

Second Quarter Results

for the period ended March 2026



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			Half-year ended	
	Mar 2026	Mar 2025	Dec 2025	Mar 2026	Mar 2025
Key figures (US\$ million)					
Revenue	1,334	1,347	1,287	2,621	2,710
Operating profit (loss) excluding special items ⁽¹⁾	(133)	19	(1)	(134)	151
Special items – loss (gain) ⁽²⁾	289	17	17	306	28
Adjusted EBITDA ⁽³⁾	52	107	90	142	310
EBITDA excluding special items ⁽¹⁾	(49)	90	81	32	292
Profit (Loss) for the period	(413)	(20)	(37)	(450)	50
Basic earnings (loss) per share (US cents)	(68)	(3)	(6)	(74)	8
Adjusted EPS (loss) (US cents) ⁽³⁾	(8)	1	(3)	(11)	15
Net debt ⁽³⁾	1,964	1,670	1,951	1,964	1,670
Key ratios (%)					
Operating profit (loss) excluding special items to revenue	(10.0)	1.4	(0.1)	(5.1)	5.6
Operating profit (loss) excluding special items to capital employed (ROCE) ⁽³⁾	(13.1)	1.9	(0.1)	(6.6)	7.4
Adjusted EBITDA to revenue ⁽³⁾	3.9	7.9	7.0	5.4	11.4
EBITDA excluding special items to revenue	(3.7)	6.7	6.3	1.2	10.8
Net debt to EBITDA excluding special items	9.0	2.6	5.5	9.0	2.6
Covenant leverage ratio ⁽³⁾	6.1	2.4	4.9	6.1	2.4
Interest cover ⁽³⁾	2.4	9.4	4.2	2.4	9.4
Net asset value per share (US cents) ⁽³⁾	311	407	385	311	407

⁽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\$52 million (Q2 FY25: US\$107 million)

Loss for the period

US\$413 million (Q2 FY25: loss of US\$20 million)

Net debt of

US\$1,964 million (Q2 FY25: US\$1,670 million)

Adjusted EPS⁽²⁾

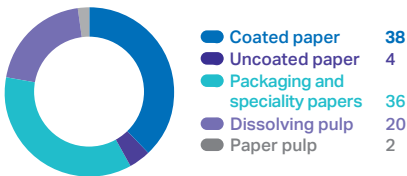
loss of 8 US cents (Q2 FY25: profit of 1 US cent)

⁽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 March 2026.

** As at March 2026.

Commentary on the quarter⁽¹⁾

Against a challenging operating backdrop characterised by persistent macroeconomic headwinds, subdued consumer demand, ongoing geopolitical trade tensions and the escalating conflict in the Middle East, the group delivered Adjusted EBITDA of US\$52 million in the second quarter. Although sales volumes increased year-on-year, selling prices declined across all regions. In particular, dissolving wood pulp (DWP) prices were significantly lower than last year. Profitability was further adversely impacted by the strengthening of the ZAR/US\$ exchange rate. Encouragingly, North American paperboard volumes increased by 27% year-on-year, reflecting continued progress in the ramp-up of Somerset Mill PM2. In Europe, underlying profitability benefited from solid sales volumes and ongoing fixed-cost savings initiatives.

The forestry fair value price adjustment for the quarter resulted in a negative revaluation of US\$101 million. While hardwood timber export prices from South Africa remained stable in US Dollar terms, the ZAR-denominated prices declined materially due to the strengthening of the ZAR against the US Dollar, thereby impacting the fair value of our plantations.

Demand for DWP remained robust during the quarter, supported by the typical seasonal uplift following the Chinese New Year with the associated high viscose staple fibre (VSF) industry operating rates and healthy order backlogs. However, the pulp segment's net US Dollar selling price was 12% lower than the prior year, which adversely impacted profitability. In addition, a scheduled maintenance shut at the Saiccor Mill reduced earnings by US\$10 million. Market conditions shifted materially late in the quarter following escalation of the conflict in the Middle East, leading

⁽¹⁾ "year-on-year" or "prior/previous/last year" is a comparison between Q2 FY2026 versus Q2 FY2025; "quarter-on-quarter" or "prior/previous/last quarter" is a comparison between Q2 FY2026 and Q1 FY2026.

to higher oil, energy and logistics costs and increased cost pressure across the textile value chain. Rising petrochemical input costs narrowed polyester's traditional cost advantage over cellulosic fibres, while sharply higher sulphur and sulphur-based chemical prices increased VSF production costs. Against the backdrop of rising input costs and improving fibre demand, VSF fibre producers implemented price increases. In addition, Bleached Eucalyptus Kraft (BEK) pulp prices in China, an increasingly important reference point for DWP, also trended higher albeit more moderately. These factors created a more supportive pricing environment for DWP, with hardwood DWP prices⁽²⁾ increasing by US\$60 per ton to close the quarter at US\$845 per ton.

The packaging and speciality papers segment faced significant challenges from subdued demand, excess capacity in Europe, and depressed selling prices, resulting in continued pressure on profitability. This was further exacerbated by poor absorption of fixed costs associated with Somerset Mill PM2, which remains in its commercial ramp-up phase. Encouragingly, our segmental sales volumes increased by 10% year-on-year. Demand for containerboard in South Africa remained healthy, supported by continued strength in agricultural end-markets. However, selling prices continued

to be constrained by weak global dynamics and competitive imports. Despite the excess industry capacity in Europe, we increased sales volumes by 12% in the region. The market in North America was also highly competitive and market prices for paperboard declined significantly compared to last year. While the commercial ramp-up of PM2 is progressing at a slower pace than initially anticipated, sales traction improved steadily during the quarter and market feedback on product quality was positive.

Graphic papers sales volumes declined by 5% year-on-year but increased by 3% compared to the prior quarter, with the year-on-year decline remaining below the contraction experienced in the broader market. The lower volumes were primarily attributable to the North American operations following the planned capacity reduction associated with the conversion of Somerset Mill PM2. Overall segment profitability improved year-on-year, supported by fixed-cost savings in Europe and resilient pricing in North America, which more than offset the volume impact. Despite the continued structural decline in graphic papers demand, our disciplined strategic approach to aligning our capacity with market demand continues to deliver tangible benefits, enabling the segment to generate stable earnings.

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

Commentary on the quarter continued

Adjusted earnings per share for the quarter was a loss of 8 US cents, compared to a profit of 1 US cent in the prior year, reflecting the challenging operating environment. Special items reduced earnings by US\$289 million, largely due to impairments of US\$276 million related primarily to European graphic paper assets and the North American high yield pulp asset. The impairments reflect continued weakness in European graphic papers markets and their ongoing structural decline. High yield pulp markets also remain materially weaker.

Cash flow and debt

Net cash utilised during the quarter amounted to US\$53 million, significantly lower than the US\$207 million utilised in the prior year. This improvement primarily reflected reduced capital expenditure and the suspension of dividend payments. In line with our previously communicated commitment to restrict capital allocation to essential maintenance, capital expenditure for the quarter was US\$44 million. This was substantially below the US\$182 million incurred in the prior year, which included expansionary capital related to the Somerset Mill PM2 conversion and expansion project.

Despite the weak profitability, net debt only increased by US\$13 million to US\$1,964 million compared to the previous quarter. The increase was attributable to the net cash outflow for the quarter, partially offset by a favourable foreign exchange translation impact of US\$45 million resulting from the strengthening of the US Dollar against the Euro on the group's Euro-denominated debt. Under the leverage covenant applicable to the group's relevant banking facilities, the net debt to Adjusted EBITDA ratio increased to 6.1 times. Given the continued difficult and uncertain market conditions and elevated volatility, we proactively negotiated a suspension of the leverage covenant testing until March 2027, which was unanimously supported by our banking group. This suspension is subject to customary conditions applicable to such relief and applies only for the duration of the suspension period.

Liquidity remained well managed during the quarter, with cash on hand of US\$192 million and access to a further US\$632 million of committed, undrawn revolving credit facilities in Europe and South Africa.

Proposed joint venture with UPM

Sappi shareholders are referred to the announcement released on the Stock Exchange News Service of the JSE Limited on 04 December 2025 regarding the proposed formation of a graphic papers joint venture in Europe between Sappi Papier Holding GmbH and UPM-Kymmene Corporation. Sappi continues to engage constructively with UPM and relevant stakeholders regarding the proposed European graphic papers joint venture. Work is progressing in line with the targeted timeline for the signing of definitive agreements in the first half of 2026. Completion of the transaction remains subject to the signing of definitive agreements, receipt of all required regulatory approvals and fulfilment of customary conditions precedent, with closing anticipated by the end of 2026. A circular to Sappi shareholders seeking approval of the transaction will be issued in due course following the signing of the definitive agreements. The European Commission's merger control review is progressing and entered Phase II on 28 April 2026. We remain confident in the strong strategic rationale of this partnership.

Operating review for the quarter



Europe

EUR million	Quarter ended				
	Mar 2026	Dec 2025	Sept 2025	Jun 2025	Mar 2025
Volumes sold – tons (000's)	499	461	479	479	491
Revenue	492	457	483	503	523
Operating profit (loss) excluding special items	(5)	10	(31)	(19)	4
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(1.0)	2.2	(6.4)	(3.8)	0.8
Adjusted EBITDA	17	33	(6)	4	25
<i>Adjusted EBITDA to revenue (%)</i>	3.5	7.2	(1.2)	0.8	4.8
<i>RONOA pa (%)</i>	(2.0)	3.7	(10.9)	(6.4)	1.4

Market conditions in the European region remained challenging, reflecting persistent macroeconomic weakness and a significant oversupply in paper markets. Despite the subdued demand environment, sales volumes were 2% higher than the prior year. However, this improvement was insufficient to offset the material decline in selling prices. During the quarter, the region began to realise the benefits of the strategic capacity rationalisation initiatives and associated operational efficiency improvements, delivering both fixed and variable cost savings that supported underlying profitability.

The packaging and speciality papers segment continued to experience headwinds from excess capacity and ongoing pricing pressure. Notwithstanding these challenges, sales volumes increased by 12% year-on-year, driven primarily by growth in the label papers business, with wet glue label paper volumes up 30% compared to the prior year. Paperboard and flexible packaging markets remained lacklustre amid overcapacity and weak

demand. The higher sales volumes were insufficient to offset the impact of pricing, which declined by 5% year-on-year, adversely affecting segment profitability.

Graphic papers sales volumes declined by 2% compared to the prior year, representing a relatively strong performance within the context of structurally declining market demand. However, the persistent demand erosion and significant overcapacity in the region continued to exert pressure on pricing, with average selling prices declining by 10% year-on-year. These structurally adverse pricing dynamics continue to weigh on overall profitability, despite our high capacity utilisation levels and ongoing cost-saving actions.

Variable costs decreased by 7% compared to the prior year, reflecting lower energy, purchased pulp and chemical costs, partially offset by higher wood costs. Fixed costs declined by 13% year-on-year, primarily due to personnel savings resulting from our strategic rationalisation initiatives.



North America

	Quarter ended				
	Mar 2026	Dec 2025	Sept 2025	Jun 2025	Mar 2025
US\$ million					
Volumes sold – tons (000's)	352	335	359	326	362
Revenue	420	395	429	404	440
Operating profit (loss) excluding special items	(24)	(30)	(3)	(21)	5
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(5.7)	(7.6)	(0.7)	(5.2)	1.1
Adjusted EBITDA	7	(1)	28	5	29
<i>Adjusted EBITDA to revenue (%)</i>	1.7	(0.3)	6.5	1.2	6.6
<i>RONOA pa (%)</i>	(5.7)	(6.9)	(0.7)	(4.9)	1.2

Profitability of the North American region improved compared to the prior quarter but remained substantially below last year. Performance was adversely affected by the materially lower paperboard pricing and slower than anticipated ramp-up of paperboard sales volumes.

Despite the weak paperboard market conditions, steady progress was made in ramping up PM2 volumes. Paperboard sales volumes increased by 27% year-on-year and 14% quarter-on-quarter with order activity accelerating towards the end of the quarter. Customer trials continued to transition into commercial sales, with market feedback on product quality remaining positive. However, profitability in the segment remained constrained by materially lower paperboard pricing, with industry benchmark solid bleached sulphate (SBS) paperboard prices having declined by approximately US\$100 per ton in the prior quarter, driven in part by industry overcapacity. The recently announced industry capacity reductions in the

North American region will support an improvement in the market balance.

Graphic papers sales volumes declined by 18% compared to the prior year, due to the planned capacity reduction associated with the PM2 conversion. The segment was fully sold during the quarter and was constrained by low inventories and production disruptions early in the quarter. In the short-term we are carouselling graphic papers volumes onto Somerset Mill PM1 where feasible to mitigate the slower ramp-up of paperboard sales volumes. A tighter domestic market balance following our capacity reduction, combined with tariff-related pressure on imports, supported resilient pricing and healthy margins for the segment despite ongoing structural demand decline.

Demand for DWP remained steady, while high yield pulp demand was adversely affected by weak downstream packaging markets and global overcapacity.

Operating review for the quarter continued

North America continued

Pulp sales volumes declined compared to the prior year as a greater portion of production from the Cloquet and Matane Mills was strategically integrated into downstream operations. DWP volumes were also impacted by lower production in the prior quarter due to operational disruptions at the Cloquet Mill. Segment profitability was negatively affected by significantly lower year-on-year selling prices.

Variable costs increased by 4% compared to the prior year, as lower raw material costs for purchased pulp, wood and energy were offset by adverse raw material usage as a result of the operational challenges mentioned above. Delivery costs increased due to higher fuel prices and changes in geographical distribution as paperboard sales expanded. Fixed costs declined by 5% compared to the prior year, primarily due to lower personnel costs.



South Africa

ZAR million	Quarter ended				
	Mar 2026	Dec 2025	Sept 2025	Jun 2025	Mar 2025
Volumes sold – tons (000's)	728	749	751	644	690
Revenue	5,522	6,164	6,936	6,334	6,598
Operating profit (loss) excluding special items	(1,796)	205	1,121	550	148
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(32.5)	3.3	16.2	8.7	2.2
Adjusted EBITDA	334	805	1,486	1,172	883
<i>Adjusted EBITDA to revenue (%)</i>	6.0	13.1	21.4	18.5	13.4
<i>RONOA pa (%)</i>	(23.2)	2.6	13.8	6.7	1.8

Despite steady demand and sales volumes across all segments, profitability of the South African region was negatively impacted by lower selling prices. In particular, the pulp segment's profitability was materially affected by significantly lower US Dollar-denominated DWP prices, compounded by adverse US\$/ZAR exchange rate movements. The scheduled maintenance shut at the Saiccor Mill further reduced earnings by approximately US\$10 million. The forestry fair value price adjustment for the quarter resulted in a negative revaluation of ZAR1,692 million, driven predominantly by adverse exchange rate movements affecting the ZAR-denominated price of hardwood timber, which is linked to US Dollar export parity.

Demand for DWP remained strong, supported by favourable downstream VSF market conditions following the Chinese New Year. Sales volumes were flat year-on-year; however, the combined impact of lower US Dollar pricing and unfavourable exchange rate movements reduced ZAR-denominated selling prices by approximately 23%, weighing materially on pulp segment margins. The scope of the Saiccor Mill scheduled maintenance shut was reduced, with certain work deferred to the fourth quarter. As a result, the earnings impact for the quarter was below the previously communicated

guidance of US\$15 million, with the deferred expenditure expected to be incurred in the fourth quarter.

Containerboard sales volumes were broadly in line with the prior year, supported by robust agricultural demand and positive market forecasts for the 2026 citrus season. However, net selling prices were 3% lower than last year, reflecting weak global containerboard market conditions and increased competition from low priced imports into South Africa.

Demand for office paper and newsprint remained steady, with sales volumes exceeding prior year levels. Notwithstanding the volume growth, selling prices declined by 15%, driven by intensified competition from low-priced imports, which continued to pressure profitability of the domestic market.

Variable costs declined by 5% compared to the prior year, driven primarily by lower purchased pulp and wood costs. Delivery costs increased by 2% as higher fuel costs and shipping surcharges were implemented late in the quarter following the escalation of the Middle East conflict. Fixed costs decreased by 12% year-on-year, due to lower personnel and maintenance costs.

Outlook

The operating environment remains challenging, with a weak global macroeconomic backdrop and persistent geopolitical and trade tensions continuing to undermine market confidence and consumer demand. The escalating conflict in the Middle East has further increased uncertainty in global markets and contributed to higher global oil prices, which are expected to place upward pressure on fuel-related delivery and logistics costs. In addition, ongoing conflict-related disruptions to global supply chains increases the risk of supply constraints and is likely to result in cost inflation across certain raw material categories, particularly chemicals. We continue to monitor these developments closely and will seek to mitigate their impact through disciplined cost management and selective alternate sourcing initiatives where possible.

Demand for DWP is expected to remain strong into the third quarter, supported by robust downstream textile fibre demand and pricing momentum across the value chain. Elevated energy, chemical and logistics costs in the value chain, together with higher textile fibre prices, continue to support a more favourable pricing environment for DWP. Against this backdrop, hardwood DWP prices have increased further in recent weeks, rising to approximately US\$880 per ton. Due to pricing mechanisms and contractual sales structures, the full benefit of these higher prices is expected to be realised progressively over the next two quarters.

In the third quarter, the packaging and speciality papers segment is expected to continue facing headwinds from ongoing pressure on selling prices across our key markets. In North America, sales volumes are expected to grow as we continue to expand our paperboard customer base. We remain focused on actively balancing volume and price dynamics.

Graphic papers markets are expected to continue their structural decline in line with historical trends. In response, we remain focused on optimising capacity utilisation and product allocation across

our asset base while implementing recently announced price increases in Europe and North America to help offset rising input costs.

An annual maintenance shut at the Ngodwana Mill is scheduled for the third quarter and is expected to reduce earnings by approximately US\$23 million. The forestry fair value price adjustment for the quarter is anticipated to be negative, primarily as a result of higher fuel costs.

Foreign exchange volatility remains a key risk to the group's financial performance. Sustained weakness in the US Dollar may negatively affect South African earnings, given the exposure to US Dollar-denominated export revenues. In addition, movements in the US Dollar against the Euro may impact reported net debt levels as Euro-denominated borrowings are translated into US Dollar.

The forecast for capital expenditure for FY2026 has been reduced by a further US\$10 million to approximately US\$250 million and is limited to essential maintenance and mandatory regulatory activities. This disciplined approach to capital allocation reflects the group's continued focus on proactively managing the balance sheet, preserving liquidity and maintaining financial flexibility.

Against a backdrop of continued market uncertainty arising from ongoing trade tensions, escalating geopolitical conflicts, and their broader indirect effects on global macroeconomic conditions, input costs and currency movements, we are adopting a cautious outlook. On this basis, Adjusted EBITDA for the third quarter of FY2026 is likely to be below that of the second quarter of FY2026.

On behalf of the board

SR Binnie
Director

GT Pearce
Director

06 May 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 cyclical nature, 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		Reviewed Half-year ended	
		Mar 2026	Mar 2025	Mar 2026	Mar 2025
Revenue		1,334	1,347	2,621	2,710
Cost of sales		1,378	1,231	2,574	2,361
Gross profit		(44)	116	47	349
Selling, general and administrative expenses		92	101	188	202
Other operating (income) expenses	8	286	13	299	24
Share of (profit) loss from equity-accounted investees		-	-	-	-
Operating profit (loss)	3	(422)	2	(440)	123
Net finance costs		26	20	52	39
Finance costs		32	26	64	52
Finance income		(3)	(4)	(7)	(9)
Net foreign exchange gain		(3)	(2)	(5)	(4)
Profit (Loss) before taxation		(448)	(18)	(492)	84
Taxation		(35)	2	(42)	34
Profit (Loss) for the period		(413)	(20)	(450)	50
Basic earnings (loss) per share (US cents)	4	(68)	(3)	(74)	8
Weighted average number of shares in issue (millions)		607.0	604.6	606.4	603.2
Diluted earnings (loss) per share (US cents)	4	(68)	(3)	(74)	8
Weighted average number of shares on fully diluted basis (millions)		607.7	606.9	607.3	605.7

Condensed group statement of other comprehensive income

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Profit (Loss) for the period	(413)	(20)	(450)	50
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	-	(2)	-	(2)
Tax effect	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(37)	20	25	(84)
Movements in hedging reserves	(28)	8	31	(72)
Tax effect	(11)	14	(7)	(15)
	2	(2)	1	3
Total comprehensive income for the period	(450)	(2)	(425)	(36)

Condensed group balance sheet

US\$ million	Note	Reviewed	
		Mar 2026	Sept 2025
ASSETS			
Non-current assets		3,876	4,333
Property, plant and equipment	8	3,119	3,414
Right-of-use assets		108	103
Plantations	8	458	560
Deferred tax assets		23	24
Goodwill and intangible assets	8	31	87
Equity-accounted investees	8	4	12
Other non-current assets		133	133
Current assets		1,728	1,739
Inventories		838	823
Trade and other receivables		669	682
Derivative financial assets	5	21	6
Taxation receivable		8	9
Cash and cash equivalents		192	219
Total assets		5,604	6,072
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest		1,887	2,308
Non-current liabilities		2,439	2,310
Interest-bearing borrowings	8	1,715	1,546
Lease liabilities		98	96
Deferred tax liabilities		392	437
Defined benefit and other liabilities		222	231
Derivative financial liabilities	5	12	–
Current liabilities		1,278	1,454
Interest-bearing borrowings	8	313	469
Lease liabilities		30	26
Overdrafts		–	2
Trade and other payables		879	898
Provisions		24	40
Derivative financial liabilities	5	13	4
Taxation payable		19	15
Total equity and liabilities		5,604	6,072
Number of shares in issue at balance sheet date (millions)		607.0	604.6

Condensed group statement of cash flows

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Profit (Loss) for the period	(413)	(20)	(450)	50
<i>Adjustment for:</i>				
Depreciation, fellings and amortisation	104	85	205	174
Taxation	(35)	2	(42)	34
Net finance costs	26	20	52	39
Defined post-employment benefits paid	(6)	(6)	(17)	(10)
Plantation fair value adjustment	82	(4)	69	(24)
Asset impairments	219	–	219	1
Goodwill impairment	48	–	48	–
Write down of held-for-sale assets	–	–	–	4
Equity accounted investees impairments	9	–	9	–
Net restructuring charge	2	(1)	3	(1)
(Profit) Loss on disposal and written-off assets	2	1	3	(1)
Other non-cash and other items	2	1	4	18
Cash generated from operations	40	78	103	284
(Increase) Decrease in working capital	(7)	4	3	(126)
Closure and restructuring costs paid	(10)	(2)	(18)	(4)
Finance costs paid	(35)	(2)	(49)	(36)
Finance income received	2	4	5	9
Taxation (paid) refund	1	(21)	–	(70)
Dividend paid	–	(85)	–	(85)
Cash (utilised by) generated from operating activities	(9)	(24)	44	(28)
Cash utilised in investing activities	(44)	(183)	(100)	(241)
Capital expenditure	(44)	(182)	(100)	(283)
Proceeds on disposal of assets	–	–	–	4
Proceeds on held-for-sale assets	–	–	–	43
Movements to non-current and intangible asset	–	(1)	–	(5)

Condensed group statement of cash flows continued

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Net cash (utilised) generated	(53)	(207)	(56)	(269)
Cash effects of financing activities	103	78	29	121
Proceeds from interest-bearing borrowings	359	372	359	456
Repayment of interest-bearing borrowings	(249)	(287)	(316)	(322)
Capital lease repayments	(7)	(7)	(14)	(13)
Net movement in cash and cash equivalents	50	(129)	(27)	(148)
Cash and cash equivalents at beginning of period	143	283	219	317
Translation effects	(1)	2	-	(13)
Cash and cash equivalents at end of period	192	156	192	156

Condensed group statement of changes in equity

US\$ million	Reviewed Half-year ended	
	Mar 2026	Mar 2025
Balance – beginning of period	2,308	2,578
Profit (Loss) for the period	(450)	50
Other comprehensive income for the period	25	(86)
Dividend – Nil US cents (2025: 14 US cents)	–	(85)
Share-based payment reserve	4	4
Balance – end of period	1,887	2,461
Comprising		
Ordinary share capital and premium	812	758
Non-distributable reserves	145	124
Foreign currency translation reserves	(227)	(229)
Hedging reserves	(44)	(52)
Retained earnings	1,201	1,860
Total equity	1,887	2,461

Notes to the condensed group results

1. Basis of preparation

The condensed group interim financial statements for the quarter and half-year ended March 2026 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, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act of South Africa. 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 the 07 May 2026.

The condensed group interim financial statements for the half-year ended March 2026 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

Metric tons (000's)	Quarter ended		Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Volumes sold				
North America	352	362	687	733
Europe	499	491	960	956
South Africa – Pulp and paper	389	386	805	757
Forestry	339	304	672	598
Total	1,579	1,543	3,124	3,044
Which consists of:				
Pulp	346	354	725	700
Packaging and speciality papers	389	355	732	680
Graphic papers	505	530	995	1,066
Forestry	339	304	672	598

2. Segment information continued

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Revenue				
North America	420	440	815	898
Europe	576	550	1,108	1,102
South Africa – Pulp and paper	320	340	663	674
Forestry	18	17	35	36
Total	1,334	1,347	2,621	2,710
Which consists of:				
Pulp	257	298	539	591
Packaging and speciality papers	487	434	911	854
Graphic papers	572	598	1,136	1,229
Forestry	18	17	35	36
Operating profit (loss) excluding special items				
North America	(24)	5	(54)	52
Europe	(6)	4	6	18
South Africa	(107)	7	(95)	76
Unallocated and eliminations ⁽¹⁾	4	3	9	5
Total	(133)	19	(134)	151
Which consists of:				
Pulp	(114)	14	(116)	80
Packaging and speciality papers	(48)	(18)	(83)	(12)
Graphic papers	25	20	56	78
Unallocated and eliminations ⁽¹⁾	4	3	9	5

⁽¹⁾ Includes the group's treasury operations and insurance captive.

Notes to the condensed group results continued

2. Segment information continued

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Special items – (gains) losses				
North America	117	1	121	2
Europe	159	6	161	8
South Africa	–	3	3	3
Unallocated and eliminations ⁽¹⁾	13	7	21	15
Total	289	17	306	28
Operating profit (loss) by segment				
North America	(141)	4	(175)	50
Europe	(165)	(2)	(155)	10
South Africa	(107)	4	(98)	73
Unallocated and eliminations ⁽¹⁾	(9)	(4)	(12)	(10)
Total	(422)	2	(440)	123
Adjusted EBITDA				
North America	7	29	6	100
Europe	20	27	58	64
South Africa	21	47	68	140
Unallocated and eliminations ⁽¹⁾	4	4	10	6
Total	52	107	142	310
Which consists of:				
Pulp	(1)	50	26	135
Packaging and speciality papers	(3)	8	(3)	42
Graphic papers	52	45	109	127
Unallocated and eliminations ⁽¹⁾	4	4	10	6

⁽¹⁾ Includes the group's treasury operations and insurance captive.

2. **Segment information** continued

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

US\$ million	Note	Quarter ended		Reviewed Half-year ended	
		Mar 2026	Mar 2025	Mar 2026	Mar 2025
Adjusted EBITDA		52	107	142	310
Plantation fair value price adjustment		(101)	(17)	(110)	(18)
EBITDA excluding special items		(49)	90	32	292
Depreciation and amortisation		(84)	(71)	(166)	(141)
Operating profit (loss) excluding special items		(133)	19	(134)	151
Special items – gains (losses)		(289)	(17)	(306)	(28)
Net restructuring release (charge)		(2)	1	(3)	1
Profit (Loss) on disposal and written-off assets	8	(2)	(1)	(3)	1
Goodwill impairment		(48)	–	(48)	–
Asset (impairments) impairment reversal	8	(219)	–	(219)	(1)
Write down of held-for-sale assets		–	–	–	(4)
Equity-accounted investees impairment	8	(9)	–	(9)	–
Written off other assets and expenses		–	–	(6)	–
Fire, flood, storm and other events		(9)	(17)	(18)	(25)
Operating profit (loss)		(422)	2	(440)	123
Net finance costs		(26)	(20)	(52)	(39)
Profit (Loss) before taxation		(448)	(18)	(492)	84
Taxation		35	(2)	42	(34)
Profit (Loss) for the period		(413)	(20)	(450)	50

Notes to the condensed group results continued

2. Segment information continued

US\$ million	Reviewed Half-year ended	
	Mar 2026	Mar 2025
Net operating assets		
North America	1,625	1,658
Europe	1,071	1,293
South Africa	1,736	1,774
Unallocated and eliminations ⁽¹⁾	22	(9)
Total	4,454	4,716
Reconciliation of net operating assets to total assets		
Segment assets	4,454	4,716
Deferred tax assets	23	74
Cash and cash equivalents	192	156
Trade and other payables	879	919
Provisions	24	2
Derivative financial instruments	13	14
Taxation payable	19	17
Total assets	5,604	5,898

⁽¹⁾ Includes the group's treasury operations and insurance captive.

3. Operating profit (loss)

US\$ million	Note	Quarter ended		Reviewed Half-year ended	
		Mar 2026	Mar 2025	Mar 2026	Mar 2025
Included in operating profit are the following items:					
Depreciation and amortisation		84	71	166	141
Fair value adjustment on plantations (included in cost of sales)					
Fellings		20	14	39	33
Growth		(19)	(21)	(41)	(42)
Price	8	101	17	110	18
		102	10	108	9
Net restructuring charge (release)		2	(1)	3	(1)
(Profit) Loss on disposal and written-off assets		2	1	3	(1)
Asset impairments (impairment reversal)	8	219	–	219	1
Goodwill impairment	8	48	–	48	–
Equity-accounted investees impairment	8	9	–	9	–
Write down of held-for-sale assets		–	–	–	4

Notes to the condensed group results continued

4. Earnings per share

US\$ million	Quarter ended		Reviewed Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Basic earnings (loss) per share (US cents)	(68)	(3)	(74)	8
Headline earnings (loss) per share (US cents)	(22)	(3)	(28)	9
Adjusted EPS (US cents)	(8)	1	(11)	15
Weighted average number of shares in issue (millions)	607.0	604.6	606.4	603.2
Diluted earnings (loss) per share (US cents)	(68)	(3)	(74)	8
Diluted headline earnings (loss) per share (US cents)	(22)	(3)	(28)	9
Weighted average number of shares on fully diluted basis (millions)	607.7	606.9	607.3	605.7
Calculation of headline earnings (loss)				
Profit (Loss) for the period	(413)	(20)	(450)	50
(Profit) Loss on disposal and write off of property, plant and equipment	2	1	3	(1)
Asset impairments (impairment reversal)	219	–	219	1
Goodwill impairment	48	–	48	–
Write down of held-for-sale assets	–	–	–	4
Equity-accounted investees impairment	9	–	9	–
Tax effect of above items	–	–	–	1
Headline earnings (loss)	(135)	(19)	(171)	55
Calculation of adjusted earnings (loss)				
Profit (Loss) for the period	(413)	(20)	(450)	50
Special items and plantation fair value price adjustment after tax	361	28	381	40
Gross amount	390	34	416	46
Tax effect	(29)	(6)	(35)	(6)
Tax special items	3	–	3	–
Adjusted earnings (loss)	(49)	8	(66)	90

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.

US\$ million	Classification	Fair value hierarchy	Fair value ⁽¹⁾	
			Reviewed	
			Mar 2026	Sept 2025
Investment funds ⁽²⁾	FV through OCI	Level 1	5	5
Derivative financial assets	FV through PL	Level 2	21	6
Derivative financial liabilities	FV through PL	Level 2	25	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.

6. Capital commitments

US\$ million	Reviewed	
	Mar 2026	Sept 2025
Contracted	55	62
	55	62

Notes to the condensed group results continued

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

US\$ million	Reviewed	
	Mar 2026	Sept 2025
Non-current and current interest-bearing borrowings	2,028	2,015
Non-current and current lease liabilities and bank overdrafts	128	124
Less: Cash and cash equivalents	(192)	(219)
Net debt	1,964	1,920
Covenant leverage ratio ⁽¹⁾	6.1	3.6
Interest cover	2.4	6.1

⁽¹⁾ In view of continuing difficult and uncertain market conditions and market volatility, the group proactively negotiated a suspension period for the measurement of its leverage covenants from March 2026 to March 2027. This suspension is subject to customary conditions for this kind of relief which only applies during the suspension period.

8. Material balance sheet movements

Since the 2025 financial year-end, the Euro and the ZAR have weakened and strengthened approximately 2.2% and 0.5% respectively against the US Dollar, the group's presentation currency. This has resulted in a decrease and increase of the group's European and South African assets and liabilities respectively, which are held in the aforementioned functional currency, on translation to the presentation currency at period-end.

Property, plant and equipment, goodwill and intangible assets and equity-accounted investees

Due to weakened market conditions and reduced future cash flow projections, the group impaired its mechanical coated and hybrid cash-generating units (CGU), including related goodwill of US\$3 million, within its European segment by US\$155 million and its Matane Mill, including related intangibles and goodwill of US\$49 million, by US\$111 million within its North American segment. The CGU impairments were based on the asset's value in use using management's five-year plan including appropriate bases for future product pricing in the appropriate markets, raw material and energy costs, volumes of product sold, the planned use of machinery or equipment or closing of facilities using real pre-tax discount rates of 9.26% for the European CGUs and 11.56% for the Matane CGU. These impairment amounts are included in Other operating expenses in the income statement.

In addition, the group impaired its remaining equity accounted investment within Forestry First Colombia by US\$9 million.

Plantations

Largely as a result of a sharp decline in ZAR hardwood timber prices due to the strengthening of the ZAR against the US\$ in the March quarter, the group recorded an adverse fair value price adjustment of US\$110 million.

Interest-bearing borrowings

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

9. Going concern

The group incurred a loss of US\$450 million for the period ended 31 March 2026 (March 2025: Profit of US\$50 million). The loss for the period was primarily due to once-off events of impairment losses of US\$267 million (including goodwill) and a plantation fair value price adjustment loss of US\$110 million due to a decline in ZAR hardwood timber prices as a result of the strengthening of the ZAR against the US\$ in the March quarter. As at 31 March 2026, the group had net current assets of US\$450 million (Sept 2025: US\$285 million) and net total assets of US\$1,887 million (Sept 2025: US\$2,308 million). The group maintains access to committed borrowing facilities and cash resources, which management considers adequate to meet obligations as they fall due. Based on the cash flow forecast and after considering mitigating actions such as cost optimisation initiatives and refinancing plans, the directors are satisfied that the group has sufficient resources to continue operating as a going concern. Accordingly, the condensed group interim financial statements have been prepared on a going-concern basis.

10. Announced 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 papers 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 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

11. Related parties

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

12. Events after balance sheet date

The group concluded the sale of Rockwell Solutions in the United Kingdom to Camvac International Limited on 01 May 2026.

13. 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		Half-year ended	
	Mar 2026	Mar 2025	Mar 2026	Mar 2025
Key figures (ZAR million)				
Revenue	21,819	24,920	43,883	49,278
Operating profit excluding special items ⁽¹⁾	(2,175)	352	(2,244)	2,746
Special items – (gains) losses ⁽¹⁾	4,727	315	5,123	509
EBITDA excluding special items ⁽¹⁾	(801)	1,665	536	5,310
Profit for the period	(6,755)	(370)	(7,534)	909
Basic earnings per share (SA cents)	(1,113)	(61)	(1,242)	151
Net debt ⁽¹⁾	33,750	30,763	33,750	30,763
Key ratios (%)				
Operating profit excluding special items to revenue	(10.0)	1.4	(5.1)	5.6
Operating profit excluding special items to capital employed (ROCE) ⁽¹⁾	(12.7)	1.9	(6.4)	7.6
EBITDA excluding special items to revenue	(3.7)	6.7	1.2	10.8

⁽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:

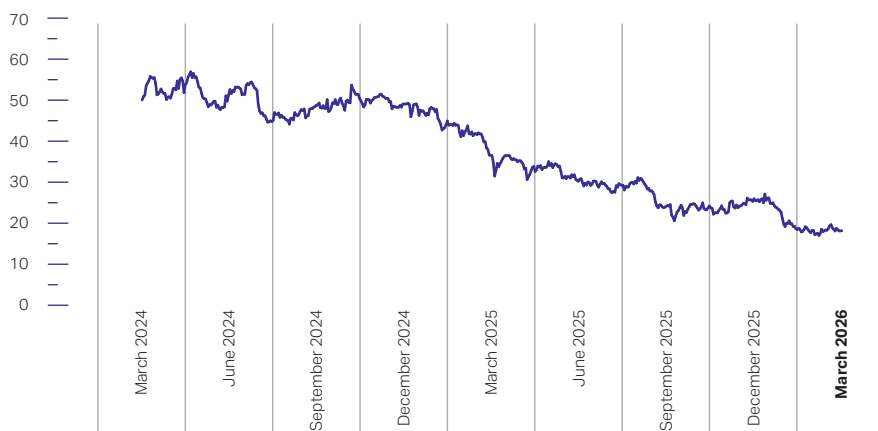
- assets and liabilities at rates of exchange ruling at period-end; and
- income, expenditure and cash flow items at average exchange rates.

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

Exchange rates

	Mar 2026	Dec 2025	Sept 2025	Jun 2025	Mar 2025
Exchange rates:					
Period-end rate: US\$1 = ZAR	17.1845	16.5894	17.2722	17.8328	18.4211
Average rate for the quarter: US\$1 = ZAR	16.3557	17.1234	17.6392	18.2970	18.5004
Average rate for the year to date: US\$1 = ZAR	16.7427	17.1234	18.0678	18.2231	18.1837
Period-end rate: EUR1 = US\$	1.1466	1.1748	1.1727	1.1720	1.0828
Average rate for the quarter: EUR1 = US\$	1.1705	1.1641	1.1689	1.1336	1.0518
Average rate for the year to date: EUR1 = US\$	1.1673	1.1641	1.1057	1.0844	1.0600

Sappi share price – March 2024 to March 2026



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

South Africa

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa

Private Bag X9000
Saxonwold, 2132
South Africa

www.computershare.com 

United States ADR Depository

The Bank of New York Mellon
Investor Relations
PO Box 11258
Church Street Station
New York, NY10286-1258
Tel +1 610 382 7836

JSE Sponsor:

Rand Merchant Bank (a division of
FirstRand Bank Limited)

This report is available on the
Sappi website: www.sappi.com 



sappi

www.sappi.com