

2025 Annual Financial Statements

for the year ended September 2025

sappi



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The audited financial statements for the year ended September 2025 have been prepared by the corporate accounting staff of Sappi Limited headed by John Shaw, Group Financial Manager. This process was supervised by Glen Pearce, Chief Financial Officer.

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

Directors' approval

for the year ended September 2025

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

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

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

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

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

- (a) the Group Annual Financial Statements set out on pages 5 and 6 and 11 to 80, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Group Annual Financial Statements false or misleading
- (c) internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the group
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the Group Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls
- (e) where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies, and
- (f) we are not aware of any fraud involving directors.

The Directors' report and the Group Annual Financial Statements appear on pages 5 and 6 and 11 to 80 and were approved by the board of directors on 05 December 2025 and signed on its behalf by:

SR Binnie
Chief Executive Officer
Authorised director

Sappi Limited

GT Pearce
Chief Financial Officer
Authorised director

Group Company Secretary's certificate

for the year ended September 2025

In terms of section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, I hereby certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission of South Africa, for the financial year ended September 2025, all such returns as are required of a public company in terms of this Act and that such returns appear to be true, correct and up to date.

Sappi Southern Africa Limited

Secretaries

per A Mahendranath

Group Company Secretary

05 December 2025

Audit and Risk Committee report

for the year ended September 2025

Introduction

The Audit and Risk Committee presents its report for the financial year ended September 2025. The committee is an independent statutory committee, whose duties are delegated to it by the board of directors. The committee has conducted its affairs in compliance with a board approved terms of reference and has discharged its responsibilities contained therein.

Objectives and scope

The overall objectives of the committee are:

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

Committee performance:

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

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

Audit and Risk Committee report continued

for the year ended September 2025

Membership

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

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

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

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

External audit

The committee, having considered all relevant matters, satisfied itself through enquiry that auditor independence, objectivity and effectiveness were maintained in 2025. Meetings were held with the auditors where management was not present.

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

The committee has given adequate consideration to the information presented by the external auditor as required by the JSE Listings Requirements. The committee has consequently nominated, for approval at the annual general meeting, KPMG as the external auditor for the 2026 financial year, of whom Ms Giuseppina Aldrighetti is the designated auditor for Sappi Limited and Mr Mohammed Hassan is the designated auditor for Sappi Southern Africa Limited.

Integrated Report and the Group Annual Financial Statements

The committee has evaluated the Integrated Report, incorporating the Group Annual Financial Statements, for the year ended September 2025. The committee has also considered the sustainability information as disclosed in the Integrated Report and has assessed its consistency with operational and other information known to committee members. The committee has also considered the report and is satisfied that the information is reliable and consistent with the financial results. The Group Annual Financial Statements have been prepared using appropriate accounting policies, which conform to International Financial Reporting Standards.

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

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

ZN Malinga

Chairperson

Audit and Risk Committee

05 December 2025

Directors' report

for the year ended September 2025

The directors have the pleasure of presenting their report for the year ended September 2025.

Nature of business

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

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

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

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

Financial results

The group incurred a loss of US\$177 million for the year ended September 2025 (29 US cents) compared to a profit of US\$33 million (6 US cents) for the prior year.

Detailed commentary on the 2025 financial results is contained in various reviews throughout the Annual Integrated Report.

Dividends

The directors have decided not to declare a dividend in light of the elevated debt levels and the ongoing macroeconomic uncertainty.

Going concern

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

Corporate governance

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

Health, safety, environment and community

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

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

There were no significant announcements made during the year.

Liquidity and financing

At September 2025, we had liquidity comprising US\$219 million of cash on hand and US\$602 million available committed facilities in Europe and South Africa.

Net debt at financial year-end increased to US\$1,920 million (2024: US\$1,422 million) as a result of the increased cash utilised by the operations and the higher capital expenditure associated with the Somerset Mill PM2 project. In addition, a negative currency translation effect on our Euro-denominated debt being converted at a higher rate, increased net debt notionally by a further US\$73 million for the year.

The increase in net debt and lower earnings over the last three quarters has resulted in an increase in the leverage ratio close to our debt covenant of 4x. Our banking group has unanimously supported increasing our leverage covenant levels for the next 12 months to provide additional headroom during this temporary period of elevated leverage. Our primary focus in fiscal 2026 will be to reduce net debt and leverage towards our stated levels.

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

Risks and insurance

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

Directors' report continued

for the year ended September 2025

Property, plant and equipment

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

Capital expenditure for the year ended amounted to US\$496 million (2024: US\$458 million). Of the above, expansion expenditure was US\$321 million (2024: US\$262 million) with maintenance expenditure of US\$175 million (2024: US\$196 million).

Subsequent events

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

Directorate

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

- The retirement of Mr Valli Moosa at the end of December 2024
- In March 2025, the group announced the offering of a EUR300 million senior notes due 2032 of which the proceeds will be used to redeem a EUR240 million senior notes due 2026.

At the end of September 2025, there were 11 directors, two of whom are executive directors. All nine of the non-executive directors are considered to be independent. The independence of those directors who are designated as independent was reviewed and confirmed during the year by the Nomination and Governance Committee.

In terms of the company's memorandum of incorporation, Mr NL Sowazi, Dr B Mehlomakulu, Mr LL von Zeuner and Ms E Istavridis will retire by rotation from the board at the forthcoming annual general meeting. All the directors who are retiring by rotation have indicated their availability for re-election to the board. Having assessed the individual performances of the directors concerned, the board recommends each of them for re-appointment.

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

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

Directors' and officers' disclosure of interests in contracts

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

Directors' liabilities

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

Subsidiary companies

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

Independent auditor's report

for the year ended September 2025

To the shareholders of Sappi Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the group financial statements of Sappi Limited (the Group) set out on pages 11 to 80, which comprise the group balance sheet as at September 2025, the group income statement, the group statement of comprehensive income, the group statement of changes in equity, the group statement of cash flows for the year then ended, and notes to the group financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sappi Limited as at September 2025, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), and the requirements of the Companies Act of South Africa.

Basis for opinion

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

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final Materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Final materiality	US\$13.8 million (average PBTCO over the last 3 years, excluding once-off special items)
Rationale for the benchmark and percentage applied	We selected consolidated profit before tax from continuing operations (PBTCO) excluding once-off special items as our materiality benchmark. Given the fluctuations in operating profit a three-year average was deemed more stable and appropriate benchmark. We applied a percentage of 4.8% to the average of PBTCO over the last three years excluding once-off special items which is consistent with prior year and quantitative materiality thresholds used for profit-orientated companies and is further based on our professional judgement after consideration of qualitative factors that impact the group.

Group Audit Scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which further audit procedures to perform at these components to address those risks. Our judgement included assessing the size of the components, nature of assets, liabilities and transactions within the components as well as specific risks.

In total, we identified seven components. Of those, we identified four components at which further audit procedures were performed on the entire financial information of the component, either because audit evidence needed to be obtained on all or a significant proportion of the component's financial information, or that component represents a pervasive risk of material misstatement to the consolidated financial statements.

We also identified three components, at which further audit procedures were performed on one or more classes of transactions, account balances or disclosures based on the assessed risks of material misstatement to the consolidated financial statements.

Accordingly, we involved component auditors in performing the audit work on seven components.

For the remaining financial information where audit procedures were not performed, we performed an analysis at an aggregated Group level to re-examine our assessment that there is less than a reasonable possibility of a material misstatement in the remaining financial information.

Independent auditor’s report continued

for the year ended September 2025

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss the Group audit risks relevant to the respective components.

As group auditor, we engaged with the component auditors to assess the audit risks and strategy relating to their respective components. During these engagements, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail, and any further audit procedures required by us was then performed by the component auditors.

We also inspected the work performed by component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.

Key audit matters

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

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Valuation of plantations

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

Key audit matter	How the matter was addressed in our audit
Plantations are stated at fair value less costs to sell and are considered to be a Level 3 measure in terms of the fair value measurement hierarchy as established by IFRS 13, Fair Value Measurement (IFRS 13), in conjunction with IAS 41, Agriculture (IAS 41). The valuation of plantations requires complex measurements and involves estimation uncertainty. The key inputs and assumptions involving significant estimation, judgement and having the most significant impact on the fair value of the plantations are: • volume and growth estimations (together as standing tons); and • discount rate for immature timber. Given the complexity and the significant estimation and judgement involved in the determination of the fair value of plantations, this was considered a key audit matter in respect of the consolidated financial statements.	Our team included senior audit team members and valuation specialists, who understand the Group's business and industry. Our audit procedures related to the valuation of plantations included: • Obtaining an understanding of the plantation valuation process and evaluating the design and implementation of the relevant controls over the valuation of the plantations; • Critically evaluating the fair value methodology against the criteria in IAS 41, Agriculture (IAS 41) and IFRS 13 and evaluating the key measurements and assumptions applied by management in determining the fair value of the plantations; • Challenging the consistency, reasonableness and appropriateness of the underlying measurements and assumptions used by comparing to external observable data, where possible, and considering management's historical accuracy in determining these measurements and estimations; and • Assessing the reasonableness of the Group's fair value estimates, and the related sensitivity disclosures, by performing our own sensitivity analysis of the plantation valuations. The results of our procedures were satisfactory and we found the fair value estimate to be acceptable.

Impairment of cash generating units

Refer to note 2.2.21 for the accounting policies applied and note 10 and 14 to the group financial statements

Key audit matter	How the matter was addressed in our audit
The Group operates in cyclical markets and faced challenging macroeconomic conditions in FY25, including restructuring actions in Europe. As required by IAS 36 – <i>Impairment of Assets</i>, management performed an annual impairment assessment for each cash-generating unit (CGU) to test the recoverability of the carrying amounts of property, plant and equipment (PPE) and goodwill. During the year, the Group recognised impairment losses of USD70 million on PPE and USD6 million on goodwill. Management's assessment was based on value-in-use (VIU) calculations using discounted cash flow models, which require significant judgement and involve estimation uncertainty. The most significant assumptions impacting the VIU calculations are: • Revenue and earnings growth rates; and • Pre-tax discount rates, derived from the weighted average cost of capital and adjusted for CGU-specific risks. Given the magnitude of the PPE and goodwill balances, the high level of judgement involved in the VIU models, and the increased estimation uncertainty, impairment of CGUs was considered a key audit matter.	Our team included senior audit team members and valuation specialists, who understand the business and industry. Impairment indicators were identified at the Sappi Europe and Sappi Southern Africa CGUs. For these CGUs, we performed the following audit procedures: • Obtaining an understanding of management's budgeting process and the procedures and controls in place for preparing the impairment assessment. • Evaluating the design and implementation of controls applied by management to confirm that the impairment assessments of the CGU's are appropriately undertaken and reviewed. • Engaging our valuation specialists to independently recalculate the discount rates and assess the appropriateness of management's key assumptions. • With the involvement of our internal valuation specialists; critically evaluating whether the discounted cash flow model used by management to calculate the value-in-use of the CGU is appropriate within the requirements of IAS 36 Impairment of assets. • Evaluating the appropriateness of the key assumptions used in management's determination of the value-in-use of the CGU. • Evaluating the reasonableness of the revenue and earnings growth rates against historic performance, approved budgets, and expected future performance based on industry and entity-specific factors; and • Assessing the reasonableness of the discount rates which are derived from the weighted average cost of capital incorporating risk factors specific to the cash flow, by independently calculating the discount rates and comparing the rates to those used by management. • Testing the mathematical accuracy of the underlying calculation formulas in the VIU model • Performing sensitivity analyses over management's key assumptions regarding the projected future cash flows, and discount rates to evaluate the impact on the VIU and the available headroom. • Evaluating whether the terminal growth rates applied in the impairment models for the Group's cash-generating units were reasonable. This involved benchmarking the rates against relevant external macroeconomic and industry data, including long-term GDP growth forecasts, inflation expectations, and market information, and assessing consistency with internal forecasts. We also considered whether the applied rates were aligned with the growth implicit in the five-year cash flow projections and did not exceed long-term inflation expectations. The results of our procedures were satisfactory and we found the fair value estimate to be acceptable.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "2025 Annual Integrated Report" and in the document titled "2025 Annual Financial Statements for the year ended September 2025", which includes the Group Company Secretary's certificate, the Audit and Risk Committee report and the Directors' Report as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

Independent auditor's report continued

for the year ended September 2025

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

KPMG Inc.

Per Giuseppina Aldrighetti

Chartered Accountant (SA)

Registered Auditor

Director

5 December 2025

Group income statement

for the year ended September 2025

US\$ million	Notes	2025	2024
Revenue	3	5,420	5,458
Cost of sales	4	4,883	4,682
Gross profit		537	776
Selling, general and administrative expenses	4	367	403
Other operating (income) expenses	4	156	191
Share of profit from equity-accounted investees net of tax		8	–
Operating profit	4	6	182
Net finance costs	5	89	67
Finance costs		112	104
Finance income		(15)	(28)
Net foreign exchange gains		(8)	(9)
Profit (Loss) before taxation		(83)	115
Taxation charge	6	94	82
Profit (Loss) for the year		(177)	33
Basic earnings per share (US cents)	7	(29)	6
Weighted average number of ordinary shares in issue (millions)		603.9	582.4
Diluted earnings per share (US cents)	7	(29)	6
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)		607.9	588.2

Group statement of comprehensive income

for the year ended September 2025

US\$ million	Note	2025	2024
Profit (Loss) for the year		(177)	33
Other comprehensive income net of tax	20	(15)	119
Item that will not be reclassified subsequently to profit or loss		16	(1)
Actuarial gains (losses) on post-employment benefit funds		22	1
Tax effect on above item and other tax items		(6)	(2)
Items that may be reclassified subsequently to profit or loss		(31)	120
Exchange differences on translation to presentation currency		(34)	103
Movements in hedging reserves		1	19
Tax effect on above items		2	(2)
Total comprehensive income for the year		(192)	152

Group balance sheet

as at September 2025

US\$ million	Notes	2025	2024
ASSETS			
Non-current assets		4,333	4,208
Property, plant and equipment	10	3,414	3,241
Right-of-use assets	11	103	79
Plantations	12	560	562
Deferred tax assets	13	24	76
Goodwill and intangible assets	14	87	95
Equity-accounted investees	15	12	11
Other non-current assets	16	133	144
Current assets		1,739	1,998
Inventories	17	823	836
Trade and other receivables	18	682	771
Derivative financial instruments	31	6	18
Taxation receivable		9	6
Cash and cash equivalents		219	317
Assets held-for-sale	9	–	50
Total assets		6,072	6,206
EQUITY AND LIABILITIES			
Shareholders' equity		2,308	2,578
Ordinary share capital and share premium	19	808	815
Non-distributable reserves	21	135	124
Foreign currency translation reserve		(247)	(217)
Hedging reserves		(39)	(41)
Retained earnings		1,651	1,897
Non-current liabilities		2,310	2,299
Interest-bearing borrowings	22	1,546	1,537
Lease liabilities	11	96	74
Deferred tax liabilities	13	437	433
Defined benefit liabilities	29	183	207
Other non-current liabilities	23	48	48
Current liabilities		1,454	1,329
Interest-bearing borrowings	22	469	107
Lease liabilities	11	26	21
Overdrafts		2	–
Trade and other payables	24	898	1,110
Provisions	24	40	8
Derivative financial instruments	31	4	17
Taxation payable		15	66
Total equity and liabilities		6,072	6,206

Group statement of cash flows

for the year ended September 2025

US\$ million	Notes	2025	2024
Cash retained from operating activities		88	124
Cash generated from operations	25.1	443	550
– (Decrease) increase in working capital	25.2	(89)	29
– Closure and restructuring costs paid		(7)	(280)
Cash generated from operating activities		347	299
– Finance costs paid	25.3	(91)	(62)
– Lease interest paid		(9)	(7)
– Finance income received		16	28
– Taxation paid	25.4	(90)	(50)
– Dividends paid		(85)	(84)
Cash utilised in investing activities		(457)	(430)
Investment to maintain operations		(175)	(196)
Investment to expand operations		(321)	(262)
Insurance proceeds on fixed assets		1	–
Proceeds on disposal of assets held-for-sale		46	46
Proceeds on disposal of plantations		2	–
Proceeds on disposal of property, plant and equipment	25.5	2	3
Proceeds on disposal of business		–	2
Investment in equity-accounted investees		–	(2)
Increase in intangible assets	14	(5)	(15)
Other non-current asset movements		(7)	(6)
Cash effects of financing activities	25.6	263	4
Proceeds from interest-bearing borrowings		661	297
Repayment of interest-bearing borrowings		(373)	(269)
Capital lease repayments		(25)	(24)
Net movement in cash and cash equivalents		(106)	(302)
Cash and cash equivalents at beginning of year		317	601
Translation effects		8	18
Cash and cash equivalents at end of year		219	317

Group statement of changes in equity

for the year ended September 2025

US\$ million	Number of ordinary shares	Ordinary share capital	Share premium	Ordinary share capital and share premium	Non-distributable reserves	Foreign currency translation reserve	Hedging reserves	Retained earnings	Total equity
Balance – September 2023	558.8	30	649	679	111	(239)	(55)	1,949	2,445
Share-based payments	–	–	–	–	6	–	–	–	6
Transfers of vested share options	1.1	–	–	–	–	–	–	–	–
Translation of parent company's ordinary share capital and share premium	–	3	74	77	–	(77)	–	–	–
Issue of shares	39.5	2	57	59	–	–	–	–	59
Dividend paid	–	–	–	–	–	–	–	(84)	(84)
Profit for the year	–	–	–	–	–	–	–	33	33
Other comprehensive income (loss)	–	–	–	–	7	99	14	(1)	119
Balance – September 2024	599.4	35	780	815	124	(217)	(41)	1,897	2,578
Share-based payments	–	–	–	–	7	–	–	–	7
Transfers of vested share options	5.2	–	–	–	–	–	–	–	–
Translation of parent company's ordinary share capital and share premium	–	–	(7)	(7)	–	7	–	–	–
Dividend paid	–	–	–	–	–	–	–	(85)	(85)
Loss for the year	–	–	–	–	–	–	–	(177)	(177)
Other comprehensive income (loss)	–	–	–	–	4	(37)	2	16	(15)
Balance – September 2025	604.6	35	773	808	135	(247)	(39)	1,651	2,308
Note				19	21				

Notes to the Group Financial Statements

for the year ended September 2025

1. Basis of preparation

The consolidated financial statements of Sappi Limited (the 'company') as at and for the year ended September 2025 comprise the company and its subsidiaries (together referred to as the 'group' and individually as 'group entities' or 'group entity') as well as the group's interests in associates and joint ventures.

The financial statements for the year ended September 2025 have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards), the Financial Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, JSE Listings Requirements and the Companies Act of South Africa.

The Group Annual Financial Statements were authorised for issue by the board of directors on 05 December 2025.

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

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

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

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

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

The group amended its fiscal year from using a 52/53 week year to using calendar month ends at the beginning of the year ended 30 September 2025.

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

Going concern

The group incurred a loss of US\$177 million for the year ended September 2025 (2024: profit of US\$33 million). The loss for the year was primarily due to once-off events, including significant restructuring costs of US\$39 million and impairment losses of US\$76 million (including goodwill), and the write-off of deferred tax assets amounting to US\$52 million. As at September 2025, the group had net current assets of US\$285 million (2024: US\$669 million) and net total assets of US\$2,308 million (2024: US\$2,578 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 financial statements have been prepared on a going-concern basis.

2. Material accounting policies

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

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

2.1 Judgement assumptions and estimation uncertainties

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies

2.2.1 Foreign currencies

(i) Functional and presentation currency

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

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

(ii) Transactions and balances

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

(iii) Foreign operations

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

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

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

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

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

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

	2025	2024
Period-end rate		
US\$1 = ZAR	17,2722	17,1162
EUR1 = US\$	1,1727	1,1164
Annual average rate		
US\$1 = ZAR	18,0678	18,5357
EUR1 = US\$	1,1057	1,0843

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.2 Group accounting

(i) Business combinations

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

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

(ii) Subsidiaries

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

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

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

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

Where there are indicators of impairment, the entire carrying amount of the investment, including goodwill, is tested for impairment as a single asset by comparing its recoverable amount (higher of value-in-use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised, which the group records in other operating expenses in profit or loss, is deducted from the carrying amount of the investment. Any reversal of an impairment loss increases the carrying amount of the investment to the extent recoverable, but not higher than the historical amount.

2.2.3 Financial instruments

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) Classification and subsequent measurement

Financial assets

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(iii) Classification and subsequent measurement continued

Financial assets continued

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

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

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

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

Financial assets – Business model assessment

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

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

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

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

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

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

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

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

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

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(iii) Classification and subsequent measurement continued

Financial assets – Subsequent measurement and gains and losses

- **Financial assets at FVTPL**

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

- **Financial assets at amortised cost**

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

- **Debt investments at FVOCI**

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

- **Equity investments at FVOCI**

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

Financial liabilities

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

(iv) **Embedded derivatives**

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

(v) **Derecognition**

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

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

(vi) **Impairment of financial assets**

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.3 Financial instruments continued

(vi) Impairment of financial assets continued

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

(vii) Finance income and finance costs

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

(viii) Offsetting

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

2.2.4 Government grants

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

2.2.5 Intangible assets

(i) Research activities

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

(ii) Development activities

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

(iii) Brands, customer relationships and customer technology

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

(iv) Other intangible assets

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

2.2.6 Inventories

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

Cost is determined on the following basis:

Classification	Cost formula
Finished goods	First-in first-out (FIFO)
Raw materials, work-in-progress and consumable stores	Weighted average
Cost of items that are not interchangeable	Specific identification inventory valuation basis

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

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.7 Leases

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

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

As a lessee

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

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

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

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

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

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

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.7 Leases continued

Short-term leases and leases of low-value assets

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

2.2.8 Segment reporting

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

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

2.2.9 Borrowing costs

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

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

2.2.10 Revenue

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

2.2.11 Emission trading

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

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

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

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

2.2.12 Cash and cash equivalents

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

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.13 Goodwill

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

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

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

2.2.14 Share-based payments

(i) Equity-settled share-based payment transactions

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

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

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

(ii) Measurement of fair value of equity instruments granted

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

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

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

2.2.15 Derivatives and hedge accounting

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

(i) Fair value hedges

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

(ii) Cash flow hedges

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

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.15 Derivatives and hedge accounting continued

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

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

(iv) Discontinuance of hedge accounting

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

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

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

2.2.16 Provisions

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

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

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

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

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

Refer to note 24 for the nature of provisions recorded.

2.2.17 Environmental restoration and decommissioning obligations

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

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

2.2.18 Short-term employee benefits

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

2.2.19 Share capital

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

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.20 Assets held-for-sale

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

2.2.21 Impairment of assets other than goodwill and financial instruments

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

In assessing assets for impairment, the group estimates the asset's value-in-use based on its useful life, future cash flows based on management's five-year plan, including appropriate bases for future product pricing in the appropriate markets, raw material and energy costs, volumes of product sold, the planned use of machinery or equipment or closing of facilities and the long-term growth rate. The pre-tax discount rate (impairment discount factor) is another sensitive input to the calculation. The pre-tax real discount rates used for impairment testing ranged from 8.32% to 12.64% (2024: 6.56% to 12.38%). The group assessed its CGUs for impairment and for its impacted European operations, a 1% change in the discount rate would have impacted the impairment charge by US\$45 million. Likewise, a 1% change in the growth rate would have impacted the impairment charge by US\$33 million. These assumptions reflect past experience and are consistent with external sources of information. For an asset whose cash flows are largely dependent on those of other assets, the recoverable amount is determined for the CGU to which the asset belongs. Additionally, where required, assets are also assessed against their fair value less costs of disposal. In cases where a revision to CGUs are required, the following key considerations are taken into account: (1) revenue separation, (2) assets separation, and (3) management's monitoring and decision-making in respect of assets and operations. There were no changes in the identification of CGUs in the current year.

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

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

2.2.22 Property, plant and equipment

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

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

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

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

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

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.23 Taxation

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

(i) Current taxation

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

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

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

(ii) Deferred taxation

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

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

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

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

(iii) Dividend withholding tax

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

2.2.24 Plantations

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

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

• Selling prices and costs to sell

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

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

2. Material accounting policies continued

2.2 Summary of material accounting policies continued

2.2.24 Plantations continued

- Discount rate

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

- Volume and growth estimations

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

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

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

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

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

2.2.25 Post-employment benefits

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

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

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

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

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

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

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

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

2. Material accounting policies continued

2.3 Adoption of accounting standards in the current year

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

- IAS 1 *Classification of Liabilities as Current or Non-Current*
- IFRS 16 *Lease Liability in a Sale and Leaseback*
- IAS 1 *Non-current Liabilities with Covenants*
- IAS 7 and IFRS 7 *Supplier Finance Arrangements*.

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

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

- IAS 21 *Lack of Exchangeability* – September 2026
- Annual Improvements to IFRS Accounting Standards – Volume 11 – September 2027
- IFRS 7 and IFRS 9 amendments regarding the classification and measurement of financial instruments – September 2027
- IFRS 18 *Presentation and Disclosures in Financial Statements* – September 2028
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* – September 2028.

3. Segment information

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

The group's revenue from contracts with customers is comprised mostly of the sale of dissolving pulp, paper pulp, coated paper and speciality paper in North America; coated, uncoated and speciality paper in Europe as well as dissolving pulp, paper pulp, and uncoated and commodity paper in Southern Africa. Revenue is recognised at a point in time when the goods are delivered to the customer. Customer payment terms do not contain significant financing components. Sappi acts as an agent for the fulfilment of shipping activities and as there is no margin earned on the shipping of the goods, the net revenue recognised for shipping is ZARnil (2024: ZARnil).

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

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

3. Segment information continued

	North America		Europe		Southern Africa		Unallocated and eliminations ⁽³⁾		Group	
US\$ million	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Income statement										
Total sales ⁽⁴⁾	1,792	1,791	2,371	2,446	1,485	1,435	–	–	5,648	5,672
Intersegmental sales	(61)	(68)	(131)	(125)	(36)	(21)	–	–	(228)	(214)
External sales ^{(1) (4)}	1,731	1,723	2,240	2,321	1,449	1,414	–	–	5,420	5,458
Operating profit (loss) excluding special items	28	110	(36)	33	169	252	15	12	176	407
Special items – (gains) losses ⁽²⁾	3	12	120	158	25	20	22	35	170	225
Operating profit (loss) by segment	25	98	(156)	(125)	144	232	(7)	(23)	6	182
Adjusted EBITDA ⁽²⁾	133	201	64	129	288	340	16	14	501	684
Plantation fair value price adjustment ⁽²⁾	–	–	–	–	(22)	1	–	–	(22)	1
EBITDA excluding special items ⁽²⁾	133	201	64	129	266	341	16	14	479	685
Cost of sales	(1,597)	(1,631)	(2,079)	(1,965)	(1,200)	(1,080)	(7)	(6)	(4,883)	(4,682)
Raw materials, energy and other direct input costs ⁽⁵⁾	(867)	(806)	(1,295)	(1,320)	(703)	(633)	–	–	(2,865)	(2,759)
Selling, general and administrative expenses	(106)	(132)	(201)	(202)	(80)	(88)	20	19	(367)	(403)
Share of profit of equity-accounted investees net of tax	–	–	–	–	9	–	(1)	–	8	–
Depreciation and amortisation	(105)	(91)	(100)	(96)	(97)	(89)	(1)	(2)	(303)	(278)
Asset impairment reversals (impairments)	(4)	(5)	(61)	29	(5)	–	–	–	(70)	24
(Reversal of loss) profit on disposal of held-for-sale assets	–	–	–	10	–	–	–	–	–	10
Write down of held-for-sale assets	–	–	(4)	–	–	–	–	–	(4)	–
Profit (Loss) on disposal and written off assets	–	–	(1)	(2)	(8)	(2)	(1)	1	(10)	(3)
Fire, flood, storm and other events ⁽⁶⁾	(1)	(7)	(18)	(65)	(12)	(49)	(5)	(6)	(36)	(127)
Fellings	–	–	–	–	(70)	(73)	–	–	(70)	(73)
Plantation fair value adjustment	–	–	–	–	70	108	–	–	70	108
Net restructuring provisions	–	–	(39)	(134)	–	–	–	–	(39)	(134)
Finance costs	(5)	(4)	(5)	(6)	(18)	(20)	(84)	(74)	(112)	(104)
Finance income	–	–	–	–	10	10	5	18	15	28
Employment costs	(320)	(324)	(455)	(478)	(183)	(177)	(53)	(56)	(1,011)	(1,035)
Balance sheet										
Capital expenditures	267	234	112	151	98	96	10	9	487	490
Net operating assets ⁽²⁾	1,744	1,494	1,245	1,263	1,851	1,867	32	(12)	4,872	4,612
Property, plant and equipment	1,251	1,079	966	953	1,158	1,175	39	34	3,414	3,241

Notes to the Group Financial Statements continued

for the year ended September 2025

3. Segment information continued

Reconciliation of operating profit excluding special items to operating profit (loss) by segment:

	North America		Europe		Southern Africa		Unallocated and eliminations ⁽³⁾		Group	
US\$ million	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Operating profit (loss) excluding special items	28	110	(36)	33	169	252	15	12	176	407
Special items – gains (losses) ⁽²⁾	(3)	(12)	(120)	(158)	(25)	(20)	(22)	(35)	(170)	(225)
Operating profit (loss) by segment	25	98	(156)	(125)	144	232	(7)	(23)	6	182

Special items cover those items which management believe are material by nature or amount to the operating results and require separate disclosure.

Reconciliation of Adjusted EBITDA and operating profit (loss) excluding special items to profit (loss) for the period:

	North America		Europe		Southern Africa		Unallocated and eliminations ⁽³⁾		Group	
US\$ million	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Adjusted EBITDA ⁽²⁾	133	201	64	129	288	340	16	14	501	684
Plantation fair value price adjustment	–	–	–	–	(22)	1	–	–	(22)	1
EBITDA excluding special items ⁽²⁾	133	201	64	129	266	341	16	14	479	685
Depreciation and amortisation	(105)	(91)	(100)	(96)	(97)	(89)	(1)	(2)	(303)	(278)
Operating profit (loss) excluding special items	28	110	(36)	33	169	252	15	12	176	407
Special items – gains (losses) ⁽²⁾	(3)	(12)	(120)	(158)	(25)	(20)	(22)	(35)	(170)	(225)
Net restructuring provisions									(39)	(134)
Profit (Loss) on disposal and written off assets									(10)	(3)
Goodwill impairment									(6)	–
Asset impairment reversals (impairments)									(70)	24
Profit (Loss) on disposal of held-for-sale assets									–	10
Write down of held-for-sale assets									(4)	–
Written off other assets and expenses									(8)	–
Insurance recoveries									3	5
Fire, flood, storm and other events									(36)	(127)
Segment operating profit (loss)	25	98	(156)	(125)	144	232	(7)	(23)	6	182
Net finance costs									(89)	(67)
Profit (Loss) before taxation									(83)	115
Taxation charge									(94)	(82)
Profit (Loss) for the year									(177)	33

3. Segment information continued

Reconciliation of segment assets to total assets:

	Group	
US\$ million	2025	2024
Net operating assets ⁽²⁾	4,872	4,612
Deferred tax assets	24	76
Cash and cash equivalents	219	317
Trade and other payables	898	1,110
Provisions	40	8
Derivative financial instruments	4	17
Taxation payable	15	66
Total assets	6,072	6,206

In addition to regularly reviewing separate financial information by reportable segment, the Chief Operating Decision-maker also reviews certain financial information by major product category which is shown below.

	Group	
US\$ million	2025	2024
Sales		
Pulp	1,162	1,169
Packaging and speciality papers	1,814	1,697
Graphic papers	2,372	2,527
Forestry	72	65
Total	5,420	5,458
Operating profit excluding special items		
Pulp	115	171
Packaging and speciality papers	(39)	66
Graphic papers	85	158
Unallocated and eliminations ⁽³⁾	15	12
Total	176	407
Adjusted EBITDA		
Pulp	228	284
Packaging and speciality papers	65	127
Graphic papers	192	259
Unallocated and eliminations ⁽³⁾	16	14
Total	501	684

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

⁽²⁾ Refer to the definitions below.

⁽³⁾ Includes the group's treasury operations and insurance captive.

⁽⁴⁾ Revenue is presented net of delivery costs where Sappi acts as an agent in the fulfilment of shipping and handling performance obligations. The comparative period has been adjusted.

⁽⁵⁾ The classification of certain by-product sales has changed in the current year. Accordingly, a portion of prior-year by-product sales totalling US\$92 million has been reclassified from the fixed to the variable portion within cost of sales. Management concluded that this presentation more appropriately reflects the nature of by-product sales and their direct relationship with production activity. The prior period has been presented in line with this change.

By region (2024): North America – US\$20 million; Europe – US\$51 million; Southern Africa – US\$20 million.

⁽⁶⁾ Fire, flood, storm and related events have been disclosed by segment in the current year in line with the IFRIC 14 agenda decision published in July 2024. The comparative period has been presented in line with this change.

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

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

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

Special items – special items cover those items which management 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.

Notes to the Group Financial Statements continued

for the year ended September 2025

4. Operating profit

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

	2025		2024	
US\$ million	Cost of sales	Selling, general and administrative expenses	Cost of sales	Selling, general and administrative expenses
Raw materials, energy and other direct input costs	2,865	–	2,759	–
Wood (includes growth and felling adjustments) ⁽¹⁾	852	–	714	–
Energy	532	–	530	–
Chemicals	830	–	823	–
Pulp	555	–	580	–
Other variable costs	96	–	112	–
Plantation fair value price adjustment	22	–	(1)	–
Employment costs	831	180	839	196
Depreciation	273	24	251	22
Delivery charges	476	–	449	–
Maintenance	255	–	235	–
Other overheads ⁽⁷⁾	161	–	150	–
Marketing and selling expenses	–	65	–	69
Administrative and general expenses	–	98	–	116
	4,883	367	4,682	403

	2025	2024
Silviculture costs (included within cost of sales)	75	71
Auditors' remuneration – financial statement audits ⁽²⁾	5	5
Research and development costs	44	42
Amortisation	6	5
Cost on derecognition of loans and receivables ⁽³⁾	18	22
Asset (impairment reversal) impairments ⁽⁴⁾	70	(24)
Goodwill impairment ⁽⁴⁾	6	–
Write-down of held-for-sale assets	4	–
(Profit) Loss on disposal of held-for-sale assets	–	(10)
Insurance recoveries	(3)	(5)
Allowance for credit losses	4	6
Loss (Profit) on disposal and written-off assets	10	3
Net restructuring charge ⁽⁵⁾	39	134
Fire, flood, storm and other events ⁽⁶⁾	36	127
Employment costs consist of	1,011	1,035
Wages and salaries	926	962
Defined contribution plan expense (refer to note 29)	38	26
Defined benefit pension plan expense (refer to note 29)	9	10
Other defined benefit plan expense	1	1
Share-based payment expense	7	6
Other	30	30

⁽¹⁾ Includes changes in plantation volumes.

Fellings
Growth

70
(93)

73
(107)

⁽²⁾ Other audit services amounted to US\$138,000 (2024: US\$120,000) which comprised agreed upon procedures ISRS 4400, independent reviews ISRE 2400 and ESG services.

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

⁽⁴⁾ Amid a deteriorating macroeconomic environment, the group recognised impairment losses of US\$7 million at Kirkniemi Mill, US\$5 million at Alfeld Mill, US\$4 million at Westbrook Mill, and US\$5 million at Ngodwana Mill. A further US\$55 million impairment, including related goodwill of US\$6 million, was recognised for the mechanical coated, packaging and speciality paper CGUs within the group's European operations.

⁽⁵⁾ Restructuring costs of US\$39 million were raised in the fourth quarter within our European operations.

⁽⁶⁾ Included in fire, flood, storm and other events for the year ended September 2025 are Lanaken Mills closure costs of US\$6 million, written off spare parts and machine clothing of US\$4 million related to the Alfeld and Kirkiniemi asset impairments, business interruption claims of US\$14 million, fire damaged timber written off of US\$4 million and corporate project costs of US\$4 million.

⁽⁷⁾ The classification of certain by-product sales has changed in the current year. Accordingly, a portion of prior-year by-product sales totalling US\$92 million has been reclassified from the fixed to the variable portion within cost of sales. Management concluded that this presentation more appropriately reflects the nature of by-product sales and their direct relationship with production activity. The current period has been presented in line with this change.

5. Net finance costs

US\$ million	2025	2024
Interest and other finance costs on liabilities carried at amortised cost	109	100
Interest on redeemable bonds and other loans	100	93
Interest cost on lease liabilities	9	7
Net interest on employee benefit liabilities	3	4
Finance costs	112	104
Finance income received on assets carried at amortised cost	(15)	(28)
Interest income on bank accounts	(9)	(10)
Interest income on other loans and investments	(6)	(18)
Net foreign exchange gains	(8)	(9)
	89	67

6. Taxation charge

US\$ million	2025	2024
Current taxation		
Current year	41	71
Prior year	–	7
Deferred taxation		
Current year ⁽⁶⁾	55	22
Prior year	(2)	(18)
	94	82
Reconciliation of the tax rate		
Profit before taxation	(83)	115
Profit-making regions	166	352
Loss-making regions	(249)	(237)
Taxation at the average statutory tax rate	(18)	19
Profit-making regions at 25% (2024: 26%)	42	90
Loss-making regions at 24% (2024: 30%)	(60)	(71)
Non-taxable income ⁽¹⁾	(6)	–
Special tax allowances	(1)	(3)
Non-deductible expenditure ⁽²⁾	16	17
No tax relief on losses ⁽³⁾	51	33
Closure and sale of Lanaken Mill ⁽⁴⁾	–	31
No tax charge on profits	(1)	(5)
Derecognition of deferred tax assets	55	7
Recognition of deferred tax assets	–	(6)
Prior year adjustments ⁽⁵⁾	(2)	(11)
Taxation (relief) charge	94	82
Effective tax rate for the year	(113%)	71%

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

⁽²⁾ This includes mainly provisions for uncertain tax positions, non-deductible interest and capital investment write-offs in South Africa.

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

⁽⁴⁾ Relates to Lanaken Mill for fiscal 2024.

⁽⁵⁾ The prior year adjustments in 2024 primarily relate to Sappi International SA being added to the tax group.

⁽⁶⁾ The group wrote down US\$52 million in deferred tax assets within its European region following a revision of the long-term forecast for the region.

In addition to income taxation charges to profit or loss, a taxation relief of US\$7 million (2024: US\$2 million relief) has been recognised directly in other comprehensive income (refer to note 13).

The group is subject to the global minimum top-up tax under Pillar Two tax legislation. The group recorded a US\$1 million current tax charge.

Notes to the Group Financial Statements continued

for the year ended September 2025

7. Earnings per share

Basic earnings per share (EPS)

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

	2025			2024		
	Profit US\$ million	Shares million	EPS US cents	Profit US\$ million	Shares million	EPS US cents
Basic EPS calculation	(177)	603.9	(29)	33	582.4	6
Share awards	–	4.0	–	–	5.8	–
Diluted EPS calculation	(177)	607.9	(29)	33	588.2	6

Headline earnings per share⁽¹⁾

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

Reconciliation between attributable earnings to ordinary shareholders and headline earnings:

	2025			2024		
US\$ million	Gross	Tax	Net	Gross	Tax	Net
Attributable earnings to ordinary shareholders	(83)	94	(177)	115	82	33
Asset impairments	70	4	66	(24)	1	(25)
Goodwill impairment	6	–	6	–	–	–
Write-down of held-for-sale assets	4	–	4	–	–	–
(Profit) Loss on disposal of held-for-sale assets	–	–	–	(10)	–	(10)
(Profit) Loss on disposal and write-off of assets	10	–	10	3	(4)	7
Headline earnings	7	98	(91)	84	79	5
Weighted average number of ordinary shares in issue (millions)	603.9					582.4
Headline earnings per share (US cents)	(15)					1
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)	607.9					588.2
Diluted headline earnings per share (US cents)	(15)					1

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

7. Earnings per share continued

Headline earnings per share⁽¹⁾ continued

Adjusted EPS

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

	2025			2024		
US\$ million	Gross	Tax	Net	Gross	Tax	Net
Attributable earnings to ordinary shareholders	(83)	94	(177)	115	82	33
Special items and plantation fair value price adjustment	192	20	172	224	18	206
Tax special items	–	(52)	52	–	1	(1)
Adjusted EPS	109	62	47	339	101	238
Weighted average number of ordinary shares in issue (millions)			603.9			582.4
Adjusted EPS (US cents)			8			41
Weighted average number of ordinary shares in issue on a fully diluted basis (millions)			607.9			588.2
Diluted Adjusted EPS (US cents)			8			40

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

8. Dividends

No dividends were declared for the current year (2024: 14 US cents per share).

9. Assets held-for-sale

US\$ million	2025	2024
Property, plant and equipment	–	41
Inventories	–	8
Trade and other receivables	–	1
Assets held-for-sale	–	50

During the year ended September 2025 the group sold items of property, plant and equipment classified as held-for-sale related to the closure of our Lanaken Mill within our European segment for US\$43 million (EUR40 million) for US\$nil profit. The remaining held-for-sale assets were written down by US\$4 million (EUR4 million) to their fair value less costs to sell and sold for US\$1 million (EUR1 million) for US\$nil profit. In March 2025, the group transferred US\$2 million into held-for-sale assets relating to its Lomati Mill within its South African segment and which were sold in September 2025 for US\$nil profit.

Notes to the Group Financial Statements continued

for the year ended September 2025

10. Property, plant and equipment

US\$ million	2025	2024
Land and buildings ⁽¹⁾		
At cost	1,439	1,331
Accumulated depreciation and impairments	(949)	(874)
	490	457
Plant and equipment ⁽²⁾		
At cost	7,966	7,260
Accumulated depreciation and impairments	(5,204)	(5,026)
	2,762	2,234
Assets under construction		
At cost	162	550
	162	550
Aggregate cost	9,567	9,141
Aggregate accumulated depreciation and impairments	(6,153)	(5,900)
Aggregate book value	3,414	3,241

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

US\$ million	Land and buildings	Plant and equipment	Assets under construction	Total
Net carrying value at September 2023	472	2,105	309	2,886
Additions	31	137	322	490
Disposals	–	(5)	(1)	(6)
Depreciation	(30)	(218)	–	(248)
Impairments	(2)	–	(1)	(3)
Impairment reversals	–	33	–	33
Transfers from assets under construction to PPE	–	94	(94)	–
Transfers from assets held-for-sale	(42)	(36)	–	(78)
Translation differences	28	124	15	167
Net carrying value at September 2024	457	2,234	550	3,241
Additions	76	362	48	486
Disposals	(1)	(9)	–	(10)
Depreciation	(32)	(237)	–	(269)
Impairments ⁽³⁾	(18)	(50)	(2)	(70)
Transfer from assets under construction to PPE	–	436	(436)	–
Translation differences	9	25	2	36
Net carrying value at September 2025	491	2,761	162	3,414

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

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

⁽³⁾ Due to a deteriorating macroeconomic environment, the group impaired property, plant and equipment at its Kirkniemi Mill of US\$7 million, Alfeld Mill of US\$5 million, Westbrook Mill of US\$4 million, Ngodwana Mill of US\$5 million and a further impairment of US\$55 million, including related goodwill of US\$6 million, for our mechanical coated and packaging and specialties CGUs with our European operations. The CGU impairments were based on value-in-use using real pre-tax discount rates of 9.42% for Europe, 8.32% for North America and 12.64% for South Africa. These impairment amounts are included in Other operating expenses in the income statement.

11. Right-of-use assets

US\$ million	Land and buildings	Plant and equipment ⁽¹⁾	Total
Net carrying value at September 2023	42	27	69
Additions and remeasurements	16	18	34
Depreciation	(13)	(12)	(25)
Impairments	–	(2)	(2)
Transfers to assets held-for-sale	2	1	3
Net carrying value at September 2024	47	32	79
Additions and remeasurements	36	16	52
Disposals	–	(1)	(1)
Depreciation	(15)	(13)	(28)
Translation differences	–	1	1
Net carrying value at September 2025	68	35	103

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

US\$ million	2025	2024
Amounts recognised in profit (loss)		
Interest on lease liabilities	9	7
Expenses related to short-term and low-value asset leases	7	5
Amounts recognised in the statement of cash flows		
Capital lease payments	(25)	(24)

12. Plantations

US\$ million	2025	2024
Fair value of plantations at beginning of year	562	488
Additions	8	1
Gains arising from growth	93	107
Fire, flood, storms and related events	(2)	(18)
In-field inventory	–	2
(Loss) Gain arising from fair value price changes	(22)	1
Harvesting – agriculture produce (fellings)	(70)	(73)
Disposals	(2)	–
Translation differences	(7)	54
Fair value of plantations at end of year	560	562

The group has 405 103 hectares (2024: 401 085 hectares) of owned and leased land available for forestry activities. 140 828 hectares (2024: 139 505 hectares) are set aside for conservation activities. The balance of 264 274 hectares (2024: 261 580 hectares) are under afforestation which forms the basis of the valuation set out above.

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

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

- A market trend-related fair value price that closely approximates the spot fair value price. At year-end the gross weighted average timber price was US\$55 per ton (2024: US\$54 per ton) and the costs to sell was US\$36 per ton (2024: US\$36 per ton)
- A real pre-tax discount rate of 12.64% was used for immature timber (2024: 12.38%)
- Approximately 30 million standing tons of timber (2024: 29 million standing tons) were valued
- The average annual growth is measured at approximately 17 tons (2024: 17 tons) of timber per hectare.

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

Notes to the Group Financial Statements continued

for the year ended September 2025

12. Plantations continued

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

US\$ million	2025	2024
Increase (decrease)		
Effect of 1% increase in gross selling price	6	5
Effect of 1% increase in costs to sell	(4)	(4)
Effect of 1% increase in net selling price	2	2
Effect of 1% increase in discount rate	(2)	(3)
Effect of 1% increase in volume	6	6
Effect of 1% increase in rate of growth	1	2

Climate change

Climate change will have an unavoidable effect on our business in the form of transitional, reputational and physical impacts. The latter includes the frequency and intensity of forest disturbances such as wildfires and extreme storms. This, in turn, could reduce forest productivity and change the distribution of tree species. The impact of climate change on our supply chain and operations, including the availability of water, raw materials and the wood supply, may adversely impact our business.

To mitigate the above risks, the group invests in fire, pests and disease prevention protocols in South Africa, as well as site species matching to withstand abnormal weather events and reduce our water footprint in this region. In addition, the group can source pulp and woodfibre from a variety of sources and regions.

13. Deferred tax

	2025		2024	
US\$ million	Assets	Liabilities	Assets	Liabilities
Other liabilities, accruals and prepayments	(16)	11	(16)	16
Inventory	–	12	–	10
Tax losses	78	55	122	10
Property, plant and equipment	(22)	(399)	(18)	(354)
Plantations	–	(152)	–	(151)
Other non-current assets	(25)	(1)	(21)	3
Other non-current liabilities	9	37	9	33
	24	(437)	76	(433)

Negative asset and liability positions

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

Deferred tax assets recognised on the balance sheet

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

Unrecognised deferred tax assets

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

13. Deferred tax continued

US\$ million	2025	2024
Unrecognised deferred tax assets relate to the following:		
Net deductible temporary differences	34	23
Tax losses	507	596
	541	619
Attributable to the following tax jurisdictions:		
Austria	339	279
Belgium	4	196
Canada	2	1
Finland	22	1
Germany	90	70
The Netherlands	72	62
United Kingdom	12	10
	541	619
Expiry between one and five years	–	–
Expiry after five years	10	1
Indefinite life	531	618
	541	619
The following table shows the movement in the unrecognised deferred tax assets for the year:		
Balance at beginning of year	619	500
No tax relief on losses	51	33
No tax charge on profits	(1)	(5)
Derecognition of deferred tax assets	55	7
Recognition of deferred tax assets	–	(6)
Closure and restructuring charges ⁽¹⁾	(191)	59
Prior year adjustments	(16)	–
Movement in foreign exchange rates	24	31
Balance at end of year ⁽¹⁾	541	619

⁽¹⁾ Includes amounts relating to prior years. In 2024, the balance of unrecognised deferred tax assets includes US\$191 million relating to Lanaken.

US\$ million	2025	2024
Reconciliation of deferred tax		
Deferred tax balances at beginning of year		
Deferred tax assets	76	75
Deferred tax liabilities	(433)	(394)
	(357)	(319)
Deferred tax (charge) relief for the year	(53)	(4)
Other liabilities, accruals and prepayments	(2)	12
Inventory	2	–
Tax losses	(7)	(18)
Property, plant and equipment	(52)	(11)
Plantations	(2)	(5)
Other non-current assets	(6)	10
Other non-current liabilities	14	8
Amounts recorded directly in other comprehensive income	(7)	(2)
Translation differences	4	(32)
Deferred tax balances at end of year	(413)	(357)
Deferred tax assets	24	76
Deferred tax liabilities	(437)	(433)

Notes to the Group Financial Statements continued

for the year ended September 2025

14. Goodwill and intangible assets

	2025				
US\$ million	Goodwill	Customer relationships	Customer Technology	Other ⁽¹⁾	Total
Net carrying amount at beginning of year	55	15	3	22	95
Additions	–	–	–	13	13
Amortisation	–	(5)	–	(1)	(6)
Derecognition	–	–	–	(9)	(9)
Impairment	(6)	–	–	–	(6)
Translation differences	(1)	2	–	(1)	–
Net carrying amount	48	12	3	24	87
Gross carrying amount	54	56	6	27	143
Accumulated amortisation and impairments	(6)	(44)	(3)	(3)	(56)
Net carrying amount	48	12	3	24	87

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

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

Goodwill related to our specialities CGU within our European operations was impaired during the year. A discount rate of 9.42% and a terminal growth of 2% was used. The remaining goodwill is attributable to the hybrid woodfree CGU of US\$3 million (2024: US\$3 million) in our European segment and high yield pulp of US\$45 million (2024: US\$46 million) in our North American segment. The goodwill has been assessed for impairment by comparing the carrying amount against the recoverable amount. The recoverable amount is based on value-in-use determined on the same basis as described in note 2.2.13. The real pre-tax discount rate used in the value-in-use calculation for goodwill attributable to the goodwill in the North American segment was 8.32% (2024: 7.84%) and the terminal growth rate was 0.92% (2024: 0.54%).

15. Equity-accounted investees

	2025	2024
Group's share of carrying amount of equity-accounted investees		
Forest First Colombia S.A.S	9	9
Other equity-accounted investees	3	2
	12	11

Dividends received from equity-accounted investees for the 2025 financial year were US\$nil million (2024: US\$nil million).

Forest First Colombia S.A.S

The group owns 22.4% of Forest First Colombia S.A.S, a private company incorporated in Columbia. Forest First Colombia S.A.S is a sustainable forestry company engaged in the establishment, management and operation of commercial forest plantations and associated conservation areas in the department of Vichada, Columbia. The financial statements of Forest First Colombia S.A.S are to 31 December of each year. The audited annual financial statements are prepared in accordance with information standards accepted in Colombia, set forth by Law 1314 of 2009 as a translation of the International Financial Reporting Standards (IFRS) authorised by the International Accounting Standards Board (IASB) at 31 December 2014, and are used to account for the joint venture's income to Sappi's year-end. The financial information for Forest First Colombia S.A.S is not material.

Details of other equity-accounted investees

The group has entered into various joint venture agreements primarily for the purchase of wood and wood chips, and the conversion of biomass into fuel and energy products for the common benefit of the venturers. The financial information for the joint ventures are not in aggregate or individually material.

16. Other non-current assets

US\$ million	2025	2024
Investment funds	5	5
Defined benefit pension plan assets (refer to note 29)	88	97
Advances to tree growers	4	4
Equity investees loans	31	32
Other non-financial assets	2	3
Prepaid insurance premiums	3	3
	133	144

17. Inventories

US\$ million	2025	2024
Raw materials	204	202
Work-in-progress	59	61
Finished goods	387	411
Consumable stores and spares	173	162
	823	836

The charge to the group income statement relating to the write-down of inventories to net realisable value amounted to US\$11 million (2024: US\$4 million). There were no reversals of any inventory write-downs for the periods presented.

The cost of inventories recognised as an expense and included in cost of sales amounted to US\$4,377 million (2024: US\$4,241 million).

Notes to the Group Financial Statements continued

for the year ended September 2025

18. Trade and other receivables

US\$ million	2025	2024
Trade receivables, gross	570	627
Allowance for credit losses	(12)	(12)
Trade accounts receivable, net	558	615
VAT receivable ⁽¹⁾	42	52
Prepayments and other receivables	82	104
	682	771

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

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

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

Trade receivables (including securitised trade receivables) represent 11.8% (2024: 13.2%) of turnover.

18.1 Reconciliation for the allowance of credit losses

US\$ million	2025	2024
Balance at beginning of year	12	17
Raised during the year	4	6
Released during the year	(3)	(9)
Utilised during the year	(2)	(3)
Translation differences	1	1
Balance at end of year	12	12

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

18.2 Analysis of amounts past due September 2025

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

US\$ million	Not impaired	Impaired	Total
Less than seven days overdue	8	–	8
Between seven and 30 days overdue	6	–	6
Between 30 and 60 days overdue	1	–	1
More than 60 days overdue	1	12	13
	16	12	28

September 2024

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

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

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

18. Trade and other receivables continued

18.3 Trade receivables securitisation

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

On-balance sheet structure

The group operates an on-balance sheet securitisation programme with UniCredit Bank AG which ends in January 2028. This programme has a limit of US\$328 million (EUR280 million). The trade receivables sold in terms of this programme are disclosed on the group balance sheet together with a corresponding liability.

At financial year-end, trade receivables with a value of US\$304 million (2024: US\$371 million) have been pledged as collateral for amounts received as funding under the programme of US\$243 million (2024: US\$293 million). The group is restricted from selling or repurchasing the trade receivables that have been pledged as collateral for this liability. For more detail on this programme, refer to note 22.

Off-balance sheet structures

Southern African securitisation facility

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

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

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

The total amount of trade receivables sold at the end of September 2025 amounted to US\$70 million (2024: US\$95 million).

Details of the securitisation programme at the end of the 2025 and 2024 financial years are disclosed in the table below:

Bank	Currency	Value	Facility ⁽¹⁾	Discount charges
2025				
Rand Merchant Bank Limited	ZAR	ZAR1,202 million	Unlimited	Linked to three-month JIBAR
2024				
Rand Merchant Bank Limited	ZAR	ZAR1,618 million	Unlimited	Linked to three-month JIBAR

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

Letters of credit discounting

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

The total charge related to this discounting amounted to US\$13 million (2024: US\$15 million).

Notes to the Group Financial Statements continued

for the year ended September 2025

18. Trade and other receivables continued

18.4 Concentration of credit risk

A significant portion of the group's sales and trade receivables are from a small number of customers. One of the group's significant customers represented more than 10% of sales and trade receivables during the year ended September 2025 (2024: one). Where appropriate, credit insurance has been taken out over the group's trade receivables.

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

At balance sheet date, the carrying amount of US\$573 million (2024: US\$627 million) represents the group's maximum credit risk exposure from trade receivables.

Other receivables do not represent any significant credit exposure.

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

Threshold	2025			2024		
	Number of customers	US\$ million	Percentage	Number of customers	US\$ million	Percentage
Greater than US\$10 million	6	94	17	5	147	24
Between US\$5 million and US\$10 million	10	61	11	7	41	7
Less than US\$5 million	2,048	403	72	2,147	427	69
	2,064	558	100	2,159	615	100

Refer to note 32 for further details on credit risk.

19. Ordinary share capital and share premium

	2025		2024	
	Number of shares	US\$ million	Number of shares	US\$ million
Authorised share capital				
Ordinary shares of ZAR1 each	725,000,000		725,000,000	
Issued share capital				
Fully paid ordinary shares of ZAR1 each	604,641,463	35	602,291,463	35
Treasury shares	(59,008)	–	(2,872,523)	–
Share premium	–	773	–	780
	604,582,455	808	599,418,940	815

The movement in ordinary share capital and share premium is reconciled as follows:

Opening balance	815	679
Issue of shares ⁽¹⁾	–	59
Translation movements	(7)	77
Closing balance	808	815

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

19. Ordinary share capital and share premium continued

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

Number of shares	2025	2024
Ordinary treasury shares:		
Opening balance	2,872,523	3,913,297
Issuance of treasury shares	2,350,000	–
Treasury shares issued to participants	(5,163,515)	(1,040,774)
Plan shares (refer to note 30)	(5,163,515)	(1,040,774)
Closing balance	59,008	2,872,523

Capital risk management

The capital structure of the group consists of:

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

The objectives of the group in managing capital are:

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

The group monitors its gearing through a ratio of net debt (interest-bearing borrowings and leased liabilities, bank overdrafts less cash and cash equivalents) to total capitalisation (shareholders' equity plus net debt). In fiscal 2025, the increase in net debt levels and lower earnings resulted in an increase in the leverage ratio that came close to our debt covenant of 4x. Sappi's banking group unanimously supported increasing our leverage covenant levels for the next 12 months to provide additional headroom during this temporary period of elevated leverage.

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

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

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

20. Other comprehensive income

US\$ million	2025	2024
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Actuarial gains (losses) on post-employment benefit funds	16	(1)
Gross amount (refer to note 29)	22	1
Tax effect on above and other tax items	(6)	(2)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	(34)	103
Translation of foreign operations	(37)	99
Exchange differences arising on non-distributable reserves	4	7
Exchange differences arising on hedging reserves	(1)	(3)
Hedging reserves	3	17
Gains (losses) during the year	11	33
Reclassified to profit or loss	(10)	(14)
Tax	2	(2)
Other comprehensive income recorded directly in equity	(15)	119
Profit (Loss) for the year	(177)	33
Total comprehensive income for the year	(192)	152

Notes to the Group Financial Statements continued

for the year ended September 2025

21. Non-distributable reserves

	2025				2024			
US\$ million	Legal reserves ⁽¹⁾	Share-based payment reserve	Other	Total	Legal reserves ⁽¹⁾	Share-based payment reserve	Other	Total
Opening balance	19	104	1	124	23	87	1	111
Share-based payment expense	–	7	–	7	–	6	–	6
Translation differences	7	(3)	–	4	(4)	11	–	7
	26	108	1	135	19	104	1	124

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

22. Interest-bearing borrowings

US\$ million	2025	2024
Total securitisation ⁽¹⁾	243	293
Unsecured borrowings	1,772	1,351
Total borrowings	2,015	1,644
Less: Current portion included in current liabilities	(469)	(107)
Total non-current interest-bearing borrowings	1,546	1,537
The repayment profile of the interest-bearing borrowings is as follows:		
Payable in the year ended September		
2025	–	107
2026	469	605
2027	78	80 ⁽²⁾
2028	755 ⁽²⁾	491
2029	52	54
2030 (September 2024: thereafter)	19	307
Thereafter	642	–
	2,015	1,644

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

⁽²⁾ Includes securitisation debt.

22. Interest-bearing borrowings continued

Set out below are details of the more significant interest-bearing borrowings in the group at September 2025:

	Currency	Interest rate ⁽¹⁾	Principal amount outstanding	Balance sheet value	Security/cession	Expiry ⁽⁸⁾	Financial covenants
Redeemable bonds							
Public bond	EUR	Fixed	EUR300 million	EUR291 million ^{(3) (4) (5) (10)}	Unsecured	March 2032	No financial covenants
Public bond	EUR	Fixed	EUR400 million	EUR399 million ^{(3) (4) (5) (9)}	Unsecured	March 2028	No financial covenants
Public bond	USD	Fixed	US\$221 million	US\$218 million ^{(4) (5) (6)}	Unsecured	June 2032	No financial covenants
Public bond	ZAR	Variable	ZAR600 million	ZAR600 million	Unsecured	April 2027	No financial covenants
Public bond	ZAR	Variable	ZAR600 million	ZAR599 million	Unsecured	April 2029	No financial covenants
Public bond	ZAR	Variable	ZAR300 million	ZAR300 million	Unsecured	April 2031	No financial covenants
Commercial Paper Programmes							
Commercial Paper	ZAR	Variable	ZAR1 500 million	ZAR1 500 million	Unsecured	Quarter 1 of fiscal year 2026	No financial covenants
Commercial Paper	EUR	Variable	EUR1 million	EUR1 million	Unsecured	March 2026	No financial covenants
Securitisation							
UniCredit Bank	EUR	Variable	EUR131 million	EUR131 million	Trade receivables (securitisation programme)	January 2028	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
UniCredit Bank Unsecured bank term loans	USD	Variable	US\$89 million	US\$89 million	Trade receivables (securitisation programme)	January 2028	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Unsecured bank term loans							
Österreichische Kontrollbank (OeKB)	EUR	Fixed	EUR133 million	EUR133 million ⁽²⁾		March 2031	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Österreichische Kontrollbank (OeKB)	EUR	Fixed	EUR32 million	EUR32 million		December 2027	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Österreichische Kontrollbank (OeKB)	CAD	Fixed	CAD 55 million	CAD 55 million		December 2027	EBITDA to net interest and net debt to EBITDA ⁽⁷⁾
Österreichische Kontrollbank (OeKB)	EUR	Variable	EUR58 million	EUR58 million		December 2025	No financial covenants
Revolving credit facility	EUR	Variable	EUR100 million	EUR100 million		Quarter 1 of fiscal year 2026	No financial covenants
Bilateral short-term money market facilities	EUR	Variable	EUR130 million	EUR130 million		Quarter 1 of fiscal year 2026	No financial covenants

Notes to the Group Financial Statements continued

for the year ended September 2025

22. Interest-bearing borrowings continued

	Local currency million	US\$ million
The analysis of the currency per debt is:		
US Dollar	307	307
Euro	1,275	1,494
ZAR	2,999	174
CAD	55	40
		2,015

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

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

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

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

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

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

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

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

⁽⁹⁾ In March 2021 the group raised an aggregate principal amount of EUR400 million (US\$472 million) in new senior unsecured notes due 2028 at a coupon of 3.625% per annum.

⁽¹⁰⁾ In March 2025 the group raised an aggregate principal amount of EUR300 million (US\$352 million) in new senior unsecured notes due 2032 at a coupon of 4.5% per annum.

A comprehensive global reform of key interest rate benchmarks is underway, including the replacement of certain interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The group holds exposures to IBORs on its financial instruments, which will be replaced or reformed as part of these broad market initiatives. As of September 2025, the group's primary IBOR exposure was indexed to JIBAR. The South African Reserve Bank (SARB) has announced its intention to move away from JIBAR and to introduce a new reference rate for South Africa, being South African Rand Overnight Index Average (ZARONIA). ZARONIA was first published for observation in 2022 and was formally endorsed as the successor rate in 2023. The official cessation of JIBAR as a reference rate is anticipated in 2026. This transition period will allow the ZARONIA market to develop further in both derivative and cash products. The final cessation of JIBAR is expected at the end of 2026. The ZAR-denominated public bonds and commercial paper will be affected.

The majority of the non-Southern African long-term debt is guaranteed by Sappi Limited. A detailed analysis of total interest-bearing borrowings has been disclosed in note 32.

Other restrictions

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

Securitisation

The on-balance sheet securitisation programme with UniCredit Bank AG has a limit of US\$328 million (EUR280 million) and, to the extent utilised, is disclosed on the balance sheet together with a corresponding trade receivable. The interest arising on this programme is recorded within finance costs.

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

The cost of the programme includes a variable component based on Euribor/Libor (floor 0%), a fixed margin and a commitment fee computed on the difference between US\$328 million (EUR280 million) and the used portion of the programme limit.

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

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

Unutilised facilities

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

22. Interest-bearing borrowings continued

US\$ million	Currency	Interest rate	2025	2024
Unutilised committed facilities				
Syndicated loan/revolving credit facility ⁽¹⁾	EUR/ZAR	Variable (EURIBOR/JIBAR)	602	692
Securitisation facility (if underlying eligible trade receivables would be available)	EUR	Variable (cost of funding bank)	86	75
			688	767
Unutilised uncommitted facilities				
Cash management overdraft facility/ short-term banking facilities	ZAR	Variable (ZAR bank prime rate)	22	22
Cash management overdraft facility	USD	Variable (LIBOR)	16	17
			38	39
Total unutilised facilities (committed and uncommitted) excluding cash			726	806

⁽¹⁾ Two syndicated loans with a consortium of banks with revolving facilities of EUR515 million (2024: EUR515 million) and ZAR2,000 million (2024: ZAR2,000 million) of which EUR100 million of the Euro facility had been utilised at year-end. The EUR515 million facility matures in February 2027, is unsecured, subject to financial covenants related to the Sappi Limited group and certain sustainability key performance indicators. The ZAR2,000 million revolving credit facility matures in August 2027, is unsecured, subject to financial covenants relating to Sappi Southern Africa and certain sustainability key performance indicators. The group has paid a total combined commitment fee of US\$3 million (2024: US\$4 million) in respect of the two facilities.

Fair value

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

US\$ million	2025	2024
Reconciliation of net debt and covenants		
Non-current and current interest-bearing borrowings	2,015	1,644
Non-current and current lease liabilities	122	95
Less: Cash and cash equivalents	(219)	(317)
Net debt	1,918	1,422
As at year-end, the group was in compliance with its debt covenants		
Covenant leverage ratio ⁽¹⁾	3.6	2.0
Interest cover ⁽²⁾	6.1	10.9

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

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

23. Other non-current liabilities

US\$ million	2025	2024
Workmen's compensation	5	6
Long-service awards	15	15
Land restoration obligation	15	15
Other	13	12
	48	48

Notes to the Group Financial Statements continued

for the year ended September 2025

24. Trade and other payables and provisions

US\$ million	2025	2024
Trade payables	567	713
Employee-related liabilities	110	165
Capital expenditure accruals	24	24
Accrued interest	11	18
Customer rebates	79	71
Valued added tax	15	23
Fixed cost accruals	26	31
Other payables ⁽¹⁾	66	65
Trade and other payables	898	1,110
⁽¹⁾ Includes various other payables such as audit fees, delivery accruals, professional fees, rates and taxes, marketing expenses, among other payables.		
Short-term provisions	40	8

Details of short-term restructuring provisions are provided below:

US\$ million	Severance, retrenchment and related costs
Balance at September 2023	80
Increase in provisions	144
Utilised	(209)
Released during the year	(10)
Translation effect	3
Balance at September 2024	8
Increase in provisions ⁽¹⁾	39
Utilised	(9)
Released during the year ⁽¹⁾	(1)
Translation effect	3
Balance at September 2025	40

⁽¹⁾ The net increase of US\$39 million was raised within the group's European operations. The restructuring charges will be paid within the next 12 months.

25. Notes to the group statement of cash flows

US\$ million

		2025	2024
25.1 Cash generated from operations			
Profit (Loss) for the year		(177)	33
Adjustment for non-cash and separately disclosable items:			
– Depreciation		297	273
– Fellings		70	73
– Amortisation		6	5
– Taxation charge		94	82
– Net finance costs		89	67
– Asset impairments (impairment reversals)		70	(24)
– Goodwill impairment		6	–
– Write-down of held-for-sale assets		4	–
– Profit on disposal of held-for-sale assets		–	(10)
– Net restructuring provisions		39	134
– Plantation fair value adjustment		(71)	(108)
– Defined employment benefits paid		(22)	(24)
– Loss on disposal and written-off assets		10	3
– Share-based payment charges		7	6
– Plantation drought, snow and fire damaged timber written-off		4	18
– Other non-cash and other items		17	22
		443	550
25.2 Decrease (Increase) in working capital			
(Increase) Decrease in inventories		24	(29)
Decrease (Increase) in trade and other receivables		98	(90)
(Decrease) Increase in trade and other payables		(211)	148
		(89)	29
25.3 Finance costs paid			
Finance costs and foreign exchange gains (losses)		(95)	(88)
Accrued interest and non-cash items		4	26
		(91)	(62)
25.4 Taxation paid			
Net amounts payable at beginning of year		(60)	(25)
Taxation charge to profit or loss		(41)	(78)
Translation and other		5	(7)
Less: Net amounts payable at end of year		6	60
		(90)	(50)
25.5 Proceeds on disposal of property, plant and equipment			
Carrying value of non-current assets disposed of		10	6
Profit (Loss) on disposal		(8)	(3)
		2	3
25.6 Reconciliation of liabilities arising from financing activities			

	2024	Net cash flows	Transfers between long-term and short-term	New leases and remeasurements	Foreign exchange movements	Other changes	2025
Long-term borrowings	1,537	(7)	(44)	–	56	4	1,546
Short-term borrowings ⁽¹⁾	107	295	44	–	25	–	471
Lease liabilities	95	(25)	–	51	1	–	122
Total	1,739	263	–	51	82	4	2,139
	2023	Net cash flows	Transfers between long-term and short-term	New leases and remeasurements	Foreign exchange movements	Other changes	2024
Long-term borrowings	1,329	240	(101)	–	67	2	1,537
Short-term borrowings ⁽¹⁾	266	(212)	101	–	9	(57) ⁽²⁾	107
Lease liabilities	91	(24)	–	23	5	–	95
Total	1,686	4	–	23	81	(55)	1,739

⁽¹⁾ Includes overdrafts.⁽²⁾ Includes convertible bond conversions of US\$nil million (2024: US\$57 million) that occurred during the year. Refer note 22.

Notes to the Group Financial Statements continued

for the year ended September 2025

26. Encumbered assets

US\$ million	2025	2024
The carrying value of trade receivables which are mortgaged, hypothecated or subject to a pledge as security for borrowings, subject to third-party ownership in terms of capitalised leases or suspensive sale agreements, are as follows:		
Trade receivables	304	371
The encumbered trade receivables relate to the securitisation facility with UniCredit Bank of US\$328 million (EUR280 million), of which, US\$243 million (EUR207 million) was utilised at financial year-end (refer to notes 18 and 22).		

27. Commitments

US\$ million	2025	2024
Capital commitments		
Contracted	62	254
	62	254

28. Contingent liabilities

US\$ million	2025	2024
Guarantees and suretyships ⁽¹⁾	6	6
Other contingent liabilities	2	2
	8	8

⁽¹⁾ Prior year guarantees adjusted by US\$6 million.

Contingent liabilities mainly relate to environmental and operational items.

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

29. Post-employment benefits

Summary of results

	Defined contribution plans ⁽¹⁾		Defined benefit pension plans		Post-employment healthcare subsidy	
US\$ million	2025	2024	2025	2024	2025	2024
Post-employment plan costs recognised in profit or loss	38	26	8	9	5	6
Employer contributions paid during the financial year	38	26	1	18	10	6
Amounts presented in the group balance sheet are as follows:						
Net pension/healthcare subsidy liabilities (refer to balance sheet)			126	131	57	76
Net pension assets (refer to note 16) ⁽²⁾			(88)	(97)	–	–
Net balance sheet liabilities			38	34	57	76
Movement in the balance sheet for the pension/healthcare subsidy						
Net pension/healthcare subsidy liabilities at beginning of year			(34)	(42)	(76)	(71)
Surplus asset transfer			(7)	–	7	–
Net pension/healthcare subsidy costs for the year			(8)	(9)	(5)	(6)
Employer contributions			8	18	3	6
Net actuarial gains (losses) for the year			9	4	14	(3)
Translation differences			(6)	(5)	–	(2)
Net pension/healthcare liabilities at end of year			(38)	(34)	(57)	(76)

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

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

29. Post-employment benefits continued

Summary of results continued

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

Defined contribution plans

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

The total cost charged to the income statement of US\$38 million (2024: US\$26 million) represents contributions payable to these plans by the group based on rates specified in the rules of these plans. Expected contributions to be paid in the next financial year is US\$38 million.

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

Defined benefit pension/lump sum plans

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

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

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

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

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

Investment management and strategic asset allocation

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

Notes to the Group Financial Statements continued

for the year ended September 2025

29. Post-employment benefits continued

Summary of results continued

Investment management and strategic asset allocation continued

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

- **South Africa pension:** Asset mix based on 99% equities and 1% cash
- **South Africa post-retirement medical aid:** Asset mix based on 34% with-profit annuities, 66% cash
- **Europe including United Kingdom (UK)⁽¹⁾:** Asset mix based on 83% insurance contracts, 15% cash and 2% other mandates
- **North America:** Asset mix based on 17% equities, 81% debt instruments, 1% real estate and 1% cash.

⁽¹⁾ Weighted average of plans in this region.

Exposure to risks

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

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

Funding policy

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

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

Expected normal company contributions for our defined benefit pension/lump sum plans across group subsidiaries over the next financial year are US\$9 million.

Post-employment healthcare subsidy

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

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

Expected company contributions to fund these subsidies over the next financial year are US\$4 million.

29. Post-employment benefits continued

Summary of results continued

Post-employment healthcare subsidy continued

	Defined benefit pension plans		Post-employment healthcare subsidy	
US\$ million	2025	2024	2025	2024
Components of defined benefit cost recognised in profit or loss				
Current service cost	7	9	1	1
Past service cost (credit)	1	1	–	–
Interest on net defined benefit	(1)	(1)	4	5
Fund administration costs	1	2	–	–
Non-routine settlement gain (loss)	–	(2)	–	–
Net amount recognised in profit or loss	8	9	5	6
Charge attributed to operating cost (refer to note 4)	9	10	1	1
Charge attributed to finance cost (refer to note 5)	(1)	(1)	4	5
Components of defined benefit cost recognised in OCI				
Actuarial gains (losses) arising from membership experience	1	(1)	3	3
Actuarial gains (losses) arising from changes in demographic assumptions	–	–	9	–
Actuarial gains (losses) arising from changes in financial assumptions	15	(29)	2	(6)
Return on plan assets (excluding amounts included in interest income)	(8)	32	–	–
Effect of asset ceiling	1	2	–	–
Gain/(Loss) recognised in other comprehensive income (refer to note 20)	9	4	14	(3)

Notes to the Group Financial Statements continued

for the year ended September 2025

29. Post-employment benefits continued

Summary of results continued

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

	Defined benefit pension plans		Post-employment healthcare subsidy	
US\$ million	2025	2024	2025	2024
Defined benefit obligation at beginning of year	451	407	81	74
Current service cost	7	9	1	1
Past service cost (credit)	1	1	–	–
Interest expense	16	21	5	5
Remeasurements	(16)	30	(14)	3
– Membership experience changes	(1)	1	(3)	(3)
– Demographic assumption changes	–	–	(9)	–
– Financial assumption changes	(15)	29	(2)	6
Non-routine plan settlements ⁽¹⁾	(49)	(2)	–	–
Benefits paid	(44)	(29)	(4)	(4)
Translation difference	5	14	–	2
Defined benefit obligation at end of year	371	451	69	81
– Present value of wholly unfunded obligation	104	105	44	58
– Present value of wholly or partially funded obligation	267	346	25	23
Movement in the fair value of the plan assets in the current year				
Fair value of plan assets at beginning of year	420	370	5	3
Interest income	17	22	1	–
Employer contributions	8	18	3	6
Surplus asset transfer ⁽²⁾	(7)	–	7	–
Remeasurements				
– Return (loss) on plan assets net of interest income	(8)	32	–	–
Non-routine plan settlements ⁽¹⁾	(49)	–	–	–
Benefits paid	(44)	(29)	(4)	(4)
Fund administration costs	(1)	(2)	–	–
Translation difference	(1)	9	–	–
Fair value of plan assets at end of year	335	420	12	5
Asset ceiling not recognised	2	3	–	–
Net balance sheet defined benefit liability	38	34	57	76

⁽¹⁾ Following the closure of the Lanaken Mill in fiscal 2024, the defined benefit plan has been settled with assets of US\$49 million used to settle liabilities of US\$49 million.

⁽²⁾ In fiscal 2025, the group transferred the surplus pension asset from its South African pension fund to the surplus account of its provident fund to be utilised for the settlement of its post-retirement medical aid liability.

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

	Funded pension plans		Funded subsidy plans	
US\$ million	2025	2024	2025	2024
Investments quoted in active markets				
– Equity and high yield investments	22	70	–	–
– Investment grade debt instruments	8	39	–	–
– Property investment funds	3	2	–	–
Unquoted investments				
– Equity and high yield investments ⁽¹⁾	298	297	5	5
Cash	5	12	7	–
	336	420	12	5
Total investment return on plan assets	9	54	1	–

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

29. Post-employment benefits continued

Summary of results continued

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

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

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

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

	2025			2024		
	North America	Europe (including UK)	Southern Africa	North America	Europe (including UK)	Southern Africa
Discount rate – pension (%)	5.27	3.40	–	4.83	3.50	8.15
Discount rate – post-employment healthcare subsidy (%)	5.05	n/a	10.80	4.65	n/a	10.85
Future salary increase rate – pension (%)	–	2.60	n/a	–	2.50	n/a
Cost of living adjustment for pensions in payment (%) ⁽¹⁾	–	1.40	n/a	–	1.60	n/a
Healthcare cost trend rate (%) ⁽²⁾	8.4 – >4.5	n/a	6.55	7.5 – >4.5	n/a	7.25
Sample rate average life expectancy from retirement (years) ⁽³⁾						
– For current beneficiaries	26.10	15.80	–	26.00	18.30	19.00
– For current beneficiaries	27.70	17.40	–	27.70	19.50	20.00

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

⁽²⁾ North America: Initial rate -> long-term rate trend over nine years (2024: nine years).

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

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

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

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by US\$36 million (increase by US\$43 million)
- If the expected salary increase rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$3 million (decrease by US\$3 million)
- If the post-retirement pension increase (cost-of-living adjustment) rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$3 million (decrease by US\$ 2 million)
- If the expected healthcare cost trend rate is 100 basis points higher (lower), the defined benefit obligation would increase by US\$4 million (decrease by US\$3 million)
- If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase by US\$8 million (decrease by US\$8 million).

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

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

29. Post-employment benefits continued

Summary of results continued

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

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

	Pension plans	Healthcare subsidy
North America	12 years	8 years
Europe (including UK)	9 years	n/a
Southern Africa	n/a	n/a

	2025			2024		
US\$ million	North America	Europe (including UK)	Southern Africa	North America	Europe (including UK)	Southern Africa
Defined benefit obligation (pension)	(232)	(138)	–	(236)	(190)	(25)
Defined benefit obligation (healthcare)	(44)	n/a	(25)	(58)	n/a	(23)
Fair value of plan assets (pension)	312	15	5	312	70	35
Fair value of plan assets (healthcare)	–	n/a	12	–	n/a	5
Net defined benefit liability	36	(123)	(8)	18	(120)	(8)
Reconciliation of the regional balance sheets						
Net defined benefit liability at beginning of year	18	(120)	(8)	11	(119)	(5)
Defined benefit cost recognised in profit or loss (pension)	(3)	(6)	2	(2)	(5)	(2)
Defined benefit cost recognised in profit or loss (healthcare)	(4)	n/a	(2)	(4)	n/a	(2)
Net gain (loss) recognised in OCI (pension)	7	1	1	10	(7)	1
Net gain (loss) recognised in OCI (healthcare)	14	n/a	(1)	(1)	n/a	(2)
Company contributions paid during the year	4	7	–	4	17	3
Translation differences	–	(5)	–	–	(6)	(1)
Net defined benefit liability at end of year	36	(123)	(8)	18	(120)	(8)

30. Share-based payments

The Sappi Limited Performance Share Incentive Trust (the Plan)

In February 2020, shareholders fixed the aggregate number of shares which may be acquired by all participants under The Sappi Limited Performance Share Incentive Trust (the Plan) at 27,402,673 shares. Of that, 5,163,515 shares have vested, 20,526,136 shares have been allocated but have not vested, leaving 1,713,022 shares which can still be allocated as at September 2025.

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

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

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

30. Share-based payments continued

The Sappi Limited Performance Share Incentive Trust (the Plan) continued

The Plan rules also provide that if:

- The company undergoes a change in control after an allocation date other than a change in control initiated by the board itself, or
- The persons who have control of the company as at an allocation date, take any decision, pass any resolution or take any action, the effect of which is to delist the company from the JSE Limited and the company becomes aware of such decision, resolution, or action; then the company is obliged to notify every participant thereof that such participant may within a period of one month (or such longer period as the board may permit) take delivery of those shares which they would have been entitled to had the performance criteria been achieved.

Movements in shares for the financial years ended September 2025 and September 2024 are as follows:

	Performance	Time-based	Total shares ⁽¹⁾
Outstanding at September 2023	16,669,379	–	16,669,379
– Offered and accepted	5,320,650	–	5,320,650
– Vested	(1,040,774)	–	(1,040,774)
– Returned, lapsed and forfeited	(2,334,366)	–	(2,334,366)
Outstanding at September 2024	18,614,889	–	18,614,889
– Offered and accepted	5,283,800	2,834,000	8,117,800
– Vested	(5,158,275)	–	(5,158,275)
– Accelerated vesting	(5,240)	–	(5,240)
– Returned, lapsed and forfeited	(1,043,038)	–	(1,043,038)
Outstanding at September 2025	17,692,136	2,834,000	20,526,136

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

The following table sets out the number of shares outstanding:

Issue date	2025	2024	Vesting conditions	Vesting date	Expiry date	Exercise price (ZAR)
18 November 2020	–	5,193,190	Performance	18 November 2024	n/a	ZARnil
18 November 2021	3,899,830	4,099,772	Performance	18 November 2025	n/a	ZARnil
18 November 2022	3,692,609	4,001,277	Performance	18 November 2026	n/a	ZARnil
20 November 2023	4,963,450	5,320,650	Performance	20 November 2027	n/a	ZARnil
20 November 2024	5,136,247	–	Performance	20 November 2028	n/a	ZARnil
27 August 2025	2,834,000	–	Time-based	27 August 2029	n/a	ZARnil
	20,526,136	18,614,889				

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

	Issue 50	Issue 50	Issue 50
Date of grant	20 November 2024	20 November 2024	20 November 2024
Type of award	Performance	Performance	Performance
Share price at grant date	ZAR48.50	ZAR48.50	ZAR48.50
Vesting period	Four years	Four years	Four years
Vesting conditions	Market- related – relative to peers	Cash flow return on net assets relative to peers	Science based target initiative
Life of options	n/a	n/a	n/a
Market-related vesting conditions	Yes	No	No
Percentage expected to vest	69.7%	80.0%	80.0%
Number of shares offered	2,641,900	2,113,520	528,380
Volatility	37.4%	n/a	n/a
Risk-free discount rate	8.75% (ZAR yield)	n/a	n/a
Expected dividend yield	3.9%	n/a	n/a
Model used to value	Monte-Carlo	Market price	Market price
Fair value of option	ZAR28.22	ZAR32.34	ZAR32.34

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

No new loans have been granted to the executive directors since 28 March 2002.

Notes to the Group Financial Statements continued

for the year ended September 2025

31. Derivative financial instruments

US\$ million		2025	2024
Hedging instrument	Hedged item		
Current assets			
Commodity forward contracts	Raw materials	–	–
Forward exchange contracts	Various	6	18
		6	18
Current liabilities			
Forward exchange contracts	Various	2	15
Commodity forward contracts	Raw materials	2	2
		4	17

Refer to note 32 for more detail on financial instruments.

32. Financial instruments

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

Introduction

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

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

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

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

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

(a) Market risk

Interest rate risk

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

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

32. Financial instruments continued

(a) Market risk continued

Interest rate risk continued

Interest-bearing borrowings

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

US\$ equivalent in millions	Expected maturity date						2025		2024	
	2026	2027	2028	2029	2030	2031+	Carrying value	Fair value ⁽⁴⁾	Carrying value	Fair value
US Dollar										
Fixed rate debt	–	–	–	–	–	218	218	240	218	242
Average interest rate (%)	–	–	–	–	–	7.60	7.60		7.61	
Variable rate debt ⁽¹⁾	–	–	89	–	–	–	89	89	128	128
Average interest rate (%)	–	–	5.82	–	–	–	5.82		6.84	
Euro										
Fixed rate debt	29	30	499	17	19	407	1,001	1,039	926	952
Average interest rate (%)	3.83	3.73	3.63	5.47	5.08	4.54	4.07		3.58	
Variable rate debt ⁽²⁾	340	–	154	–	–	–	494	494	230	230
Average interest rate (%)	1.24	–	3.41	–	–	–	1.92		3.88	
Rand										
Variable rate debt ⁽³⁾	87	35	–	35	–	17	174	178	88	93
Average interest rate (%)	8.38	9.52	–	9.68	–	9.82	9.01		9.65	
Canadian Dollar										
Fixed rate debt	13	13	13	–	–	–	39	41	54	56
Average interest rate (%)	5.85	5.84	5.83	–	–	–	5.84		4.11	
Total										
Fixed rate debt	42	43	512	17	19	625	1,258	1,320	1,198	1,250
Average interest rate (%)	4.46	4.37	3.69	5.47	5.08	5.61	4.74		4.34	
Variable rate debt	427	35	243	35	–	17	757	761	446	451
Average interest rate (%)	2.69	9.52	4.29	9.68	–	9.82	4.01		5.87	
Fixed and variable	469	78	755	52	19	642	2,015	2,081	1,644	1,701
Current portion							469	476	107	110
Long-term portion							1,546	1,605	1,537	1,591
Total interest-bearing borrowings (refer to note 22)							2,015	2,081	1,644	1,701

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

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

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

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

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

The range of interest rates in respect of all non-current borrowings, comprising both fixed and floating rate obligations, is between 1.29% and 9.82% (depending on currency). At September 2025, 62% of Sappi's borrowings were at fixed rates of interest and 38% were at floating rates. Fixed rates of interest are based on contract rates.

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

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(a) Market risk continued

Interest rate risk continued

Hedging of interest rate risk

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

Cash flow hedges

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

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

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

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

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

Sensitivity analyses

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

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

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

US\$ million	Notional	Impact on profit or loss of downgrade below current credit rating
Securitisation – Elektra N°29 DAC (only if double notch downgrade below BB-)	269	0.81
Commitment fee on unused revolving credit facility	603	0.42
Interest on utilised bank syndicated loans	232	0.31
	1,104	1.54
Impact calculated on total portfolio amounts to	0.14%	

Sensitivity analysis: interest rate risk of floating rate debt

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

US\$ million	Total	Fixed rate debt	Floating rate debt	Impact on profit or loss of 50 bps interest
Total debt	2,015	1,258	757	3.8
Ratio fixed/floating to total debt		62%	38%	

The floating rate debt represents 38% of total debt. If interest rates were to increase (decrease) by 50 bps, the finance cost on floating rate debt would increase (decrease) by US\$3.8 million.

32. Financial instruments continued

(a) Market risk continued

Currency risk

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

- Economic exposures which consist of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders
- Transaction exposures arise from transactions entered into which result in a flow of cash in foreign currency such as payments under foreign currency long and short-term loan liabilities, purchases and sales of goods and services, capital expenditure and dividends. Where possible, commercial transactions are only entered into in currencies that are readily convertible by means of formal external forward exchange contracts
- Translation exposures arise from translating the group's assets, liabilities, income and expenditure into the group's presentation currency. Borrowings are taken out in a range of currencies which are based on the group's preferred ratios of gearing and interest cover based on a judgement of the best financial structure for the group. This gives rise to translation exposure on consolidation.

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

Currency risk analysis

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

The following tables for the 2025 and 2024 financial years disclose financial instruments as determined by IFRS 9 *Financial Instruments: Recognition and Measurement*, classified by underlying currency, and does not indicate the group's foreign currency exchange exposure.

US\$ million	Total	Total in scope	USD	EUR	ZAR	GBP	Other
September 2025							
Classes of financial instruments							
Non-current assets							
Other non-current assets	133	38	–	6	32	–	–
Current assets							
Trade receivables	558	558	314	203	6	26	9
Prepayments and other receivables	124	46	14	15	13	–	4
Derivative financial instruments	6	6	5	–	1	–	–
Cash and cash equivalents	219	219	84	20	84	4	27
		867	417	244	136	30	40
Non-current liabilities							
Interest-bearing borrowings	1,546	1,546	307	1,126	87	–	26
Lease liabilities	96	96	56	14	24	–	2
Other non-current liabilities	231	3	–	–	3	–	–
Current liabilities							
Interest-bearing borrowings	469	469	–	369	87	–	13
Lease liabilities	26	26	11	7	7	–	1
Overdrafts	2	2	–	2	–	–	–
Trade payables	567	567	158	252	146	2	9
Other payables and accruals	331	182	31	92	58	–	1
Derivative financial instruments	4	4	2	2	–	–	–
		2,895	565	1,864	412	2	52
Foreign exchange gap		(2,028)	(148)	(1,620)	(276)	28	(12)

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Currency risk analysis continued

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

Foreign currency forward exchange contracts

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

		2025		2024	
		Contract amount (notional amount)	Fair value (unfavourable) favourable	Contract amount (notional amount)	Fair value (unfavourable) favourable
US\$ million					
Foreign currency					
Bought:	US Dollar	222	3	181	6
	Euro	268	(1)	682	(13)
	Rand	16	1	36	3
Sold:	US Dollar	(10)	–	(1)	–
	Euro	(137)	–	(141)	(1)
	Rand	(23)	(1)	(24)	(1)
		336	2	733	(6)

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Currency risk analysis continued

Foreign currency forward exchange contracts continued

The fair value of foreign currency contracts has been computed by the group using the market data at the end of the 2025 financial year.

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

The foreign currency forward exchange contracts have different maturities, with the most extended maturity date being 30 September 2026.

As at September 2025, there was an open exposure of US\$12.3 million that has since been hedged.

Sensitivity analysis – (loss) gain

Base currency	Exposure (US\$ million)	+10 %	-10%
AUD	4.4	0.4	(0.5)
CAD	0.6	0.1	(0.1)
USD	1.2	0.1	(0.1)
ZAR	(1.5)	(0.1)	0.2
Other currencies	7.6	0.6	(0.9)
Total	12.3	1.1	(1.4)

Based on the exposure at the end of September 2025, if the foreign currency rates had moved 10% upwards or downwards compared to the closing rates, the result would have been impacted by a gain of US\$1.1 million or a loss of US\$1.4 million, respectively.

Cash flow hedges

Export sales

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

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

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

During the 2025 financial year, the hedges were highly effective. A realised gain of US\$4.1 million relating to the realised fair value movements of non-deliverable forward exchange contracts (including cost of hedging) was transferred from OCI to revenue in profit or loss and at the financial year-end, a gain of US\$0.8 million was deferred in equity. A realised gain of US\$5.7 million relating to the settled zero cost foreign exchange collars (including cost of hedging) was transferred from OCI to revenue in profit or loss and at the financial year-end, a gain amount of US\$1.3 million was deferred to equity.

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(a) Market risk continued

Currency risk continued

Cash flow hedges continued

Net investment hedges

The hedge of the net investment designated in February 2010, was de-designated in March 2016. At the moment of the de-designation the life-to-date negative foreign exchange differences amounting to EUR37.0 million (US\$43.3 million), will remain in equity until the disposal or liquidation of the foreign operation.

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

During 2017 several de-designations and re-designations took place in line with the evolving net USD exposure linked to the net investment. In 2021, another de-designations and re-designations occurred and as at September 2025 the hedged notional amount at amortised cost amounted to US\$205 million.

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

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

Ineffectiveness can only occur if the net investment carrying value of the foreign operation would fall below the designated amount of the hedging instruments. The net investment value of the foreign operation is validated each quarter. Ineffective gains or losses are booked directly to profit or loss. As at the end of the 2025 financial year, the hedge was 100% effective.

	2025		2024	
US\$ million	Hedged notional	Foreign exchange result deferred in OCI	Hedged notional	Foreign exchange result deferred in OCI
Bond 2032	205	(7)	205	(17)
Previous designations	–	(31)	–	(29)
	205	(38)	205	(46)
Net investment value of North America	1,506		1,483	

Commodity price risk

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

(b) Liquidity risk

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

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

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

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

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

32. Financial instruments continued

(b) Liquidity risk continued

Liquidity risk management

The following tables for the 2025 and 2024 financial years disclose financial instruments, as determined by IFRS 9 *Financial Instruments: Recognition and Measurement*, are classified by liquidity and does not necessarily indicate the group's actual cash flows. Interest-bearing borrowings that become payable will be settled with future cash generation or refinanced.

	Total financial assets and liabilities	Fair value of financial instruments	Undiscounted cash flows					Total
US\$ million			0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years	
September 2025								
Non-current assets								
Other non-current assets	38	38	–	–	6	–	32	38
Current assets								
Trade receivables	558	558	558	–	–	–	–	558
Prepayments and other receivables	46	46	47	–	–	–	–	47
Derivative financial instruments	6	6	5	1	–	–	–	6
Cash and cash equivalents	219	219	219		–	–	–	219
			829	1	6	–	32	868
Non-current liabilities								
Interest-bearing borrowings	1,546	1,605	–	–	141	954	701	1,796
Lease liabilities	96	96	–	–	30	59	23	112
Other non-current liabilities	3	3	–	–	–	–	3	3
Current liabilities								
Interest-bearing borrowings	469	476	476	4	–	–	–	480
Lease liabilities	26	26	11	19	–	–	–	30
Overdrafts	2	2	2	–	–	–	–	2
Trade payables	567	567	567	–	–	–	–	567
Other payables and accruals	182	182	182	–	–	–	–	182
Derivative financial instruments	4	4	4	–	–	–	–	4
			1,242	23	171	1,013	727	3,176
Liquidity surplus (gap)			(413)	(22)	(165)	(1,013)	(695)	(2,308)

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(b) Liquidity risk continued

Liquidity risk management continued

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

32. Financial instruments continued

(b) Liquidity risk continued

Derivative financial instruments with maturity profile

The following tables indicate the different types of derivative financial instruments for the 2025 and 2024 financial years that are included within the various categories on the balance sheet. The reported maturity analysis is calculated on an undiscounted basis.

US\$ million	Maturity analysis Undiscounted cash flows					
	Total	0 – 6 months	6 – 12 months	1 – 2 years	2 – 5 years	>5 years
September 2025						
Assets						
Fair value of derivatives by risk factor						
Foreign exchange risk						
FX forward contracts	6	5	1	–	–	–
Receiving leg	386	385	1	–	–	–
Paying leg	(380)	(380)	–	–	–	–
Liabilities						
Fair value of derivatives by risk factor						
Foreign exchange risk						
FX forward contracts	2	2	–	–	–	–
Receiving leg	(252)	(252)	–	–	–	–
Paying leg	254	254	–	–	–	–
Commodity price risk	2	2	–	–	–	–

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

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(b) Liquidity risk continued

Fair values

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

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

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

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

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value through OCI	Fair value
September 2025							
Non-current assets							
Other non-current assets	133	95	38	–	35	5	38
	133	95	38	–	35	5	38
Current assets							
Trade receivables	558	–	558	–	558	–	558
Prepayments and other receivables	124	78	46	–	46	–	46
Derivative financial instruments	6	–	6	6	–	–	6
Cash and cash equivalents	219	–	219	–	219	–	219
	907	78	829	6	823	–	829

US\$ million	Total balance	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value
September 2025						
Non-current liabilities						
Interest-bearing borrowings	1,546	–	1,546	–	1,546	1,605
Lease liabilities	96	–	96	–	96	96
Other non-current liabilities	231	228	3	–	3	3
	1,873	228	1,645	–	1,645	1,704
Current liabilities						
Interest-bearing borrowings	469	–	469	–	469	476
Lease liabilities	26	–	26	–	26	26
Overdrafts	2	–	2	–	2	2
Trade payables	567	–	567	–	567	567
Other payables and accruals	331	149	182	–	182	182
Derivative financial instruments	4	–	4	4	–	4
	1,399	149	1,250	4	1,246	1,257

32. Financial instruments continued

(b) Liquidity risk continued

Fair values continued

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

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

Notes to the Group Financial Statements continued

for the year ended September 2025

32. Financial instruments continued

(b) Liquidity risk continued

Fair values continued

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

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

	Total fair value	2025 Fair value hierarchy			Total fair value	2024 Fair value hierarchy		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Non-current assets								
Other non-current assets	5	5	–	–	5	5	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–
	5	5	–	–	5	5	–	–
Current assets								
Assets held-for-sale ⁽¹⁾	–	–	–	–	50	–	50	–
Derivative financial instruments	6	–	6	–	18	–	18	–
	6	–	6	–	68	–	68	–
Non-current liabilities								
Derivative financial instruments	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–
Current liabilities								
Derivative financial instruments	4	–	4	–	17	–	17	–
Liabilities associated with assets held-for-sale	–	–	–	–	–	–	–	–
	4	–	4	–	17	–	17	–

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

(c) Credit risk

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

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

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

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

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

Overall, 73% (2024: 68%) of the group's total trade receivables, both on and off-balance sheet, are insured or covered by letters of credit and bank guarantees.

Quantitative disclosures on credit risk are included in note 18.

33. Related party transactions

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

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

	Sales		Purchases		Amounts owed by related parties		Amounts owed to related parties	
US\$ million	2025	2024	2025	2024	2025	2024	2025	2024
proNARO GmbH	–	–	97.1	93.5	–	–	–	–
Mkomazi Alienfuel Proprietary Limited	0.2	0.1	0.7	0.5	0.3	2.4	0.1	0.1
Papierholz Austria GmbH	–	–	122.4	122.9	–	–	–	–
Ngodwana Energy Proprietary Limited ⁽¹⁾	8.0	4.3	–	–	27.0	21.9	–	–
Tugela Fuel Rods Proprietary Limited	–	–	–	–	2.0	3.4	–	–
Forest First Colombia SAS ⁽²⁾	–	–	–	–	4.2	3.1	–	–
Bagasse Moulded Fibre Proprietary Limited	–	–	–	–	2.8	4.1	–	–
	8.2	4.4	220.2	216.9	36.3	34.9	0.1	0.1

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

⁽²⁾ Prior period figures for Forest First Colombia have been presented.

The amounts outstanding at balance sheet date are unsecured and will be settled in cash. During the year the group impaired US\$5 million of shareholder loans and provided US\$10 million expected credit losses in respect of the amounts owed by related parties.

Key management personnel

Key management personnel include our directors and prescribed officers. The total key management personnel emoluments amounted to US\$7.7 million (2024: US\$10 million). The details of key management personnel, including emoluments, interests in contracts and participation in the group's share scheme are disclosed in notes 35 to 37.

A large number of shares are held by nominee companies for beneficial shareholders. Pursuant to section 56(7) of the Companies Act 71 of 2008 of South Africa, the directors have investigated the beneficial ownership of shares in Sappi Limited, including those which are registered in the nominee holdings. These investigations revealed as of September 2025, the following are beneficial holders of more than 5% of the issued share capital of Sappi Limited:

Beneficial holder	Shares	%
Public Investment Corporation	122,375,823	20.2
Allan Gray Balanced Fund	42,884,662	7.1

Shareholder spread

Type of shareholder	% of shares in issue
Non-public	0.6
Sappi Limited directors and prescribed officers	0.6
Associates of group directors	–
Trustees of the company's share and retirement funding schemes	–
Shareowners who, by virtue of any agreement, have the right to nominate board members	–
Shareowners interested in 10% or more of the issued shares	–
Public (the number of public shareholders as at September 2025 was 9,408)	99.4
	100.0

Notes to the Group Financial Statements continued

for the year ended September 2025

34. Events after balance sheet date

On 10 November 2025, the group received notification from Forest First Colombia SAS (FFC), of which Sappi holds a US\$9 million equity-accounted investment and a loan receivable of US\$4 million, that the upcoming shareholder meeting to be held on 28 November 2025 had an agenda item entitled 'Determination to dissolve and liquidate the company'. At the shareholding meeting, it was voted not to liquidate the company and reassess the matter at a shareholder meeting at the end of December 2025. The potential exposure to the group is estimated at between US\$3 million to US\$9 million.

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 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. UPM's businesses are valued at EUR1,100 million which represents a 4.6x multiple of the last 12 months' EBITDA to September 2025. UPM will transfer pension and other liabilities of EUR360 million and net assets of EUR740 million to the joint venture. In return UPM will receive cash of EUR613 million and 50% shareholding in the joint venture.

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

The book value of the UPM net assets that are to be contributed to the joint venture and which are the subject of the transaction, is approximately EUR488 million as at 30 June 2025, being the date of UPM's interim financial results. The net assets UPM is contributing to the joint venture generated a net profit after tax of approximately EUR199 million for the last 12 months to June 2025. Shareholders should note that the book value and profit after tax values are unaudited and based on management accounts and carve-out calculations made with material assumptions, specifically for the purposes of the transaction disclosure requirements.

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

This is considered to be a non-adjusting subsequent event. 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.

35. Directors' and prescribed officers' remuneration

Non-executive directors

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

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

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

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

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

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

35. Directors' and prescribed officers' remuneration continued

Non-executive directors continued

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

US\$	2025			
	Board fees	Committee fees	Travel allowance	Total
MV Moosa ⁽¹⁾	11,615	7,368	11,400	30,383
MA Fallon	95,822	62,022	–	157,844
RJAM Renders	78,239	73,002	11,400	162,641
B Mehlomakulu	31,049	26,209	7,600	64,858
ZN Malinga	31,049	37,098	7,600	75,747
BR Beamish	69,636	68,311	11,400	149,347
JM Lopez	81,331	58,802	19,000	159,133
LL von Zeuner	31,049	33,513	7,600	72,162
E Istavridis	81,331	62,276	19,000	162,607
NL Sowazi	134,299	–	7,600	141,899
	645,420	428,601	102,600	1,176,621

⁽¹⁾ MV Moosa retired as a director at December 2024.

US\$	2024			
	Board fees	Committee fees	Travel allowance	Total
ANR Rudd ⁽²⁾	143,364	–	11,400	154,764
NP Mageza ⁽²⁾	10,140	13,823	–	23,963
MV Moosa	42,925	27,230	7,600	77,755
MA Fallon	65,580	92,817	19,000	177,397
RJAM Renders	74,495	69,508	15,200	159,203
B Mehlomakulu	28,688	24,216	7,600	60,504
ZN Malinga	28,688	24,525	7,600	60,813
BR Beamish	65,580	55,448	15,200	136,228
JM Lopez	78,203	39,517	22,800	140,520
LL von Zeuner	28,688	18,603	7,600	54,891
E Istavridis	78,203	39,556	22,800	140,559
NL Sowazi	95,632	–	7,600	103,232
	740,186	405,243	144,400	1,289,829

⁽²⁾ ANR Rudd and NP Magaza retired as directors at February 2024.

Notes to the Group Financial Statements continued

for the year ended September 2025

35. Directors' and prescribed officers' remuneration continued

Executive directors

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

US\$	2025					Total
	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Other income and expense allowance	Share-based payment benefit	
SR Binnie ⁽¹⁾	626,879	94,084	86,454	94,494	312,437	1,214,348
GT Pearce ⁽¹⁾	365,459	51,128	60,326	47,014	160,591	684,518
	992,338	145,212	146,780	141,508	473,028	1,898,866

US\$	2024					Total
	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Other income and expense allowance	Share-based payment benefit	
SR Binnie	581,824	585,119	81,471	85,625	274,423	1,608,462
GT Pearce	336,539	335,583	56,492	41,568	134,482	904,664
	918,363	920,702	137,963	127,193	408,905	2,513,126

⁽¹⁾ SR Binnie and GT Pearce received a 5.5% and 7.0% increase, respectively, on their South African salaries and both received a 3.0% increase on their off-shore salaries for fiscal 2025.

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

Details of directors' service contracts

The executive directors have service contracts with notice periods of 12 months or less. These notice periods are in line with international norms for executive directors. None of the non-executive directors have service contracts with the company. None of the directors have provisions for predetermined compensation on termination of their contracts exceeding 12-months' gross remuneration and benefits-in-kind. No loans were granted to any of the directors in the current and prior year.

Prescribed officers

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

US\$	2025					Total
	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Other income and expense allowance	Share-based payment benefit	
M Eikelenboom	611,453	68,433	146,035	182,930	173,711	1,182,562
M Haws	514,052	58,172	62,429	–	173,711	808,364
A Thiel ⁽¹⁾	60,127	–	9,481	7,798	173,711	251,117
M van Hoven	199,220	21,406	47,388	16,689	137,479	422,182
G Wild ⁽²⁾	253,674	24,834	53,673	–	85,177	417,358
L Kruyshaar	230,585	20,982	72,456	–	103,123	427,146
F Marupen	211,193	22,656	45,722	18,990	119,046	417,607
M Mansoor	349,617	40,282	103,478	146,195	103,921	743,493
Total	2,429,921	256,765	540,662	372,602	1,069,879	4,669,829

⁽¹⁾ Retired 1 December 2024.

⁽²⁾ Appointed 1 December 2024.

35. Directors' and prescribed officers' remuneration continued**Prescribed officers continued**

2024						
US\$	Salary	Bonuses and performance-related payments	Contributions paid under pension and medical aid schemes	Other income and expense allowance	Share-based payment benefit	Total
M Eikelenboom	580,751	343,563	158,992	135,175	149,691	1,368,172
M Haws	494,646	392,283	58,531	–	152,270	1,097,730
A Thiel	345,886	289,568	55,138	44,001	152,270	886,863
M van Hoven	185,333	141,324	44,503	14,615	120,617	506,392
G Bowles ⁽³⁾	89,628	73,341	16,544	9,351	53,010	241,874
L Kruyshaar ⁽⁴⁾	210,115	160,051	65,107	–	82,174	517,447
F Marupen	195,999	149,457	43,106	16,307	103,493	508,362
M Mansoor	336,786	306,563	89,111	142,347	90,555	965,362
Total	2,439,144	1,856,150	531,032	361,796	904,080	6,092,202

⁽³⁾ Retired in January 2024.⁽⁴⁾ Appointed in February 2024.**36. Directors' and prescribed officers' interests**

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

	2025		2024	
	Direct interests Beneficial	Indirect interests Beneficial	Direct interests Beneficial	Indirect interests Beneficial
Non-executive directors				
MV Moosa	–	576,542	–	576,542
MA Fallon	5,000	–	5,000	–
Executive directors				
SR Binnie	620,260	–	488,000	–
GT Pearce	286,106	–	225,384	–
Prescribed officers				
M Eikelenboom	110,118	–	44,568	–
M Haws	229,600	–	91,600	–
A Thiel ⁽¹⁾	716,019	–	643,152	–
G Wild ⁽²⁾	73,047	–	–	–
M van Hoven	277,537	–	240,537	–
L Kruyshaar	93,517	2,694	59,196	2,694
F Marupen	163,172	–	114,550	–
M Mansoor	180,050	–	100,050	–
	2,754,426	579,236	2,012,037	579,236

⁽¹⁾ Retired 1 December 2024.⁽²⁾ Appointed 1 December 2024.

Subsequent to year-end and up to the date of this report 475,625 shares were acquired by the directors and prescribed officers.

Notes to the Group Financial Statements continued

for the year ended September 2025

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

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

	SR Binnie	GT Pearce	Executive directors	
			Total 2025	Total 2024
Outstanding at beginning of year				
Number of shares held	797,000	391,000	1,188,000	1,096,000
Performance shares 45	–	–	–	227,000
Performance shares 46	250,000	115,000	365,000	365,000
Performance shares 47	180,000	85,000	265,000	265,000
Performance shares 48	162,000	77,000	239,000	239,000
Performance shares 49	205,000	114,000	319,000	–
Offered and accepted during the year				
Performance shares 49			–	319,000
Performance shares 50	210,000	117,000	327,000	–
Vested during the year				
Number of shares	(250,000)	(115,000)	(365,000)	(85,125)
Forfeited during the year				
Number of shares	–	–	–	(141,875)
Appointment/(retirement) during the year				
Number of shares	–	–	–	–
Outstanding at end of year				
Number of shares	757,000	393,000	1,150,000	1,188,000
Performance shares 46	–	–	–	365,000
Performance shares 47	180,000	85,000	265,000	265,000
Performance shares 48	162,000	77,000	239,000	239,000
Performance shares 49	205,000	114,000	319,000	319,000
Performance shares 50	210,000	117,000	327,000	–

Performance shares are issued for ZARnil and vest after four years subject to performance criteria being achieved. The Plan share issue 46 vested at ZAR50.67.

Vesting dates

Performance shares 47
Performance shares 48
Performance shares 49
Performance shares 50

								Prescribed officers	
M Eikelenboom	M Haws	A Thiel	G Wild	M v Hoven	L Kruyshaar	F Marupen	M Mansoor	Total 2025	Total 2024
442,000	442,000	442,000	–	349,000	239,000	300,000	262,000	2,476,000	2,363,000
–	–	–	–	–	–	–	–	–	445,000
138,000	138,000	138,000	–	107,000	65,000	92,000	80,000	758,000	803,000
100,000	100,000	100,000	–	80,000	50,000	68,000	60,000	558,000	588,000
90,000	90,000	90,000	–	72,000	45,000	61,000	54,000	502,000	527,000
114,000	114,000	114,000	–	90,000	79,000	79,000	68,000	658,000	–
								–	579,000
117,000	117,000	117,000	–	91,000	81,000	81,000	70,000	674,000	–
(138,000)	(138,000)	(138,000)	–	(107,000)	(65,000)	(92,000)	(80,000)	(758,000)	(166,875)
–	–	–	–	–	–	–	–	–	(278,125)
–	–	(421,000)	216,000	–	–	–	–	(205,000)	(21,000)
421,000	421,000	–	216,000	333,000	255,000	289,000	252,000	2,187,000	2,476,000
–	–	–	–	–	–	–	–	–	758,000
100,000	100,000	–	38,000	80,000	50,000	68,000	60,000	496,000	558,000
90,000	90,000	–	27,000	72,000	45,000	61,000	54,000	439,000	502,000
114,000	114,000	–	34,000	90,000	79,000	79,000	68,000	578,000	658,000
117,000	117,000	–	117,000	91,000	81,000	81,000	70,000	674,000	–

18 November 2025

18 November 2026

20 November 2027

20 November 2028

Notes to the Group Financial Statements continued

for the year ended September 2025

38. Investments in subsidiaries

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

Name of subsidiary	Country of incorporation	Principal activity	Effective holding (%)	
			2025	2024
Elektra Purchase No 29 Limited	Ireland	Securitisation of receivables	–	–
Sappi Rockwell Solutions Limited	Scotland	Manufacture of paper	100	100
Sappi Alfeld GmbH	Germany	Manufacture of paper and paper pulp	100	100
Sappi Austria Produktions GmbH and Co. KG	Austria	Manufacture of paper and paper pulp	100	100
Sappi Canada Enterprises Inc	Canada	Manufacture of paper pulp	100	100
Sappi Cloquet LLC	United States of America	Manufacture of paper, paper pulp and dissolving wood pulp	100	100
Sappi Ehingen GmbH	Germany	Manufacture of paper and paper pulp	100	100
Sappi Europe SA	Belgium	Sales	100	100
Sappi Finland Operations Oy ⁽¹⁾	Finland	Manufacture of paper and paper pulp	100	100
Sappi Germany GmbH	Germany	Sales and manufacture of lignin	100	100
Sappi Italy Operations SpA	Italy	Manufacture of paper	100	100
Sappi International Holdings Proprietary Ltd	South Africa	Treasury	100	100
Sappi International SA	Belgium	Treasury	100	100
Sappi Lanaken NV ⁽²⁾	Belgium	Manufacture of paper	–	100
Sappi Lanaken Press Paper NV ⁽²⁾	Belgium	Manufacture of paper and paper pulp	–	100
Sappi Maastricht BV	Netherlands	Manufacture of paper	100	100
Sappi Papier Holding GmbH	Austria	Holding company/sales	100	100
Sappi Southern Africa Limited	South Africa	Production of paper and paper pulp, dissolving wood pulp and forestry	100	100
Sappisure Försäkrings AB	Sweden	Insurance	100	100
Sappi North America Inc	United States of America	Manufacture of paper and paper pulp	100	100

⁽¹⁾ Sappi Finland 1 Oy was merged into Sappi Finland Operations Oy during fiscal 2025.

⁽²⁾ Sappi Lanaken NV and Sappi Lanaken Presspaper NV were sold during fiscal 2025.



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