Q3 FY26

sappi

FY26 Q 3 Results — the period ended June 2026

Highlights for the quarter

Adjusted EBITDA[1]	Loss for the period	Adjusted EPS[2]	Net debt
US$53 million	US$181 million	8 US¢ loss for the period	US$1,997 million
Q3FY25: US$80 million	Q3FY25: US$33 million loss	Q3FY25: 4US¢ loss	Q3FY25: US$1,947 million

		Quarter ended			Nine months ended	
		Jun 2026	Jun 2025	Mar 2026	**Jun 2026**	Jun 2025
Key figures (US $ million)	Revenue	**1,334**	1,321	1,334	**3,955**	4,031
	Operating profit (loss) excl special items[1]	**(177)**	(5)	(133)	**(311)**	146
	Special items – loss (gain)[1]	**26**	2	289	**332**	30
	Adjusted EBITDA	**53**	80	52	**195**	390
	EBITDA excluding special items[1]	**(99)**	71	(49)	**(67)**	363
	Profit (Loss) for the period	**(181)**	(33)	(413)	**(631)**	17
	Basic EPS (loss) (US cents)	**(30)**	(5)	(68)	**(104)**	3
	Adjusted EPS (loss) (US cents)[1]	**(8)**	(4)	(8)	**(19)**	11
	Net debt[1]	**1,997**	1,947	1,964	**1,997**	1,947
Key ratios (%)	Operating profit (loss) excl special items[1] to revenue	**(13.3)**	(0.4)	(10.0)	**(7.9)**	3.6
	ROCE[1] Operating profit excluding special items[1] to capital employed	**(18.6)**	(0.5)	(13.1)	**(10.4)**	4.6
	Adjusted EBITDA to revenue	**4.0**	6.1	3.9	**4.9**	9.7
	EBITDA excl special items1 to revenue	**(7.4)**	5.4	(3.7)	**(1.7)**	9.0
	Net debt to EBITDA excl special items[1]	**6.5**	3.2	5.9	**6.5**	3.2
	Covenant leverage ratio	**6.9**	2.9	6.1	**6.9**	2.9
	Interest cover[1]	**0.5**	7.6	2.4	**0.5**	7.6
	Net asset value per share[1] (US cents)	**294**	406	311	**294**	406

1 Adjusted EBITDA is EBITDA excluding special items and plantation fair value price adjustment.
2 Adjusted EPS is EPS excluding special items and plantation fair value price adjustment.
3 See published results for detail on special items, the definition of the terms, reconciliations and supplemental information about key ratios.

Strong liquidity position

Despite the challenging operating environment and lower profitability, Sappi maintained a strong liquidity position of approximately US$783 million at quarter end. Leverage covenant testing remains suspended until March 2027.

Encouraging progress

While **global market conditions remained challenging**, the quarter reflected encouraging progress in key strategic initiatives, particularly the continued ramp-up of the Somerset Mill PM2 paperboard machine in North America, ongoing cost reduction actions across the group and disciplined capital allocation.

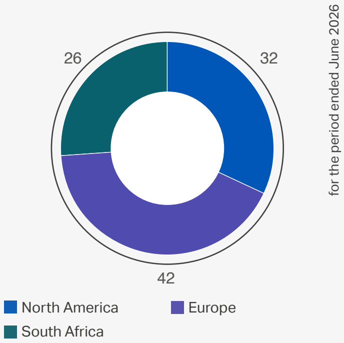
The highlight for the quarter was **improved profitability in the North American region**, where paperboard sales volumes from Somerset Mill PM2 and operational efficiencies improved.

Group performance was adversely impacted by depressed selling prices across many of our product categories, cost inflation associated with the conflict in the Middle East, scheduled maintenance costs, adverse currency movements and the negative impact of escalating fuel costs.

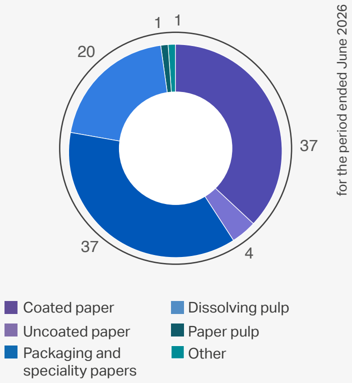
The pulp segment operated within a more supportive market. Demand for dissolving wood pulp (DWP) remained **robust** despite it being a seasonally slower period, underpinned by healthy viscose staple fibre (VSF) industry operating rates and favourable demand for cellulosic fibres. Higher petrochemical costs associated with the conflict in the Middle East continued to pressure competing polyester textile fibres, favouring VSF.

Net operating assets and sales distribution

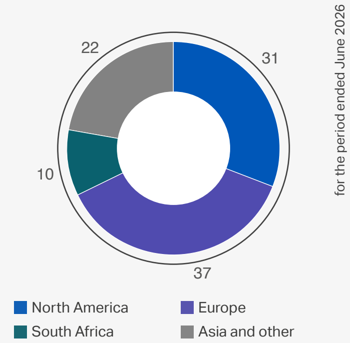
Sales by source (%)



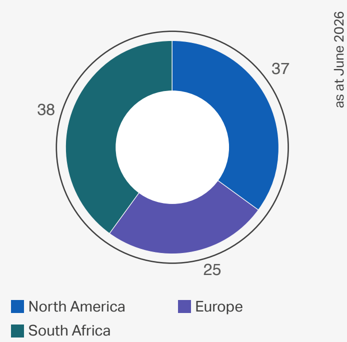
Sales by product (%)



Sales by destination (%)



Net operating assets (%)
(Ex Corporate)



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Outlook

The ongoing **conflict in the Middle East** continues to contribute to **volatility across global markets**. Elevated geopolitical tensions have sustained pressure on energy, chemical and logistics costs, increasing the risk of **broader inflationary impacts across our value chains**. Continued geopolitical uncertainty may also contribute to heightened foreign exchange volatility, which remains a key risk to the group's earnings and net debt.

While demand in several of our end-markets has shown signs of improvement, **underlying macroeconomic conditions remain uncertain**.

We continue executing strategic cost-saving initiatives, targeting both fixed cost reductions and variable cost efficiencies through enhanced operational performance. These actions are critical to **offsetting inflationary pressures across our cost base**.

We are maintaining a **disciplined approach to capital allocation** (focused on essential maintenance, regulatory requirements and projects that support operational reliability), balance sheet management and liquidity preservation to ensure that the group retains the flexibility to respond effectively to evolving market conditions.

Conditions across a number of our key product categories are improving, driven by **strengthening pricing dynamics and operational momentum**.

In the pulp segment, **healthy VSF market fundamentals continue to underpin DWP demand**, while the lag benefit of hardwood DWP price increases realised during the third quarter is expected to support profitability in the fourth quarter.

Sentiment in global packaging and speciality paper markets is slowly improving, and the segment is expected to benefit from the continued ramp-up of Somerset Mill PM2 and recent paperboard price increases in North America. Containerboard demand in South Africa remains healthy, supported by agricultural export markets.

Graphic papers demand is expected to continue its **structural decline**, and we remain focused on optimising capacity utilisation across our asset base. The segment should benefit from the pricing initiatives implemented during the third quarter.

We estimate that Adjusted **EBITDA** for the fourth quarter of FY2026 will be **materially above** that of the third quarter.

Capital allocation disciplined

Consistent with our focus on preserving liquidity and maintaining financial flexibility, capital allocation remained disciplined. **Capital expenditure of US$62 million** (substantially below the prior year) **focused on essential maintenance** activities.

Liquidity remains healthy

Liquidity remained well managed, comprising US$204 million cash on hand and US$579 million of committed, undrawn revolving credit facilities in South Africa and Europe.

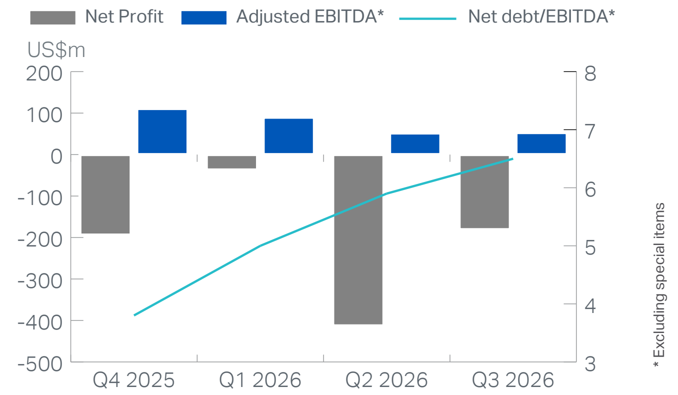
Cash utilisation increases debt

Cash flow benefited from US$19 million working capital inflow, partially offset by US$11 million in closure and restructuring costs in Europe. **Net debt increased US$33 million** quarter-on-quarter, to US$1,997 million, primarily as a result of the US$30 million net cash utilised.

Proposed UPM Joint Venture

Sappi shareholders **approved the proposed formation of a 50/50 graphic papers joint venture** between Sappi and UPM. The parties continue to work towards the fulfilment of the remaining conditions precedent and currently expect these to be completed by the end of 2026.

Q-on-Q earnings, Profit & Debt



Our purpose

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

Our business strategy

Through collaboration and innovation we will grow profitably, using our strength as a sustainable and diversified global woodfibre group, focused on dissolving pulp, graphic, packaging and speciality papers, and biomaterials. Our strategy demands a clear focus on four key fundamentals: Grow our business • Sustain our financial health • Drive operational excellence • Enhance trust.

Our sustainability strategy

We will create long-term value for all stakeholders from relevant sustainable woodfibre products and through ongoing improvement in key areas.

Our commitment to sustainability underpins our strategy and is based on being a trusted, transparent, and innovative partner in building a biobased circular economy.

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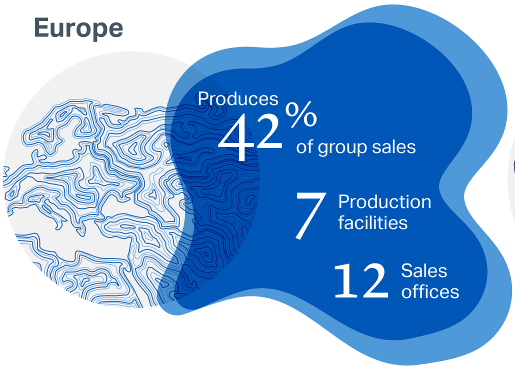
Europe



The region **improved financial performance** compared to the prior year, primarily due to fixed cost savings arising from strategic rationalisations.

Sales volumes were 6% below last year, impacted partly by a loss of graphic papers market share as pricing discipline was maintained to recover rising input costs.

The European **graphic papers** market continues to face the dual challenges of **structural demand decline** and persistent industry overcapacity. Sales volumes declined by 8% compared to the prior year, reflecting both a softening of market demand and a modest loss of market share. Excess capacity in the market continued to constrain pricing.

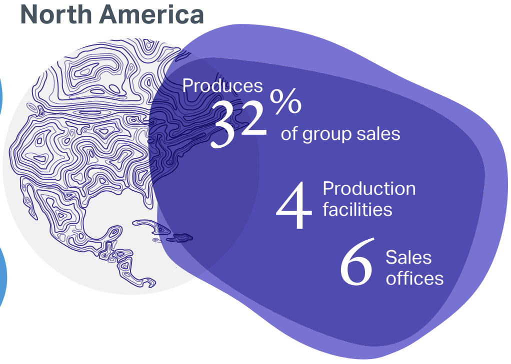
Packaging and speciality papers markets remained under pressure from ongoing **overcapacity** and **lacklustre demand** across most product categories. Sales volumes for the segment were 2% above the prior year but average selling prices declined by 2%. Despite these challenging market conditions, **profitability improved** year-on-year, albeit from a low base, benefiting from cost savings associated with the Alfeld Mill rationalisation.

Variable costs were in line with last year with lower purchased pulp and energy costs offset by higher wood and chemical costs.

Fixed costs decreased by 6% primarily due to lower personnel costs associated with the Alfeld Mill rationalisation programme.

Marco Eikelenboom
Chief Executive Officer
Sappi Europe

North America



The region significantly **improved profitability** compared to the prior quarter and the prior year.

Improved **operational stability**, together with higher sales volumes, contributed to a reduction in unit costs.

Somerset Mill PM2 operated continuously throughout the quarter, albeit at a slower speed than design capacity. Paperboard sales volumes increased 63% compared to the prior year.

Packaging and speciality papers delivered a **strong improvement** reflecting the steady expansion of paperboard production and sales volumes from Somerset Mill PM2.

Amidst early signs of demand recovery and improving sentiment in North American paperboard markets, Sappi and most major domestic competitors announced **price increases** during June and July.

Graphic papers markets in North America continued to experience **structural demand decline**.

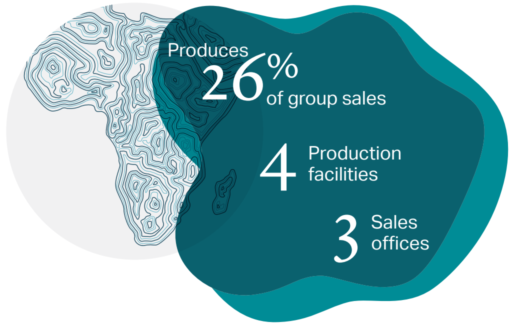
External **demand** for our pulp products remained **steady**. Profitability for the segment improved year-on-year.

Variable costs were 3% below the prior year due to improved operational efficiencies and lower purchased pulp costs partially offset by higher delivery costs.

Fixed costs were 7% below last year primarily due to lower personnel and maintenance cost.

Mike Haws
Chief Executive Officer
Sappi North America

South Africa



Profitability was impacted by **lower sales volumes** (excluding forestry) and selling prices.

The scheduled maintenance shut at the Ngodwana Mill reduced earnings by approximately US$22 million.

The forestry fair value price adjustment was a loss of ZAR2.523 billion.

Lower selling prices and adverse exchange rate movements continued to create **significant headwinds**.

Demand for DWP remained healthy. Sales volumes were impacted by the scheduled maintenance shut at Ngodwana Mill. Segment profitability was significantly impacted by higher delivery and sulphur costs due to the conflict in the Middle East and lower US Dollar selling prices.

Containerboard demand remained solid. Year-on-year profitability was impacted by lower volumes and weaker pricing.

Demand for **office paper and newsprint** remained **stable**. Profitability continued to be impacted by intense competition from low-priced imports.

Variable costs were stable year-on-year with lower energy and purchased pulp costs offsetting higher chemical and delivery costs.

Fixed costs were 4% above last year with personnel savings more than offset by higher maintenance costs due to the Ngodwana Mill maintenance shut.

Graeme Wild
Chief Executive Officer
Sappi Southern Africa

Our values As OneSappi, we do business safely, with integrity and courage, making smart decisions that we execute with speed.

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