price	**17**	(3)	**18**	(29)
	10	(12)	**9**	(43)
Net restructuring charge (release)	**(1)**	5	**(1)**	141
(Profit) Loss on disposal and written-off assets	**1**	–	**(1)**	(1)
Asset impairments (impairment reversal)	**–**	3	**1**	5
Write down of held-for-sale assets	**–**	–	**4**	–
Insurance	**–**	2	**–**	(2)

4. Earnings per share

US$ million	Quarter ended Mar 2025	Quarter ended Mar 2024	Reviewed Half-year ended Mar 2025	Reviewed Half-year ended Mar 2024
Basic earnings per share (US cents)	**(3)**	5	**8**	(17)
Headline earnings per share (US cents)	**(3)**	5	**9**	(16)
Adjusted EPS (US cents)	**1**	12	**15**	17
Weighted average number of shares in issue (millions)	**604.6**	571.6	**603.2**	565.5
Diluted earnings per share (US cents)	**(3)**	5	**8**	(17)
Diluted headline earnings per share (US cents)	**(3)**	5	**9**	(16)
Weighted average number of shares on fully diluted basis (millions)	**606.9**	580.9	**605.7**	574.8
Calculation of headline earnings				
Profit (Loss) for the period	**(20)**	29	**50**	(97)
(Profit) Loss on disposal and write off of property, plant and equipment	**1**	–	**(1)**	(1)
Asset impairments (impairment reversal)	**–**	3	**1**	5
Write down of held-for-sale assets	**–**	–	**4**	–
Tax effect of above items	**–**	–	**1**	–
Headline earnings	**(19)**	32	**55**	(93)
Calculation of adjusted earnings				
Profit (Loss) for the period	**(20)**	29	**50**	(97)
Special items and plantation fair value price adjustment after tax	**28**	39	**40**	197
Gross amount	**34**	43	**46**	196
Tax effect	**(6)**	(4)	**(6)**	1
Tax special items	**–**	(1)	**–**	(6)
Adjusted earnings[1]	**8**	67	**90**	94

[1] *The Adjusted EBITDA definition was introduced in September 2024 and comparatives have been included for March 2024.*

5. Financial instruments

The group's financial instruments that are measured at fair value on a recurring basis consist of derivative financial instruments and investment funds. These have been categorised in terms of the fair value measurement hierarchy as established by IFRS 13 *Fair Value Measurement* per the table below.

			Fair value[1]	
			Reviewed	
US$ million	Classification	Fair value hierarchy	**Mar 2025**	**Sept 2024**
Investment funds[2]	FV through OCI	Level 1	**5**	5
Derivative financial assets	FV through PL	Level 2	**5**	18
Derivative financial liabilities	FV through PL	Level 2	**14**	17

[1] *The fair value of the financial instruments are equal to their carrying value.*
[2] *Included in other non-current assets.*

There have been no transfers of financial assets or financial liabilities between the categories of the fair value hierarchy.

The fair value of all external over-the-counter derivatives 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 following inputs, the movement of the interest rate curves, by the volatility of the applied credit spreads, and by any changes to 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 amounts of other financial instruments which include cash and cash equivalents, trade and other receivables, certain investments, trade and other payables and current interest-bearing borrowings approximate their fair values.

6. Capital commitments

	Reviewed	
US$ million	**Mar 2025**	**Sept 2024**
Contracted	**150**	254
	150	254

7. Interest-bearing borrowings, lease liabilities and cash and cash equivalents

	Reviewed	
US$ million	Mar 2025	Sept 2024
Non-current and current interest-bearing borrowings	**1,728**	1,644
Non-current and current lease liabilities	**98**	95
Less: Cash and cash equivalents	**(156)**	(317)
Net debt	**1,670**	1,422
As at March 2025 the group was in compliance with its debt covenants:		
Covenant leverage ratio	**2.4**	2.0
Interest cover	**9.4**	10.9

8. Material balance sheet movements

Since the 2024 financial year-end, the Euro and the ZAR have weakened by approximately 3.0% and 7.6% respectively against the US Dollar, the group's presentation currency. This has resulted in a decrease of the group's European and South African assets and liabilities, which are held in the aforementioned functional currency, on translation to the presentation currency at period-end.

Inventories, trade and other receivables and trade and other payables

The increase in inventories and decrease in trade and other receivables and trade and other payables is largely attributable to seasonal working capital movements.

Interest-bearing borrowings

In March 2025, the group raised €300 million 4.5% sustainability-linked senior notes due 2032 of which the proceeds were used to redeem all the outstanding senior notes due 2026 in an aggregate principal amount of €240 million.

9. Assets held for sale

During the six months the group sold items of property, plant and equipment classified as held for sale related to the closure of our Lanaken Mill within our European segment for US$43 million (€40 million) for US$Nil profit. The remaining held-for-sale assets were written down by US$4 million (€4 million) to their fair value less costs to sell and sold for US$1 million (€1 million) for US$Nil profit. In March 2025, the group transferred US$2 million into held-for-sale assets relating to its Lomati Mill within its South African segment.

10. Related parties

There has been no material change, by nature or amount, in transactions with related parties since the 2024 financial year-end.

11. Events after balance sheet date

There have been no reportable events that occurred between the balance sheet date and the date of authorisation for issue of these financial statements.

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

There has been no significant change to management's estimates in respect of new accounting standards, amendments and interpretations to existing standards that have been published which are not yet effective and which have not yet been adopted by the group.

Supplemental information
(this information has not been audited or reviewed)

General definitions

Adjusted EBITDA – EBITDA excluding special items and the plantation fair value price adjustment

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Capital employed – shareholders' equity plus net debt

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

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

Adjusted EPS – earnings per share excluding special items, the plantation fair value price adjustment, special finance costs and special tax items

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

Headline earnings – as defined in circular 1/2023, as issued by the South African Institute of Chartered Accountants, 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

Interest cover – last 12 months' EBITDA excluding special items to net interest adjusted for refinancing costs

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, produced from coniferous trees (ie spruce, pine) in Scandinavia, Canada and northern USA. The price of NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

Net assets – total assets less total liabilities

Net asset value per share – net assets divided by the number of shares in issue at balance sheet date

Net debt – current and non-current interest-bearing borrowings and lease liabilities, bank overdrafts less cash and cash equivalents

Supplemental information continued
(this information has not been audited or reviewed)

Net debt to EBITDA excluding special items – net debt divided by the last 12 months' EBITDA excluding special items

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

Operating profit – profit from business operations before deduction of net finance costs and taxes

Non-GAAP measures – the group believes that it is useful to report certain non-GAAP measures for the following reasons:

- these measures are used by the group for internal performance analysis
- the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies
- it is useful in connection with discussion with the investment analyst community and debt rating agencies

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

ROCE – annualised return on average capital employed. Operating profit excluding special items divided by average capital employed

RONOA – return on average net operating assets. Operating profit excluding special items divided by average net operating assets

Special items – special items cover those items which management believe 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

The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results. These financial measures are regularly used and compared between companies in our industry

Summary Rand convenience translation

	Quarter ended		Half-year ended	
	Mar 2025	**Mar 2024**	**Mar 2025**	**Mar 2024**
Key figures (ZAR million)				
Revenue	**24,920**	25,523	**49,278**	49,338
Operating profit excluding special items[1]	**352**	2,190	**2,746**	3,798
Special items – (gains) losses[1]	**315**	868	**509**	4,231
EBITDA excluding special items[1]	**1,665**	3,455	**5,310**	6,374
Profit for the period	**(370)**	547	**909**	(1,824)
Basic earnings per share (SA cents)	**(61)**	96	**151**	(323)
Net debt[1]	**30,763**	25,775	**30,763**	25,775
Key ratios (%)				
Operating profit excluding special items to revenue	**1.4**	8.6	**5.6**	7.7
Operating profit excluding special items to capital employed (ROCE)[1]	**1.9**	13.2	**7.6**	11.1
EBITDA excluding special items to revenue	**6.7**	13.5	**10.8**	12.9

[1] *Refer to supplemental information for the definition of the term.*

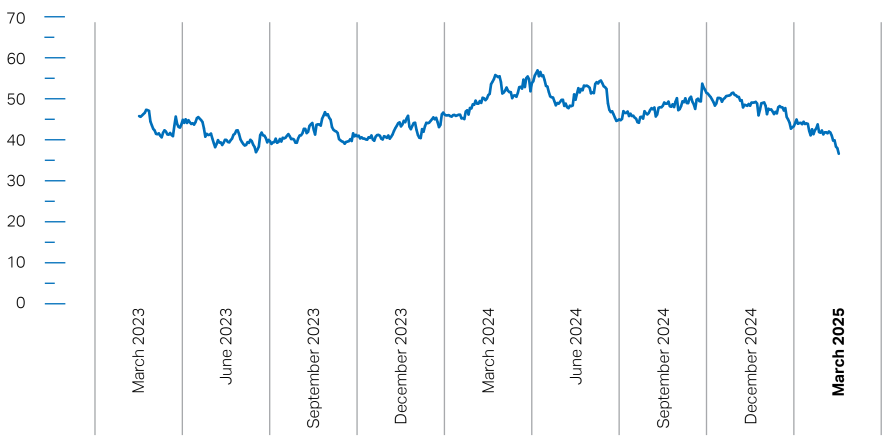
The above financial results have been translated into Rand from US Dollar as follows:
- *assets and liabilities at rates of exchange ruling at period-end; and*
- *income, expenditure and cash flow items at average exchange rates.*

Supplemental information continued
(this information has not been audited or reviewed)

Exchange rates

	Mar 2025	Dec 2024	Sept 2024	Jun 2024	Mar 2024
Exchange rates:					
Period-end rate: US$1 = ZAR	**18.4211**	18.7964	17.1162	18.1925	18.8688
Average rate for the quarter: US$1 = ZAR	**18.5004**	17.8818	17.9763	18.5706	18.8776
Average rate for the year to date: US$1 = ZAR	**18.1837**	17.8818	18.5357	18.7254	18.8027
Period-end rate: €1 = US$	**1.0828**	1.0408	1.1164	1.0715	1.0795
Average rate for the quarter: €1 = US$	**1.0518**	1.0678	1.0986	1.0765	1.0860
Average rate for the year to date: €1 = US$	**1.0600**	1.0678	1.0843	1.0796	1.0811

Sappi share price – March 2023 to March 2025



sappi

Our purpose

Sappi exists to build a thriving world by unlocking the power of renewable resources to benefit people, communities and the planet.

Sappi has a primary listing on the JSE Limited and a Level 1 ADR programme that trades in the over-the-counter market in the United States

Registration number: 1936/008963/06
JSE code: SAP
ISIN code: ZAE000006284
Issuer code: SAVVI

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