

Third Quarter Results

for the period ended June 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			Nine months ended	
	Jun 2026	Jun 2025	Mar 2026	Jun 2026	Jun 2025
Key figures (US\$ million)					
Revenue	1,334	1,321	1,334	3,955	4,031
Operating profit (loss) excluding special items ⁽¹⁾	(177)	(5)	(133)	(311)	146
Special items – loss (gain) ⁽²⁾	26	2	289	332	30
Adjusted EBITDA ⁽³⁾	53	80	52	195	390
EBITDA excluding special items ⁽¹⁾	(99)	71	(49)	(67)	363
Profit (Loss) for the period	(181)	(33)	(413)	(631)	17
Basic earnings (loss) per share (US cents)	(30)	(5)	(68)	(104)	3
Adjusted EPS (loss) (US cents) ⁽³⁾	(8)	(4)	(8)	(19)	11
Net debt ⁽³⁾	1,997	1,947	1,964	1,997	1,947
Key ratios (%)					
Operating profit (loss) excluding special items to revenue	(13.3)	(0.4)	(10.0)	(7.9)	3.6
Operating profit (loss) excluding special items to capital employed (ROCE) ⁽³⁾	(18.6)	(0.5)	(13.1)	(10.4)	4.6
Adjusted EBITDA to revenue ⁽³⁾	4.0	6.1	3.9	4.9	9.7
EBITDA excluding special items to revenue	(7.4)	5.4	(3.7)	(1.7)	9.0
Net debt to Adjusted EBITDA	6.5	3.2	5.9	6.5	3.2
Covenant leverage ratio ⁽³⁾	6.9	2.9	6.1	6.9	2.9
Interest cover ⁽³⁾	0.5	7.6	2.4	0.5	7.6
Net asset value per share (US cents) ⁽³⁾	294	406	311	294	406

⁽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⁾ excluding special items
US\$53 million (Q3 FY25: US\$80 million)

Loss for the period
US\$181 million (Q3 FY25: US\$33 million loss)

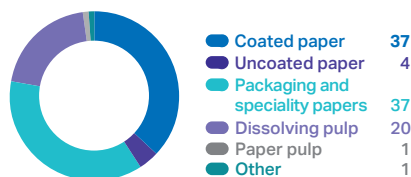
Adjusted EPS⁽²⁾ excluding special items
8 US cents loss (Q3 FY25: 4 US cents loss)

Net debt of
US\$1,997 million (Q3 FY25: US\$1,947 million)

⁽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 June 2026.

** As at June 2026.

Commentary on the quarter⁽¹⁾

Against the backdrop of a challenging macroeconomic environment, Sappi delivered Adjusted EBITDA of US\$53 million, in line with the updated and improved outlook guidance provided to shareholders on 09 July 2026. The highlight for the quarter was improved profitability in the North American region, where paperboard sales volumes from Somerset Mill PM2 and operational efficiencies improved. While these positive contributions provided some offset, group performance was adversely impacted by depressed selling prices across many of our product categories, cost inflation associated with the conflict in the Middle East and the US\$22 million impact of the scheduled maintenance shut at Ngodwana Mill. In addition, the stronger ZAR/US\$ exchange rate significantly lowered the profitability of the South African business. The forestry fair value price adjustment for the quarter was a loss of US\$152 million, driven largely by adverse currency movements on hardwood timber pricing and the negative impact of escalating fuel costs.

The pulp segment operated within a more supportive market backdrop during the quarter. Demand for dissolving wood pulp (DWP) remained robust despite it being a seasonally slower period, underpinned by healthy viscose staple fibre (VSF) industry operating rates and favourable demand for cellulosic fibres as higher petrochemical costs associated with the conflict in the Middle East continued to pressure competing polyester textile fibres. High VSF industry operating rates, healthy backlog orders and low inventories throughout the value chain supported the positive DWP pricing momentum established in the prior quarter. As a result, the Chinese hardwood DWP market price⁽²⁾ increased by a further US\$53 per ton to US\$898 per ton at quarter end. Sales volumes for the segment were broadly in line with the prior year. However, US Dollar selling prices remained 4% below last year's levels. Although the positive pricing

⁽¹⁾ "year-on-year" or "prior/previous/last year" is a comparison between Q3 FY2026 versus Q3 FY2025; "Quarter-on-quarter" or "prior/previous/last quarter" is a comparison between Q3 FY2026 and Q2 FY2026.

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

momentum in DWP markets improved segment profitability compared to the prior quarter, the lower year-on-year selling prices and unfavourable currency movements in South Africa continued to pressure earnings, resulting in profitability remaining below last year's level.

The packaging and speciality papers segment delivered significant sales volume growth of 14% compared to the prior year, driven by improving paperboard demand in North America and the continued commercial ramp-up of Somerset Mill PM2. However, segment profitability deteriorated year-on-year due to higher operating costs, which included the impact of the scheduled maintenance shut at Ngodwana Mill. In Europe, sales volumes were marginally ahead of last year, driven by growth in label paper sales. Despite the successful implementation of price increases to recover higher input costs, selling prices and margins in the European region remain depressed. In South Africa, demand for containerboard was robust but selling prices remained under pressure from low-cost imports supported by the strength of the ZAR against the US Dollar.

The graphic papers segment continued to operate in a challenging environment characterised by structural demand decline and ongoing industry overcapacity, resulting in sales volumes that were 6% below the prior year. Despite these market pressures, profitability was only marginally lower than last year, supported by strategic fixed cost reductions in Europe and resilient pricing in North America, where the capacity reduction following the Somerset Mill PM2 conversion has contributed to a more balanced market. Furthermore, industry-wide price increases implemented during the quarter in response to rising input costs helped offset inflationary pressures and supported margins.

Adjusted earnings per share for the quarter was a loss of 8 US cents, compared to a loss of 4 US cents in the prior year, reflecting the continued challenging operating environment. Special items reduced earnings by US\$26 million, comprising primarily impairment charges of US\$15 million resulting from weakened market conditions and lower future cash flow projections, principally related to the tissue machine in Sappi Southern Africa.

Commentary on the quarter continued

Cash flow and debt

Net cash utilised during the quarter amounted to US\$30 million. Consistent with our focus on preserving liquidity and maintaining financial flexibility, capital allocation remained disciplined throughout the period. Capital expenditure of US\$62 million was substantially below the prior year and was focused on essential maintenance activities. Cash flow benefited from a working capital inflow of US\$19 million, partially offset by closure and restructuring costs of US\$11 million in Europe.

Net debt increased by US\$33 million, compared to the prior quarter, to US\$1,997 million, primarily as a result of the net cash utilised. Liquidity remained healthy, comprising cash on hand of US\$204 million and a further

US\$579 million of committed, undrawn revolving credit facilities in South Africa and Europe. As previously communicated, leverage covenant testing remains suspended until March 2027. As at June 2026, the covenant leverage ratio was 6.9 times.

Post-balance sheet events

Shareholders are referred to the SENS announcement released on 23 July 2026 confirming that, at a general meeting held on the same date, Sappi shareholders approved the proposed formation of a 50/50 graphic papers joint venture between Sappi and UPM. The parties continue to work towards the fulfilment of the remaining conditions precedent and currently expect these to be completed by the end of 2026.

Operating review for the quarter



Europe

EUR million	Quarter ended				
	Jun 2026	Mar 2026	Dec 2025	Sept 2025	Jun 2025
Volumes sold – tons (000's)	452	499	461	479	479
Revenue	466	492	457	483	503
Operating profit (loss) excluding special items	(8)	(5)	10	(31)	(19)
<i>Operating profit (loss) excluding special items to revenue (%)</i>	<i>(1.7)</i>	<i>(1.0)</i>	<i>2.2</i>	<i>(6.4)</i>	<i>(3.8)</i>
Adjusted EBITDA	12	17	33	(6)	4
<i>Adjusted EBITDA to revenue (%)</i>	<i>2.6</i>	<i>3.5</i>	<i>7.2</i>	<i>(1.2)</i>	<i>0.8</i>
RONOA <i>pa (%)</i>	<i>(3.4)</i>	<i>(2.0)</i>	<i>3.7</i>	<i>(10.9)</i>	<i>(6.4)</i>

The European region delivered an improved financial performance compared to the prior year, primarily due to fixed cost savings arising from strategic rationalisation actions. Sales volumes were 6% below last year, impacted partly by a loss of graphic papers' market share as pricing discipline was maintained in the quarter to recover rising input costs.

The European graphic papers market continues to face the dual challenges of structural demand decline and persistent industry overcapacity. Sales volumes for the segment declined by 8% compared to the prior year, reflecting both a softening of market demand compared to earlier in the year and a modest loss of market share as mentioned above. Excess capacity in the market continued to constrain pricing, with average selling prices remaining 3% below last year. Within the context of volatile and rapidly increasing input costs, these market conditions continued to limit margin recovery. Fixed cost savings and operational efficiency gains arising from our strategic rationalisation initiatives

were unable to fully offset the impact of the lower sales volumes and selling prices, leading to reduced profitability relative to the prior year.

Packaging and speciality papers markets in the region remained under pressure from ongoing overcapacity and lacklustre demand across most product categories. Wet glue labels were the only category to deliver meaningful year-on-year growth, while weakness persisted in paperboard, containerboard and flexible packaging markets. Sales volumes for the segment were 2% above the prior year but average selling prices declined by 2%. Despite these challenging market conditions, profitability improved year-on-year, albeit from a low base, benefiting from cost savings associated with the Alfeld Mill rationalisation programme.

Variable costs were in line with last year with lower purchased pulp and energy costs offset by higher wood and chemical costs. Fixed costs decreased by 6% primarily due to lower personnel costs associated with the rationalisation activities.



North America

	Quarter ended				
	Jun 2026	Mar 2026	Dec 2025	Sept 2025	Jun 2025
US\$ million					
Volumes sold – tons (000's)	380	352	335	359	326
Revenue	454	420	395	429	404
Operating profit (loss) excluding special items	(5)	(24)	(30)	(3)	(21)
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(1.1)	(5.7)	(7.6)	(0.7)	(5.2)
Adjusted EBITDA	22	7	(1)	28	5
<i>Adjusted EBITDA to revenue (%)</i>	4.8	1.7	(0.3)	6.5	1.2
<i>RONOA pa (%)</i>	(1.2)	(5.7)	(6.9)	(0.7)	(4.9)

The North American region delivered a significant improvement in profitability compared to the prior quarter and the prior year. The ramp-up of Somerset Mill PM2 continued to gain momentum during the quarter, with paperboard sales volumes increasing by 63% compared to the prior year. Importantly, the machine was able to operate continuously throughout the quarter, albeit at a slower speed than design capacity, enabling operational efficiency improvements. Improved operational stability across the region, together with higher sales volumes, contributed to a reduction in unit costs and supported the stronger financial performance.

The packaging and speciality papers segment delivered a strong improvement in sales volumes as the commercial ramp-up of Somerset Mill PM2 progressed. Sales volumes increased by 41% year-on-year and 24% compared to the

prior quarter, reflecting the steady expansion of paperboard production and sales volumes from the machine. While early signs of demand recovery and improving sentiment emerged in North American paperboard markets, selling prices remained depressed and were 8% below the prior year. Despite these pricing challenges, significantly higher sales volumes and improved manufacturing efficiencies resulted in lower costs and an improvement in segment profitability. Improving market conditions enabled Sappi and most major domestic competitors to announce paperboard price increases during June and July 2026, with the resulting positive earnings impact expected to be realised progressively over the coming quarters.

Graphic papers markets in North America continued to experience structural demand decline. However, market conditions remained relatively balanced

North America *continued*

following the capacity reduction associated with the Somerset Mill PM2 conversion, supporting more resilient pricing dynamics than those experienced in other regions. Sales volumes for the segment were 5% below the prior year, reflecting the continued demand decline. Nevertheless, improved operational stability and 3% higher selling prices resulted in improved profitability compared to the prior year.

External demand for our pulp products remained steady. We continued to optimise regional profitability through the strategic internal integration of paper pulp from Cloquet Mill into our graphic papers production and high-yield pulp from Matane Mill into paperboard production at Somerset Mill. Although realised DWP selling prices remained below the prior year, lower operating costs and the absence of the Cloquet Mill annual maintenance shut, which occurred in the comparative period, more than offset the pricing impact. As a result, profitability for the segment improved year-on-year.

Variable costs were 3% below the prior year due to improved operational efficiencies and lower purchased pulp costs which were partially offset by higher delivery costs. Fixed costs were 7% below last year primarily due to lower personnel and maintenance cost.

Operating review for the quarter continued



South Africa

	Quarter ended				
	Jun 2026	Mar 2026	Dec 2025	Sept 2025	Jun 2025
ZAR million					
Volumes sold – tons (000's)	732	728	749	751	644
Revenue	5,591	5,522	6,164	6,936	6,334
Operating profit (loss) excluding special items	(2,774)	(1,796)	205	1,121	550
<i>Operating profit (loss) excluding special items to revenue (%)</i>	(49.6)	(32.5)	3.3	16.2	8.7
Adjusted EBITDA	194	334	805	1,486	1,172
<i>Adjusted EBITDA to revenue (%)</i>	3.5	6.0	13.1	21.4	18.5
RONOA <i>pa (%)</i>	(39.2)	(23.2)	2.6	13.8	6.7

Profitability in the South African region declined compared to the prior year, impacted by lower sales volumes (excluding forestry) and selling prices, particularly within the pulp segment where lower US Dollar selling prices and adverse US\$/ZAR exchange rate movements continued to create significant headwinds for the business. The scheduled maintenance shut at the Ngodwana Mill reduced earnings in line with guidance by approximately US\$22 million. The forestry fair value price adjustment for the quarter was a loss of ZAR2.523 billion, primarily driven by adverse exchange rate movements impacting the ZAR-denominated price of hardwood timber linked to US Dollar export parity and higher fuel costs.

Demand for Sappi's DWP remained healthy during the quarter, supported by favourable downstream VSF market conditions. Sales volumes were below the prior year, largely as a result of the scheduled maintenance shut at Ngodwana Mill. Segment profitability was significantly impacted by higher delivery and sulphur⁽¹⁾ costs due to the conflict in the Middle East and lower US Dollar selling prices compounded by unfavourable exchange rate movements, which reduced ZAR-denominated selling prices by 11% compared to the prior year.

Containerboard demand remained solid, underpinned by the seasonal strength of the citrus export market. However, sales

⁽¹⁾ Sulphur is a key raw material for the bisulphite pulping process used at the Saiccor Mill.

South Africa continued

volumes were 4% below the prior year due to low inventory levels and the impact of the Ngodwana Mill maintenance shut. Selling prices were 5% lower than last year as import competition continued to pressure the domestic market. Consequently, year-on-year profitability was impacted by lower volumes, weaker pricing and the costs associated with the Ngodwana Mill maintenance shut.

Demand for office paper and newsprint remained stable during the quarter. However, profitability continued to be impacted by intense competition from low-priced imports, which placed significant pressure on selling prices. Selling prices for the graphic papers segment were 12% below the prior year, offsetting the benefit of stable demand.

Variable costs were stable year-on-year with lower energy and purchased pulp costs offsetting higher chemical and delivery costs. Fixed costs were 4% above last year with personnel savings more than offset by higher maintenance costs due to the Ngodwana Mill maintenance shut.

Outlook

The ongoing conflict in the Middle East continues to contribute to volatility across global markets. Elevated geopolitical tensions have sustained pressure on energy, chemical and logistics costs, increasing the risk of broader inflationary impacts across our value chains. Continued geopolitical uncertainty may also contribute to heightened foreign exchange volatility, which remains a key risk to the group's earnings and net debt given our exposure to multiple currencies. While demand in several of our end-markets has shown signs of improvement, underlying macroeconomic conditions remain uncertain.

Against this backdrop, we continue to execute strategic cost-saving initiatives, targeting both fixed cost reductions and variable cost efficiencies through enhanced operational performance. These actions are critical to offsetting inflationary pressures across our cost base. Alongside these initiatives, we are maintaining a disciplined approach to capital allocation, balance sheet management and liquidity preservation, ensuring the group retains the flexibility to respond effectively to evolving market conditions.

Conditions across a number of our key product categories are improving, driven by strengthening pricing dynamics and operational momentum. In the pulp segment, healthy VSF market fundamentals continue to underpin DWP demand, while the lag benefit of hardwood DWP price increases realised during the third quarter is expected to support profitability in the fourth quarter. Sentiment in global packaging and speciality paper markets is slowly improving, and the segment is expected to benefit from the continued ramp-up of Somerset Mill PM2 and recent paperboard price increases in

North America. Containerboard demand in South Africa remains healthy, supported by agricultural export markets. Graphic papers demand is expected to continue its structural decline, and we remain focused on optimising capacity utilisation across our asset base. The segment should also benefit from the pricing initiatives implemented during the third quarter.

A scheduled annual maintenance shut for one of the lines at the Saiccor Mill is planned for the fourth quarter and is expected to reduce earnings by approximately US\$7 million. Capital expenditure for FY2026 is expected to be approximately US\$240 million, which is slightly below our previous guidance of US\$250 million. Our disciplined approach to capital allocation remains focused on essential maintenance, regulatory requirements and projects that support operational reliability. The forestry fair value price adjustment for the fourth quarter is expected to be positive.

Taking into account current trading conditions, the continued ramp-up of Somerset Mill PM2 and the lower maintenance costs anticipated in the quarter, offset by ongoing geopolitical uncertainty and volatility in global markets, we estimate that Adjusted EBITDA for the fourth quarter of FY2026 will be materially above that of the third quarter.

On behalf of the board

SR Binnie
Director

GT Pearce
Director

05 August 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	Note	Quarter ended		Nine months ended	
		Jun 2026	Jun 2025	Jun 2026	Jun 2025
Revenue		1,334	1,321	3,955	4,031
Cost of sales		1,419	1,248	3,993	3,609
Gross profit		(85)	73	(38)	422
Selling, general and administrative expenses		91	82	279	284
Other operating (income) expenses	8	27	(3)	326	21
Share of (profit) loss from equity-accounted investees		–	1	–	1
Operating profit (loss)	3	(203)	(7)	(643)	116
Net finance costs		29	26	81	65
Finance costs		36	30	100	82
Finance income		(5)	(3)	(12)	(12)
Net foreign exchange gain		(2)	(1)	(7)	(5)
Profit (Loss) before taxation		(232)	(33)	(724)	51
Taxation		(51)	–	(93)	34
Profit (Loss) for the period		(181)	(33)	(631)	17
Basic earnings (loss) per share (US cents)	4	(30)	(5)	(104)	3
Weighted average number of shares in issue (millions)		607.0	604.6	606.6	603.7
Diluted earnings (loss) per share (US cents)	4	(30)	(5)	(104)	3
Weighted average number of shares on fully diluted basis (millions)		607.8	606.6	607.8	606.4

Condensed group statement of other comprehensive income

US\$ million	Quarter ended		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Profit (Loss) for the period	(181)	(33)	(631)	17
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)
Tax effect	–	–	–	–
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	67	7	98	(65)
Movements in hedging reserves	9	18	2	3
Tax effect	(2)	(1)	(1)	2
Total comprehensive income for the period	(107)	(9)	(532)	(45)

Condensed group balance sheet

		Reviewed	
US\$ million	Note	Jun 2026	Sept 2025
ASSETS			
Non-current assets		3,763	4,333
Property, plant and equipment	8	3,142	3,414
Right-of-use assets		104	103
Plantations	8	326	560
Deferred tax assets		23	24
Goodwill and intangible assets	8	29	87
Equity-accounted investees	8	4	12
Other non-current assets		135	133
Current assets		1,729	1,739
Inventories		833	823
Trade and other receivables		671	682
Derivative financial assets	5	18	6
Taxation receivable		3	9
Cash and cash equivalents		204	219
Total assets		5,492	6,072
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest		1,782	2,308
Non-current liabilities		2,347	2,310
Interest-bearing borrowings	8	1,670	1,546
Lease liabilities		94	96
Deferred tax liabilities		352	437
Defined benefit and other liabilities		222	231
Derivative financial liabilities	5	9	–
Current liabilities		1,363	1,454
Interest-bearing borrowings	8	406	469
Lease liabilities		31	26
Overdrafts		–	2
Trade and other payables		889	898
Provisions		14	40
Derivative financial liabilities	5	2	4
Taxation payable		21	15
Total equity and liabilities		5,492	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		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Profit (Loss) for the period	(181)	(33)	(631)	17
<i>Adjustment for:</i>				
Depreciation, fellings and amortisation	95	94	300	268
Taxation	(51)	–	(93)	34
Net finance costs	29	26	81	65
Defined post-employment benefits paid	(4)	(5)	(21)	(15)
Plantation fair value adjustment	136	(16)	205	(40)
Asset impairments	15	1	234	2
Goodwill impairment	–	–	48	–
Write down of held-for-sale assets	–	–	–	4
(Profit) Loss on disposal of held-for-sale assets	7	–	7	–
Equity-accounted investees impairments	–	–	9	–
Net restructuring charge	–	1	3	–
(Profit) Loss on disposal and written-off assets	1	1	4	–
Other non-cash and other items	(12)	(14)	(8)	4
Cash generated from operations	35	55	138	339
(Increase) Decrease in working capital	19	(22)	22	(148)
Closure and restructuring costs paid	(11)	–	(29)	(4)
Finance costs paid	(19)	(35)	(68)	(71)
Finance income received	2	3	7	12
Taxation (paid) refund	–	(4)	–	(74)
Dividend paid	–	–	–	(85)
Cash (utilised by) generated from operating activities	26	(3)	70	(31)
Cash utilised in investing activities	(56)	(133)	(156)	(374)
Capital expenditure	(62)	(129)	(162)	(412)
Insurance proceeds received	3	–	3	–
Proceeds on disposal of assets	–	–	–	4
Proceeds on held-for-sale assets	3	1	3	44
Movements to non-current and intangible asset	–	(5)	–	(10)

Condensed group statement of cash flows continued

US\$ million	Quarter ended		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Net cash (utilised) generated	(30)	(136)	(86)	(405)
Cash effects of financing activities	38	166	67	287
Proceeds from interest-bearing borrowings	50	201	409	657
Repayment of interest-bearing borrowings	(3)	(30)	(319)	(352)
Capital lease repayments	(9)	(5)	(23)	(18)
Net movement in cash and cash equivalents	8	30	(19)	(118)
Cash and cash equivalents at beginning of period	192	156	219	317
Translation effects	4	17	4	4
Cash and cash equivalents at end of period	204	203	204	203

Condensed group statement of changes in equity

	Nine months ended	
US\$ million	Jun 2026	Jun 2025
Balance – beginning of period	2,308	2,578
Profit (Loss) for the period	(631)	17
Other comprehensive income for the period	99	(62)
Dividend – Nil US cents (2025: 14 US cents)	–	(85)
Share-based payment reserve	6	5
Balance – end of period	1,782	2,453
Comprising		
Ordinary share capital and premium	850	783
Non-distributable reserves	147	131
Foreign currency translation reserves	(197)	(251)
Hedging reserves	(38)	(37)
Retained earnings	1,020	1,827
Total equity	1,782	2,453

Notes to the condensed group results

1. Basis of preparation

The condensed group interim financial statements for the quarter and nine months ended June 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 06 August 2026.

The results are unaudited.

2. Segment information

Metric tons (000's)	Quarter ended		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Volumes sold				
North America	380	326	1,067	1,059
Europe	452	479	1,412	1,435
South Africa – Pulp and paper	381	391	1,186	1,148
Forestry	351	253	1,023	851
Total	1,564	1,449	4,688	4,493
Which consists of:				
Pulp	339	344	1,064	1,044
Packaging and speciality papers	414	362	1,146	1,042
Graphic papers	460	490	1,455	1,556
Forestry	351	253	1,023	851

2. Segment information continued

US\$ million	Quarter ended		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Revenue				
North America	454	404	1,269	1,302
Europe	541	571	1,649	1,673
South Africa – Pulp and paper	320	329	983	1,003
Forestry	19	17	54	53
Total	1,334	1,321	3,955	4,031
Which consists of:				
Pulp	265	280	804	871
Packaging and speciality papers	514	451	1,425	1,305
Graphic papers	536	573	1,672	1,802
Forestry	19	17	54	53
Operating profit (loss) excluding special items				
North America	(5)	(21)	(59)	31
Europe	(9)	(20)	(3)	(2)
South Africa	(167)	30	(262)	106
Unallocated and eliminations ⁽¹⁾	4	6	13	11
Total	(177)	(5)	(311)	146
Which consists of:				
Pulp	(102)	4	(218)	84
Packaging and speciality papers	(85)	(16)	(168)	(28)
Graphic papers	6	1	62	79
Unallocated and eliminations ⁽¹⁾	4	6	13	11

⁽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		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Special items – (gains) losses				
North America	3	–	124	2
Europe	9	3	170	11
South Africa	12	(2)	15	1
Unallocated and eliminations ⁽¹⁾	2	1	23	16
Total	26	2	332	30
Operating profit (loss) by segment				
North America	(8)	(21)	(183)	29
Europe	(18)	(23)	(173)	(13)
South Africa	(179)	32	(277)	105
Unallocated and eliminations ⁽¹⁾	2	5	(10)	(5)
Total	(203)	(7)	(643)	116
Adjusted EBITDA				
North America	22	5	28	105
Europe	14	5	72	69
South Africa	12	64	80	204
Unallocated and eliminations ⁽¹⁾	5	6	15	12
Total	53	80	195	390
Which consists of:				
Pulp	22	39	48	174
Packaging and speciality papers	(3)	4	(6)	46
Graphic papers	29	31	138	158
Unallocated and eliminations ⁽¹⁾	5	6	15	12

⁽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		Nine months ended	
		Jun 2026	Jun 2025	Jun 2026	Jun 2025
Adjusted EBITDA		53	80	195	390
Plantation fair value price adjustment		(152)	(9)	(262)	(27)
EBITDA excluding special items		(99)	71	(67)	363
Depreciation and amortisation		(78)	(76)	(244)	(217)
Operating profit (loss) excluding special items		(177)	(5)	(311)	146
Special items – gains (losses)		(26)	(2)	(332)	(30)
Net restructuring release (charge)		–	(1)	(3)	–
Profit (Loss) on disposal and written-off assets		(1)	(1)	(4)	–
Goodwill impairment	8	–	–	(48)	–
Asset (impairments) impairment reversal	8	(15)	(1)	(234)	(2)
Write down of held-for-sale assets		–	–	–	(4)
Profit (Loss) on disposal of held-for-sale assets		(7)	–	(7)	–
Equity-accounted investees impairment	8	–	–	(9)	–
Written off other assets and expenses		–	–	(6)	–
Insurance		–	3	–	3
Fire, flood, storm and other events		(3)	(2)	(21)	(27)
Operating profit (loss)		(203)	(7)	(643)	116
Net finance costs		(29)	(26)	(81)	(65)
Profit (Loss) before taxation		(232)	(33)	(724)	51
Taxation		51	–	93	(34)
Profit (Loss) for the period		(181)	(33)	(631)	17

Notes to the condensed group results continued

2. Segment information continued

	Nine months ended	
US\$ million	Jun 2026	Jun 2025
Net operating assets		
North America	1,591	1,738
Europe	1,088	1,391
South Africa	1,628	1,847
Unallocated and eliminations ⁽¹⁾	32	18
Total	4,339	4,994
Reconciliation of net operating assets to total assets		
Segment assets	4,339	4,994
Deferred tax assets	23	80
Cash and cash equivalents	204	203
Trade and other payables	889	916
Provisions	14	2
Derivative financial instruments	2	9
Taxation payable	21	26
Total assets	5,492	6,230

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

3. Operating profit (loss)

US\$ million	Note	Quarter ended		Nine months ended	
		Jun 2026	Jun 2025	Jun 2026	Jun 2025
Included in operating profit are the following items:					
Depreciation and amortisation		78	76	244	217
Fair value adjustment on plantations (included in cost of sales)					
Fellings		17	18	56	51
Growth		(16)	(25)	(57)	(67)
Price	8	152	9	262	27
		153	2	261	11
Net restructuring charge (release)		–	1	3	–
(Profit) Loss on disposal and written-off assets		1	1	4	–
Asset impairments (impairment reversal)	8	15	1	234	2
Goodwill impairment	8	–	–	48	–
Equity-accounted investees impairment	8	–	–	9	–
Write down of held-for-sale assets		–	–	–	4
(Profit) Loss on disposal of held-for-sale assets		7	–	7	–
Insurance		–	(3)	–	(3)

Notes to the condensed group results continued

4. Earnings per share

	Quarter ended		Nine months ended	
US\$ million	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Basic earnings (loss) per share (US cents)	(30)	(5)	(104)	3
Headline earnings (loss) per share (US cents)	(27)	(5)	(55)	4
Adjusted EPS (US cents)	(8)	(4)	(19)	11
Weighted average number of shares in issue (millions)	607.0	604.6	606.6	603.7
Diluted earnings (loss) per share (US cents)	(30)	(5)	(104)	3
Diluted headline earnings (loss) per share (US cents)	(27)	(5)	(55)	4
Weighted average number of shares on fully diluted basis (millions)	607.8	606.6	607.8	606.4
Calculation of headline earnings (loss)				
Profit (Loss) for the period	(181)	(33)	(631)	17
(Profit) Loss on disposal and write off of property, plant and equipment	1	1	4	–
Asset impairments (impairment reversal)	15	1	234	2
Goodwill impairment	–	–	48	–
Write down of held-for-sale assets	–	–	–	4
(Profit) Loss on disposal of held-for-sale assets	7	–	7	–
Equity-accounted investees impairment	–	–	9	–
Insurance recoveries	–	–	–	–
Tax effect of above items	(3)	(1)	(3)	–
Headline earnings (loss)	(161)	(32)	(332)	23
Calculation of adjusted earnings (loss)				
Profit (Loss) for the period	(181)	(33)	(631)	17
Special items and plantation fair value price adjustment after tax	134	9	515	49
Gross amount	178	11	594	57
Tax effect	(44)	(2)	(79)	(8)
Tax special items	–	–	3	–
Adjusted earnings (loss)	(47)	(24)	(113)	66

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	Jun 2026	Sept 2025
Investment funds ⁽²⁾	FV through OCI	Level 1	5	5
Derivative financial assets	FV through PL	Level 2	18	6
Derivative financial liabilities	FV through PL	Level 2	11	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

			Reviewed	
US\$ million			Jun 2026	Sept 2025
Contracted			49	62
			49	62

Notes to the condensed group results continued

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

	Reviewed	
US\$ million	Jun 2026	Sept 2025
Non-current and current interest-bearing borrowings	2,076	2,015
Non-current and current lease liabilities and bank overdrafts	125	124
Less: Cash and cash equivalents	(204)	(219)
Net debt	1,997	1,920
Covenant leverage ratio ⁽¹⁾	6.9	3.6
Interest cover	0.5	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 2.6% and 4.92% 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, its Matane Mill, including related intangibles and goodwill of US\$49 million, by US\$113 million within its North American segment and its tissue machine at the Stanger Mill by US\$12 million, within the South African 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, 11.56% for the Matane CGU and 12.14% for Stanger Mill's tissue machine. 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.

8. Material balance sheet movements continued

Plantations

Largely as a result of a sharp decline in ZAR hardwood timber prices due to the strengthening of the ZAR against the US\$ during the year, the group recorded an adverse fair value price adjustment of US\$262 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\$631 million for the period ended 30 June 2026 (June 2025: Profit of US\$17 million). The loss for the period was primarily due to once-off events of impairment losses of US\$282 million (including goodwill) and a plantation fair value price adjustment loss of US\$262 million due to a decline in ZAR hardwood timber prices as a result of the strengthening of the ZAR against the US Dollar in the period. As at 30 June 2026, the group had net current assets of US\$366 million (Sept 2025: US\$285 million) and net total assets of US\$1,782 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 EUR64million 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 EUR90 million, a shareholder loan of EUR10 million and 50% shareholding in the joint venture.

The parties continue to work towards the fulfilment of the remaining conditions precedent and currently expect these to be completed by the end of 2026.

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.

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

A general meeting was held on 23 July where shareholders approved the proposed 50/50 joint venture transaction of Sappi's European graphic papers business with UPM's Communications Paper Business.

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 Adjusted EBITDA – net debt divided by the last 12 months' Adjusted EBITDA

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; and
- 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		Nine months ended	
	Jun 2026	Jun 2025	Jun 2026	Jun 2025
Key figures (ZAR million)				
Revenue	22,005	24,170	65,892	73,457
Operating profit excluding special items ⁽¹⁾	(2,920)	(91)	(5,181)	2,661
Special items – (gains) losses ⁽¹⁾	429	37	5,531	547
EBITDA excluding special items ⁽¹⁾	(1,633)	1,299	(1,116)	6,615
Profit for the period	(2,986)	(604)	(10,513)	310
Basic earnings per share (SA cents)	(492)	(100)	(1,733)	51
Net debt ⁽¹⁾	32,796	34,720	32,796	34,720
Key ratios (%)				
Operating profit excluding special items to revenue	(13.3)	(0.4)	(7.9)	3.6
Operating profit excluding special items to capital employed (ROCE) ⁽¹⁾	(18.2)	(0.5)	(10.2)	4.8
EBITDA excluding special items to revenue	(7.4)	5.4	(1.7)	9.0

⁽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.

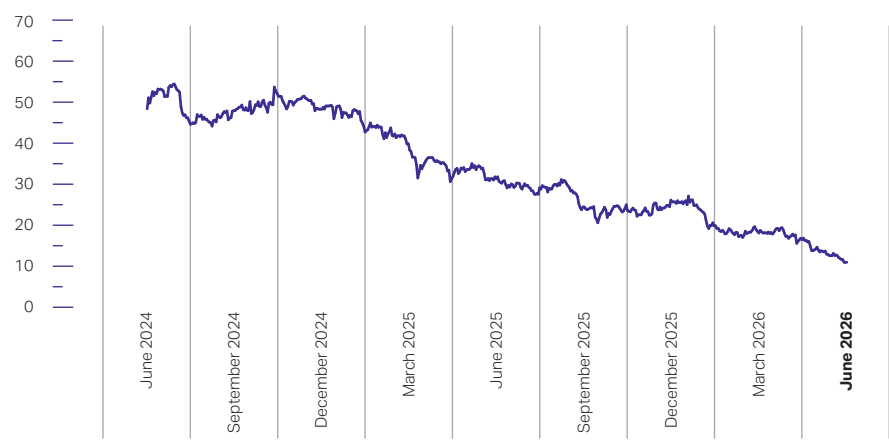
Supplemental information continued

(this information has not been audited or reviewed)

Exchange rates

	Jun 2026	Mar 2026	Dec 2025	Sept 2025	Jun 2025
Exchange rates:					
Period-end rate: US\$1 = ZAR	16.4228	17.1845	16.5894	17.2722	17.8328
Average rate for the quarter: US\$1 = ZAR	16.4956	16.3557	17.1234	17.6392	18.2970
Average rate for the year to date: US\$1 = ZAR	16.6605	16.7427	17.1234	18.0678	18.2231
Period-end rate: EUR1 = US\$	1.1422	1.1466	1.1748	1.1727	1.1720
Average rate for the quarter: EUR1 = US\$	1.1625	1.1705	1.1641	1.1689	1.1336
Average rate for the year to date: EUR1 = US\$	1.1657	1.1673	1.1641	1.1057	1.0844

Sappi share price – June 2024 to June 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 Depositary

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

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