

First Quarter Results

for the period ended December 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, and are building a circular economy that benefits the world.

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

We have manufacturing operations on three continents and sell our products in more than 150 countries. Our global presence allows us to optimise for different markets, while sharing best practices and the latest technological achievements.

Together with our partners, we work to build a thriving world by acting boldly to support Prosperity, People and Planet while upholding our Principles.

	Quarter ended		
	Dec 2025	Dec 2024	Sept 2025
Key figures (US\$ million)			
Revenue	1,287	1,363	1,389
Operating profit (loss) excluding special items ⁽¹⁾	(1)	132	30
Special items – loss (gain) ⁽²⁾	17	11	140
Adjusted EBITDA ⁽³⁾	90	203	111
EBITDA excluding special items ⁽¹⁾	81	202	116
Profit (Loss) for the period	(37)	70	(194)
Basic earnings (loss) per share (US cents)	(6)	12	(32)
Adjusted EPS (loss) (US cents) ⁽³⁾	(3)	14	(3)
Net debt ⁽³⁾	1,951	1,406	1,920
Key ratios (%)			
Operating profit (loss) excluding special items to revenue	(0.1)	9.7	2.2
Operating profit (loss) excluding special items to capital employed (ROCE) ⁽³⁾	(0.1)	13.4	2.8
Adjusted EBITDA to revenue ⁽³⁾	7.0	14.9	8.0
EBITDA excluding special items to revenue	6.3	14.8	8.4
Net debt to EBITDA excluding special items	5.5	1.9	4.0
Covenant leverage ratio ⁽³⁾	4.9	1.8	3.6
Interest cover ⁽³⁾	4.2	10.8	6.1
Net asset value per share (US cents) ⁽³⁾	385	407	382

⁽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.

Summary for the quarter

Adjusted EBITDA⁽¹⁾

US\$90 million (Q1 FY25: US\$203 million)

Loss for the period

US\$37 million (Q1 FY25: profit of US\$70 million)

Net debt of

US\$1,951 million (Q1 FY25: US\$1,406 million)

Adjusted EPS⁽²⁾

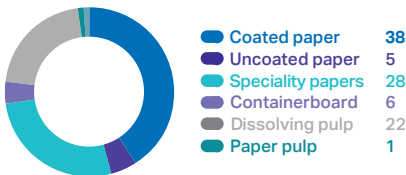
3 US cents loss (Q1 FY25: 14 US cents profit)

⁽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* (%)



Sales by destination* (%)



Sales by source* (%)



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



* For the period ended December 2025.

** As at December 2025.

Commentary on the quarter⁽¹⁾

The group delivered an Adjusted EBITDA of US\$90 million for the first quarter. Market conditions remained challenging during the quarter with ongoing macroeconomic pressures, subdued consumer confidence and overcapacity driving pricing declines across all product segments. In particular, lower dissolving wood pulp (DWP) prices and a stronger ZAR/USD exchange rate significantly impacted profitability in the Southern African region. In North America, the scheduled maintenance shut at the Somerset Mill and further unplanned operational disruptions affected production, sales volumes and costs. These adverse impacts were partially offset by ongoing group-wide strategic cost saving initiatives and the annual energy refunds in Europe. The forestry fair value price adjustment for the quarter was a loss of US\$9 million due to declining domestic wood prices in South Africa.

Demand for DWP continued to be solid supported by high downstream viscose staple fibre (VSF) industry operating rates and relatively low inventories in the value chain. Sales volumes for the pulp segment were 10% higher than last year driven by a 13% increase in DWP volumes. However, the segment faced substantial pricing pressure with net US\$ selling prices 12% below the prior year. Subdued textile fibre pricing combined with low paper pulp prices, which continued to incentivise paper pulp substitution by some non-integrated VSF producers, contributed to a US\$33 per ton decline in the hardwood DWP price⁽²⁾ during the quarter to approximately US\$785 per ton. High yield pulp⁽³⁾ sales were intentionally reduced due to low external selling prices and increased internal integration into the paperboard grades in North America. The higher segmental sales volumes were insufficient to offset the stronger ZAR/USD exchange rate and materially lower prices, which reduced year-on-year profitability of the segment.

⁽¹⁾ "year-on-year" or "prior/previous/last year" is a comparison between Q1 FY2026 versus Q1 FY2025; "Quarter-on-quarter" or "prior/previous/last quarter" is a comparison between Q1 FY2026 and Q4 FY2025.

⁽²⁾ Market price for imported hardwood dissolving pulp into China issued daily by the CCF Group.

⁽³⁾ High yield pulp = bleached chemi-thermomechanical pulp (BCTMP).

Sales volumes for the packaging and speciality papers segment improved by 6% year-on-year, driven by volume growth in all three regions. Underlying demand for containerboard in South Africa remained healthy but paperboard markets in North America and Europe continue to be challenged by weak demand and oversupply. Profitability of the segment was negatively impacted by lower pricing, which was 4% below last year, and higher costs due primarily to the scheduled maintenance shut at Somerset Mill, operational disruptions in North America and the ramp-up of Somerset Mill PM2 with its associated low fixed cost absorption.

Graphic papers sales volumes declined by 9% compared to last year, primarily due to the reduction in capacity in North America after the conversion of Somerset Mill PM2 to paperboard. The market continued to face significant headwinds, driven by global oversupply and the ongoing structural decline in demand, which placed sustained pressure on selling prices. North American prices proved more resilient than those in Europe due to a tighter regional supply-demand balance. However, the production issues in North America impacted margins and overall segment profitability declined. Despite this, margins remained above historical trend levels.

Adjusted earnings per share for the quarter was a loss of 3 US cents, which was substantially below the profit of 14 US cents in the prior year and reflective of the weaker market conditions and exchange rate headwinds. Special items reduced earnings by US\$17 million and were mainly related to costs associated with the proposed graphic papers joint venture with UPM, asset impairments and the settlement of a post-retirement medical aid liability in South Africa.

Cash flow and debt

Net cash utilised for the quarter was US\$3 million compared to the US\$62 million utilised in the prior year. This was largely due to a working capital inflow of US\$10 million and lower capital expenditure of US\$56 million compared to the US\$101 million in the prior year, which included payments for the Somerset Mill PM2 conversion and expansion project. The reduced capex reflects our "Back to Basics" approach, prioritising essential spend to maintain asset integrity amid ongoing macroeconomic weakness. Net debt increased to US\$1,951 million (Q1 FY2025 US\$1,406 million). In terms of the relevant banking facilities, the net debt/ EBITDA leverage covenant ratio increased to 4.9 times, which was within the revised covenants agreed with the banks.

Commentary on the quarter continued

In January 2026, the international revolving credit facility (RCF) was renewed for a new five-year term, at a slightly increased level of EUR550 million. In addition, a new EUR200 million five-year term loan was taken up to repay short-term debt, and funding of this new facility took place in early February 2026.

Liquidity was well managed and remained satisfactory with cash on hand of US\$143 million and US\$608 million from the committed unutilised RCF in South Africa and Europe. Liquidity improved further after quarter-end with the increased international RCF and the new term loan.

Proposed joint venture with UPM

On 04 December 2025, the group announced that it had signed a non-binding letter of intent with UPM-Kymmene Corporation (UPM) regarding the potential formation of a 50/50 joint venture for graphic papers in Europe, subject to the fulfilment of regulatory and other

customary conditions precedent. The proposed joint venture will combine Sappi's European graphic paper operations (Gratkorn Mill, Ehingen Mill, Maastricht Mill, Kirknemi Mill, and Sappi Europe's wood supply joint ventures) with UPM's Communications Paper business in Europe, the UK and the USA.

The rationale for the proposed transaction reflects the long-term structural decline of the European graphic paper industry, which continues to face pressure from falling demand, high energy costs, excess production capacity, and broader macroeconomic challenges. The parties intend to sign definitive agreements during the first half of 2026 and expect to complete the transaction by the end of 2026, subject to the fulfilment of all conditions precedent. Shareholders are referred to the SENS announcement published on the Stock Exchange News Service of the JSE on 04 December 2025 for further details of the proposed transaction.

Operating review for the quarter



Europe

EUR million	Quarter ended				
	Dec 2025	Sept 2025	Jun 2025	Mar 2025	Dec 2024
Volumes sold – tons (000's)	461	479	479	491	465
Revenue	457	483	503	523	517
Operating profit (loss) excluding special items	10	(31)	(19)	4	13
<i>Operating profit (loss) excluding special items to revenue (%)</i>	2.2	(6.4)	(3.8)	0.8	2.5
Adjusted EBITDA	33	(6)	4	25	35
<i>Adjusted EBITDA to revenue (%)</i>	7.2	(1.2)	0.8	4.8	6.8
RONOA <i>pa (%)</i>	3.7	(10.9)	(6.4)	1.4	4.6

Market conditions in the European region remained stable but challenging, characterised by intense competition, weak demand, and continued oversupply across all paper categories. Despite relatively steady sales volumes year-on-year, profitability was adversely affected by significantly lower pricing, which was only partially offset by cost saving initiatives. Strategic rationalisation actions advanced during the quarter with the completion of the previously announced paper machine closures at the Kirkniemi and Alfeld Mills and the successful reallocation of sales volumes to other assets within the region. Earnings included the annual energy refunds, which were approximately EUR32 million.

Underlying demand for packaging papers in European markets remained subdued, reflecting ongoing weak consumer sentiment and persistent overcapacity. Despite very weak paperboard demand ahead of the holiday season, segment sales volumes were up 3% year-on-year. Solid progress was achieved in growing our label papers business, with wet glue label paper sales volumes increasing by 21% compared to the prior year.

As across all European paper grades, weak demand and oversupply resulted in an intensely competitive pricing environment, leading to an 8% year-on-year decline in segment selling prices.

Graphic papers sales volumes have remained steady in recent quarters but were 2% below prior year levels. This performance represents a significant achievement given the rapidly declining regional demand, with quarterly industry deliveries for coated woodfree and coated mechanical papers estimated to have fallen by 5% to 7% year-on-year. The weak demand environment and substantial regional overcapacity was further exacerbated by trade tensions and US tariffs which have constrained exports to the US market and driven increased Asian imports into the region. These factors continued to place significant downward pressure on pricing, which was 13% below the previous year.

Variable costs decreased by 6% compared to the prior year due to lower purchased pulp and chemical costs. Fixed costs were 1% below last year.

Operating review for the quarter continued



North America

US\$ million	Quarter ended				
	Dec 2025	Sept 2025	Jun 2025	Mar 2025	Dec 2024
Volumes sold – tons (000's)	335	359	326	362	371
Revenue	395	429	404	440	458
Operating profit (loss) excluding special items	(30)	(3)	(21)	5	47
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(7.6)	(0.7)	(5.2)	1.1	10.3
Adjusted EBITDA	(1)	28	5	29	71
<i>Adjusted EBITDA to revenue (%)</i>	(0.3)	6.5	1.2	6.6	15.5
<i>RONOA pa (%)</i>	(6.9)	(0.7)	(4.9)	1.2	12.3

Profitability of the North American region was adversely affected by the scheduled Somerset Mill maintenance shut⁽¹⁾, which reduced earnings in line with the guidance provided by US\$17 million. In addition, significant utilities-related operational disruptions at both Somerset and Cloquet Mills reduced production, adversely impacted raw material usages and increased costs. Market conditions broadly softened and, in certain product categories, were further impacted by seasonal slowdowns and customer inventory drawdowns ahead of the calendar year-end.

The weaker paperboard demand in the region, combined with our focus on balancing the trade-off between volume and pricing, resulted in a slower than anticipated ramp-up in sales volumes from Somerset Mill PM2. Paperboard sales volumes were nevertheless 15% above last year and customer trials and technical qualifications advanced during the quarter, with positive feedback received on product performance. However, the intensely competitive pricing environment led to a year-on-year decline of 8% in segment selling prices. Higher costs arising from the operational disruptions and low fixed cost absorption further weighed on segment profitability.

⁽¹⁾ Maintenance shuts for Somerset Mill are scheduled at 18-month intervals. The last shut was in Q3 FY2024.

Graphic papers markets in the region remain in structural decline but an overall tighter domestic market balance, due to the removal of Somerset Mill PM2 capacity and tariff pressures on imports, provided support for pricing which remained in line with last year. Good progress was made in terms of carouselling activities to optimise product allocation across the asset base, which included the transfer of some high basis weight graphic paper volumes to the Somerset Mill PM1 paperboard machine. The operational disruptions reduced graphic papers production and constrained segment sales volumes. Although segment margins declined compared to the prior year, they remained at healthy levels.

Demand for DWP remained steady, with sales volumes increasing 5% year-on-year. However, significantly lower pricing reduced profitability for the pulp segment. High yield pulp⁽¹⁾ market demand remained subdued, and sales were decreased to match external demand and higher internal integration into paperboard production at the Somerset Mill.

Variable costs increased by 11% compared to the previous year with lower raw material prices, specifically purchased pulp and chemicals, offset by adverse raw material usage. Fixed costs were 8% above last year with lower personnel costs offset by higher maintenance costs due to the Somerset Mill shut, scheduled every 18 months, which did not occur in the equivalent quarter of last year.

⁽¹⁾ High yield pulp = bleached chemi-thermomechanical pulp (BCTMP).

Operating review for the quarter continued



South Africa

ZAR million	Quarter ended				
	Dec 2025	Sept 2025	Jun 2025	Mar 2025	Dec 2024
Volumes sold – tons (000's)	749	751	644	690	665
Revenue	6,164	6,936	6,334	6,598	6,312
Operating profit (loss) excluding special items	205	1,121	550	148	1,234
<i>Operating profit (loss) excluding special items to revenue (%)</i>	3.3	16.2	8.7	2.2	19.6
Adjusted EBITDA	805	1,486	1,172	883	1,663
<i>Adjusted EBITDA to revenue (%)</i>	13.1	21.4	18.5	13.4	26.3
<i>RONOA pa (%)</i>	2.6	13.8	6.7	1.8	15.3

Profitability of the South African region was severely challenged by substantially lower US\$ denominated DWP selling prices, compounded by adverse USD/ZAR exchange rate movements that further pressured earnings in the pulp segment. Demand across key product segments remained strong but a 12% year-on-year increase in sales volumes and ongoing cost saving initiatives were insufficient to offset the impact of pricing and exchange rate headwinds. The forestry fair value price adjustment for the quarter was a loss of ZAR146 million.

Demand for DWP was supported by favourable downstream VSF market conditions, with sales volumes rising 15% compared to the prior year, reflecting improved operational stability in the region. However, the combined effect of weaker US\$ pricing and unfavourable exchange rate movements materially reduced ZAR-denominated selling prices by approximately 19%, weighing on pulp segment margins.

Underlying demand in domestic containerboard markets remained healthy, driven by strong agricultural activity. Although demand in the first quarter is typically seasonally softer, sales volumes exceeded the prior year by 16%. Despite these supportive dynamics, pricing continued to be constrained by weak global markets and competitive import pressure, declining 3% year-on-year and eroding margins in the packaging and speciality papers segment.

Demand for office paper improved relative to the previous quarter, supported by seasonal back-to-school demand. However, the graphic papers segment continues to contract in line with global trends and pricing faced additional pressure from competing imports.

Variable costs were 3% above last year driven by higher chemical and energy costs. Fixed costs were 4% below last year due to lower personnel costs.

Outlook

A challenging global macroeconomic environment and persistent geopolitical and trade tensions continue to disrupt market stability and dampen consumer demand, negatively impacting our industry. Against this backdrop, we remain focused on executing the “Back to Basics” phase of our **Thrive** strategy, closely monitoring external developments while prioritising strong cost discipline and targeted operational efficiency improvements to strengthen the balance sheet and maintain agility during this period of market weakness.

Although demand for Sappi’s DWP remains robust, the seasonal slowdown in China’s textile industry during the Lunar New Year typically creates pricing pressure in the second quarter. However, rising paper pulp prices in China have narrowed the differential with DWP, while a stronger Renminbi has supported US\$ pricing, driving a recent recovery in the DWP market price from US\$785 to around US\$805 per ton.

Containerboard demand in South Africa is anticipated to be strong in the second quarter driven by favourable grape and pome fruit forecasts, but selling prices are likely to be constrained by soft international markets. Packaging and speciality papers markets in Europe and North America remain challenging, with the resulting competitive pricing environment presenting a continued headwind for the industry. Nevertheless, we maintain a strong competitive position in North America and continue to focus on balancing volume/price dynamics. We expect the Somerset Mill PM2 paperboard volumes to steadily increase through the quarter.

Graphic papers markets continue to decline; however, the rate of contraction has stabilised in line with historical levels of approximately 6% to 8% per annum, and market conditions are expected to remain steady during the quarter. Our focus for this segment is to maximise

capacity utilisation and optimise product allocation across our asset base, particularly in North America where market conditions are more favourable. In Europe, we are focused on the proposed joint venture transaction with UPM, which we expect to close by the end of 2026, subject to regulatory approvals and conditions precedent.

An annual maintenance shut is scheduled for the Saiccor Mill in the second quarter, which is expected to reduce earnings by approximately US\$15 million. We anticipate that the forestry fair value price adjustment will be negative in the second quarter due to lower wood pricing in South Africa.

Significant weakening of the USD against both the ZAR and the EUR is expected to negatively impact profitability in South Africa and will likely result in a nominal increase in net debt in US Dollar terms for our Euro-denominated borrowings.

Our capital expenditure forecast for FY2026 has reduced further from US\$290 million to approximately US\$260 million as we scale back spending to essential maintenance and regulatory activities only, to proactively manage the balance sheet and preserve cash.

Taking into account the challenging macroeconomic environment, exchange rate headwinds and depressed DWP pricing, we anticipate that Adjusted EBITDA for the second quarter of FY2026 will be below that of the first quarter of FY2026.

On behalf of the board

SR Binnie
Director

GT Pearce
Director

03 February 2026

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 cyclicity, 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	Notes	Reviewed	
		Quarter ended	
		Dec 2025	Dec 2024
Revenue		1,287	1,363
Cost of sales		1,196	1,130
Gross profit		91	233
Selling, general and administrative expenses		96	101
Other operating (income) expenses		13	11
Share of (profit) loss from equity-accounted investees		–	–
Operating profit (loss)	3	(18)	121
Net finance costs		26	19
Finance costs		32	26
Finance income		(4)	(5)
Net foreign exchange gain		(2)	(2)
Profit (Loss) before taxation		(44)	102
Taxation		(7)	32
Profit (Loss) for the period		(37)	70
Basic earnings (loss) per share (US cents)	4	(6)	12
Weighted average number of shares in issue (millions)		605.7	601.8
Diluted earnings (loss) per share (US cents)	4	(6)	12
Weighted average number of shares on fully diluted basis (millions)		606.1	607.8

Condensed group statement of other comprehensive income

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Profit (Loss) for the period	(37)	70
Other comprehensive income, net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial gains (losses) on post-employment benefit funds	–	–
Tax effect	–	–
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	62	(104)
Movements in hedging reserves	59	(80)
Tax effect	4	(29)
	(1)	5
Total comprehensive income for the period	25	(34)

Condensed group balance sheet

US\$ million	Note	Reviewed	
		Dec 2025	Sept 2025
ASSETS			
Non-current assets		4,379	4,333
Property, plant and equipment		3,431	3,414
Right-of-use assets		113	103
Plantations		577	560
Deferred tax assets		25	24
Goodwill and intangible assets		86	87
Equity-accounted investees		12	12
Other non-current assets		135	133
Current assets		1,611	1,739
Inventories		860	823
Trade and other receivables		594	682
Derivative financial assets	5	12	6
Taxation receivable		2	9
Cash and cash equivalents		143	219
Total assets		5,990	6,072
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest		2,335	2,308
Non-current liabilities		2,292	2,310
Interest-bearing borrowings		1,526	1,546
Lease liabilities		104	96
Deferred tax liabilities		436	437
Defined benefit and other liabilities		226	231
Current liabilities		1,363	1,454
Interest-bearing borrowings		433	469
Lease liabilities		30	26
Overdrafts		1	2
Trade and other payables		839	898
Provisions		33	40
Derivative financial liabilities	5	8	4
Taxation payable		19	15
Total equity and liabilities		5,990	6,072
Number of shares in issue at balance sheet date (millions)		607.0	604.6

Condensed group statement of cash flows

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Profit (Loss) for the period	(37)	70
<i>Adjustment for:</i>		
Depreciation, fellings and amortisation	101	89
Taxation	(7)	32
Net finance costs	26	19
Defined post-employment benefits paid	(11)	(4)
Plantation fair value adjustment	(13)	(20)
Asset impairments	–	1
Write down of held-for-sale assets	–	4
Net restructuring charge	1	–
(Profit) Loss on disposal and written-off assets	1	(2)
Other non-cash and other items	2	17
Cash generated from operations	63	206
(Increase) Decrease in working capital	10	(130)
Closure and restructuring costs paid	(8)	(2)
Finance costs paid	(14)	(34)
Finance income received	3	5
Taxation (paid) refund	(1)	(49)
Cash (utilised by) generated from operating activities	53	(4)
Cash utilised in investing activities	(56)	(58)
Capital expenditure	(56)	(101)
Proceeds on disposal of assets	–	4
Proceeds on held-for-sale assets	–	43
Movements to non-current and intangible asset	–	(4)
Net cash (utilised) generated	(3)	(62)
Cash effects of financing activities	(74)	43
Proceeds from interest-bearing borrowings	–	84
Repayment of interest-bearing borrowings	(67)	(35)
Capital lease repayments	(7)	(6)
Net movement in cash and cash equivalents	(77)	(19)
Cash and cash equivalents at beginning of period	219	317
Translation effects	1	(15)
Cash and cash equivalents at end of period	143	283

Condensed group statement of changes in equity

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Balance – beginning of period	2,308	2,578
Profit (Loss) for the period	(37)	70
Other comprehensive income for the period	62	(104)
Dividend – Nil US cents (2025: 14 US cents)	–	(85)
Share-based payment reserve	2	2
Balance – end of period	2,335	2,461
Comprising		
Ordinary share capital and premium	841	742
Non-distributable reserves	142	119
Foreign currency translation reserves	(226)	(221)
Hedging reserves	(36)	(61)
Retained earnings	1,614	1,882
Total equity	2,335	2,461

Notes to the condensed group results

1. Basis of preparation

The condensed group interim financial statements for the quarter ended December 2025 have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards as issued by the International Accounting Standards Board, 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, IAS 34 *Interim Financial Reporting* and the South African Companies Act. The accounting policies applied in the preparation of the condensed group financial statements are in terms of IFRS® Accounting Standards and are consistent with those applied in the previous annual financial statements.

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 04 February 2026.

The results are unaudited.

2. Segment information

Metric tons (000's)	Quarter ended	
	Dec 2025	Dec 2024
Volumes sold		
North America	335	371
Europe	461	465
South Africa – Pulp and paper	416	371
Forestry	333	294
Total	1,545	1,501
Which consists of:		
Pulp	379	346
Packaging and speciality papers	343	325
Graphic papers	490	536
Forestry	333	294

Notes to the condensed group results continued

2. Segment information continued

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Revenue⁽¹⁾		
North America	395	458
Europe	532	552
South Africa – Pulp and paper	343	334
Forestry	17	19
Total	1,287	1,363
Which consists of:		
Pulp	282	293
Packaging and speciality papers	424	420
Graphic papers	564	631
Forestry	17	19
Operating profit (loss) excluding special items		
North America	(30)	47
Europe	12	14
South Africa	12	69
Unallocated and eliminations ⁽²⁾	5	2
Total	(1)	132
Which consists of:		
Pulp	(2)	66
Packaging and speciality papers	(35)	6
Graphic papers	31	58
Unallocated and eliminations ⁽²⁾	5	2

⁽¹⁾ Revenue is presented net of delivery costs where Sappi acts as an agent in the fulfilment of shipping and handling performance obligations. Prior periods have been adjusted.

⁽²⁾ Includes the group's treasury operations and insurance captive.

2. Segment information continued

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Special items – (gains) losses		
North America	4	1
Europe	2	2
South Africa	3	–
Unallocated and eliminations ⁽²⁾	8	8
Total	17	11
Operating profit (loss) by segment		
North America	(34)	46
Europe	10	12
South Africa	9	69
Unallocated and eliminations ⁽²⁾	(3)	(6)
Total	(18)	121
Adjusted EBITDA		
North America	(1)	71
Europe	38	37
South Africa	47	93
Unallocated and eliminations ⁽²⁾	6	2
Total	90	203
Which consists of:		
Pulp	27	85
Packaging and speciality papers	–	34
Graphic papers	57	82
Unallocated and eliminations ⁽²⁾	6	2

⁽²⁾ Includes the group's treasury operations and insurance captive.

Notes to the condensed group results continued

2. Segment information continued

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

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Adjusted EBITDA	90	203
Plantation fair value price adjustment	(9)	(1)
EBITDA excluding special items	81	202
Depreciation and amortisation	(82)	(70)
Operating profit (loss) excluding special items	(1)	132
Special items – gains (losses)	(17)	(11)
Net restructuring release (charge)	(1)	–
Profit (Loss) on disposal and written-off assets	(1)	2
Asset (impairments) impairment reversal	–	(1)
Write down of held-for-sale assets	–	(4)
Written off other assets and expenses	(6)	–
Fire, flood, storm and other events	(9)	(8)
Operating profit (loss)	(18)	121
Net finance costs	(26)	(19)
Profit (Loss) before taxation	(44)	102
Taxation	7	(32)
Profit (Loss) for the period	(37)	70
Net operating assets		
North America	1,726	1,553
Europe	1,232	1,170
South Africa	1,937	1,756
Unallocated and eliminations ⁽²⁾	28	(32)
Total	4,923	4,447

⁽²⁾ Includes the group's treasury operations and insurance captive.

2. Segment information continued

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Reconciliation of net operating assets to total assets		
Segment assets	4,923	4,447
Deferred tax assets	25	72
Cash and cash equivalents	143	283
Trade and other payables	839	836
Provisions	33	5
Derivative financial instruments	8	7
Taxation payable	19	29
Shareholders for dividend	–	79
Total assets	5,990	5,758

3. Operating profit (loss)

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Included in operating profit are the following items:		
Depreciation and amortisation	82	70
Fair value adjustment on plantations (included in cost of sales)		
Fellings	19	19
Growth	(22)	(21)
Price	9	1
	6	(1)
Net restructuring charge (release)	1	–
(Profit) Loss on disposal and written off assets	1	(2)
Asset impairments (impairment reversal)	–	1
Write down of held-for-sale assets	–	4

Notes to the condensed group results continued

4. Earnings per share

US\$ million	Reviewed	
	Quarter ended	
	Dec 2025	Dec 2024
Basic earnings (loss) per share (US cents)	(6)	12
Headline earnings (loss) per share (US cents)	(6)	12
Adjusted EPS (US cents)	(3)	14
Weighted average number of shares in issue (millions)	605.7	601.8
Diluted earnings (loss) per share (US cents)	(6)	12
Diluted headline earnings (loss) per share (US cents)	(6)	12
Weighted average number of shares on fully diluted basis (millions)	606.1	607.8
Calculation of headline earnings (loss)		
Profit (Loss) for the period	(37)	70
(Profit) Loss on disposal and write off of property, plant and equipment	1	(2)
Asset impairments (impairment reversal)	–	1
Write down of held-for-sale assets	–	4
Tax effect of above items	–	1
Headline earnings (loss)	(36)	74
Calculation of adjusted earnings (loss)		
Profit (Loss) for the period	(37)	70
Special items and plantation fair value price adjustment after tax	20	12
Gross amount	26	12
Tax effect	(6)	–
Adjusted earnings (loss)	(17)	82

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	Dec 2025	Sept 2025
Investment funds ⁽²⁾	FV through OCI	Level 1	5	5
Derivative financial assets	FV through PL	Level 2	12	6
Derivative financial liabilities	FV through PL	Level 2	8	4

⁽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.

Notes to the condensed group results continued

6. Capital commitments

	Reviewed	
US\$ million	Dec 2025	Sept 2025
Contracted	40	62
	40	62

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

	Reviewed	
US\$ million	Dec 2025	Sept 2025
Non-current and current interest-bearing borrowings	1,959	2,015
Non-current and current lease liabilities and bank overdrafts	135	124
Less: Cash and cash equivalents	(143)	(219)
Net debt	1,951	1,920
As at December 2025 the group was in compliance with its debt covenants:		
Covenant leverage ratio	4.9	3.6
Interest cover	4.2	6.1

8. Material balance sheet movements

Since the 2025 financial year-end, the Euro and the ZAR have strengthened approximately 0.2% and 3.9% respectively against the US Dollar, the group's presentation currency. This has resulted in an increase 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 both trade and other receivables and trade and other payables is largely attributable to weaker trading conditions and seasonal working capital movements.

9. **Announced proposed transaction**

On 04 December 2025, the group announced that it had signed a non-binding letter of intent with UPM-Kymmene Corporation (UPM) in relation to the possible formation of a 50/50 joint venture for graphic papers in Europe subject to the fulfilment of a number of regulatory and other conditions precedent. The joint venture will include the European graphic papers business of Sappi (Gratkorn Mill, Ehingen Mill, Maastricht Mill, Kirkniemi Mill and Sappi Europe's wood supply joint ventures) and the UPM Communications Paper Business in Europe, the UK and the USA.

The rationale for the creation of the joint venture is that the European graphic paper industry has been in structural decline for decades and is facing growing pressure due to falling demand, high energy costs, excess production capacity and broader economic challenges. To remain competitive and sustainable in the long term, consolidation is needed. Consolidation will contribute to a more robust and resilient European graphic papers industry.

The joint venture's combined enterprise value is EUR1,420 million. Sappi's businesses are valued at EUR320 million based on a FY2025 EBITDA of EUR64 million with a 5x multiple. Sappi will transfer pension and other liabilities of EUR53 million and net assets valued at EUR267 million to the joint venture. In return Sappi will receive cash of EUR139 million and 50% shareholding in the joint venture.

The book value of the Sappi net assets that are to be contributed to the joint venture and which are the subject of the transaction are approximately EUR680 million as at 30 September 2025. The net assets Sappi is contributing to the joint venture generated a net loss after tax of approximately EUR83 million for the year ended 30 September 2025, which included restructuring and impairment charges incurred during the year. Shareholders should note that the book value and loss after tax values are unaudited and based on management accounts and carve-out calculations made with material assumptions, specifically for the purposes of the transaction disclosure requirements.

The parties intend signing definitive agreements during the first half of 2026 and expect to close the proposed transaction by the end of 2026 provided that all the conditions precedent have been fulfilled.

Management have considered the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and concluded that these were not met at the reporting date.

Notes to the condensed group results continued

10. Related parties

There has been no material change, by nature or amount, in transactions with related parties since the 2025 financial year-end.

11. Events after balance sheet date

In January, the group raised a new EUR200 million five-year syndicated term loan of which the proceeds will be used to term out short-term debt.

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

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

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

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	
	Dec 2025	Dec 2024
Key figures (ZAR million)		
Revenue	22,038	24,373
Operating profit excluding special items ⁽¹⁾	(17)	2,360
Special items – (gains) losses ⁽¹⁾	291	197
EBITDA excluding special items ⁽¹⁾	1,387	3,612
Profit for the period	(634)	1,252
Basic earnings per share (SA cents)	(105)	208
Net debt ⁽¹⁾	32,366	26,428
Key ratios (%)		
Operating profit excluding special items to revenue	(0.1)	9.7
Operating profit excluding special items to capital employed (ROCE) ⁽¹⁾	(0.1)	13.4
EBITDA excluding special items to revenue	6.3	14.8

⁽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.

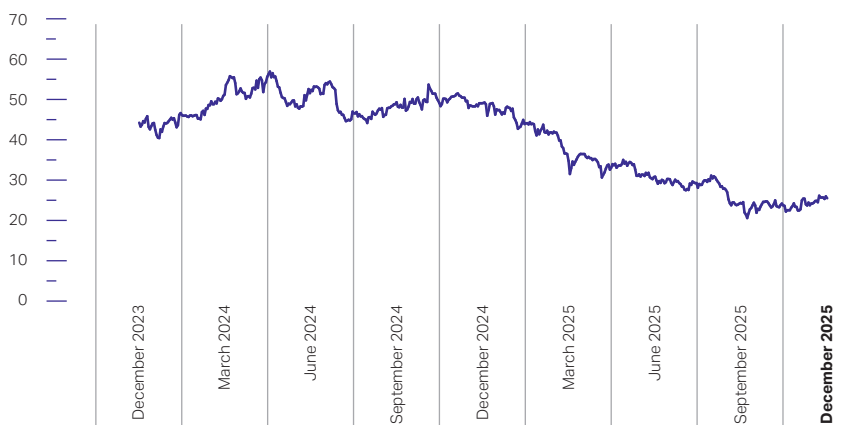
Supplemental information continued

(this information has not been audited or reviewed)

Exchange rates

	Dec 2025	Sept 2025	Jun 2025	Mar 2025	Dec 2024
Exchange rates:					
Period-end rate: US\$1 = ZAR	16.5894	17.2722	17.8328	18.4211	18.7964
Average rate for the quarter: US\$1 = ZAR	17.1234	17.6392	18.2970	18.5004	17.8818
Average rate for the year to date: US\$1 = ZAR	17.1234	18.0678	18.2231	18.1837	17.8818
Period-end rate: EUR1 = US\$	1.1748	1.1727	1.1720	1.0828	1.0408
Average rate for the quarter: EUR1 = US\$	1.1641	1.1689	1.1336	1.0518	1.0678
Average rate for the year to date: EUR1 = US\$	1.1641	1.1057	1.0844	1.0600	1.0678

Sappi share price – December 2023 to December 2025



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
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ISIN code: ZAE000006284

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