Q2 FY26

sappi

FY26 Q 2 Results — the period ended March 2026

Highlights for the quarter

Adjusted EBITDA[1]	Loss for the period	Adjusted EPS[2]	Net debt of
US$52 million	US$413 million	Loss of 8 US¢	US$1,964 million
Q2FY25: US$107 million	Q2FY25: Loss of US$20 million	Q2FY25: Profit of 1US¢	Q2FY25: US$1,670 million

		Quarter ended			Half-year ended	
		Mar 2026	Mar 2025	Dec 2025	**Mar 2026**	Mar 2025
Key figures (US $ million)	Revenue	**1,334**	1,347	1,287	**2,621**	2,710
	Operating profit (loss) excl special items[1]	**(133)**	19	(1)	**(134)**	151
	Special items – loss (gain)[1]	**289**	17	17	**306**	28
	Adjusted EBITDA	**52**	107	90	**142**	310
	EBITDA excluding special items[1]	**(49)**	90	81	**32**	292
	Profit (Loss) for the period	**(413)**	(20)	(37)	**(450)**	50
	Basic EPS (loss) (US cents)	**(68)**	(3)	(6)	**(74)**	8
	Adjusted EPS (loss) (US cents)[1]	**(8)**	1	(3)	**(11)**	15
	Net debt[1]	**1,964**	1,670	1,951	**1,964**	1,670
Key ratios (%)	Operating profit (loss) excl special items[1] to revenue	**(10.0)**	1.4	(0.1)	**(5.1)**	5.6
	ROCE[1] Operating profit excluding special items[1] to capital employed	**(13.1)**	1.9	(0.1)	**(6.6)**	7.4
	Adjusted EBITDA to revenue	**3.9**	7.9	7.0	**5.4**	11.4
	EBITDA excl special items1 to revenue	**(3.7)**	6.7	6.3	**1.2**	10.8
	Net debt to EBITDA excl special items[1]	**9.0**	2.6	5.5	**9.0**	2.6
	Covenant leverage ratio	**6.1**	2.4	4.9	**6.1**	2.4
	Interest cover[1]	**2.4**	9.4	4.2	**2.4**	9.4
	Net asset value per share[1] (US cents)	**311**	407	385	**311**	407

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.

Debt increase restraint

Net debt increased by only US$13 million to US$1,964 million, compared to the previous quarter as net cash utilized was significantly lower than the prior year and capital allocation was restricted to essential maintenance.

Persistent headwinds

The quarter was characterised by **persistent** macroeconomic **headwinds**: subdued consumer demand, ongoing geopolitical trade tensions and the escalating conflict in the Middle East.

Although **sales volumes increased** year-on-year, **selling prices declined** across all regions.

Dissolving wood pulp (DWP) demand remains robust. Prices were 12% lower than last year, but hardwood DWP prices closed the quarter $60 per ton stronger.

North American paperboard volumes increased 27% year-on-year, reflecting **continued progress in the Somerset Mill PM2 ramp-up**.

In **Europe**, underlying profitability benefited from **solid sales volumes** and ongoing fixed-cost savings initiatives.

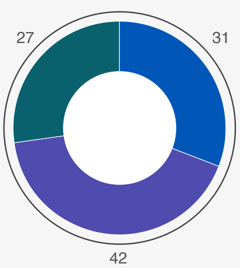
Packaging and speciality papers faced significant challenges from **subdued demand and excess capacity** in Europe, and depressed selling prices.

Despite the **continued structural decline in graphic papers demand**, our strategic approach to align capacity with market demand continues to deliver tangible benefits, enabling the segment to generate stable earnings.

Profitability was adversely impacted by the strengthening of the ZAR/US$ exchange rate.

Net operating assets and sales distribution

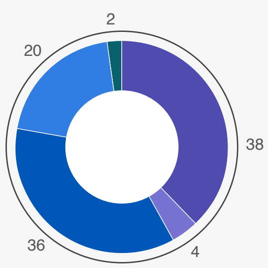
Sales by source (%)



for the period ended March 2026

North America
Europe
South Africa

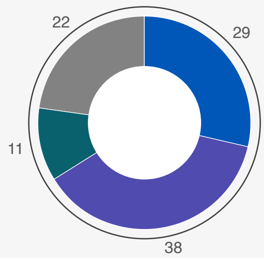
Sales by product (%)



for the period ended March 2026

Coated paper
Dissolving pulp
Uncoated paper
Paper pulp
Packaging and speciality papers

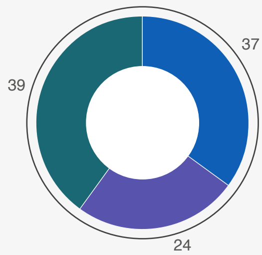
Sales by destination (%)



for the period ended March 2026

North America
Europe
South Africa
Asia and other

Net operating assets (%)
(Ex Corporate)



as at March 2026

North America
Europe
South Africa

Outlook

The operating environment remains challenging, with a weak global macroeconomic backdrop and persistent geopolitical, trade tensions and conflict continuing to **undermine market confidence and consumer demand**. We continue to monitor developments seeking to mitigate their impact through disciplined cost management and selective alternate sourcing initiatives.

Demand for DWP is expected to remain strong into the third quarter, supported by robust downstream textile fibre demand and pricing momentum across the value chain. Elevated energy, chemical and logistics costs in the value chain, together with higher textile fibre prices, continue to support a more favourable pricing environment for DWP. The full benefit of these higher prices is expected to be realised progressively over the next two quarters.

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

Graphic papers markets are expected to continue their structural decline in line with historical trends. We remain focused on optimising capacity utilisation and product allocation while implementing recently announced price increases in Europe and North America to help offset rising input costs.

An **annual maintenance shut at the Ngodwana Mill** is scheduled for the third quarter and is expected to **reduce earnings by approximately US$23 million**.

The forestry fair value price adjustment is anticipated to be negative, primarily as a result of higher fuel costs.

Foreign exchange volatility remains a key risk. **Sustained US Dollar weakness** may **negatively affect** South African earnings and reported net debt levels as Euro-denominated borrowings are translated into US Dollar.

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

Capex further curtailed

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

Liquidity remains well managed

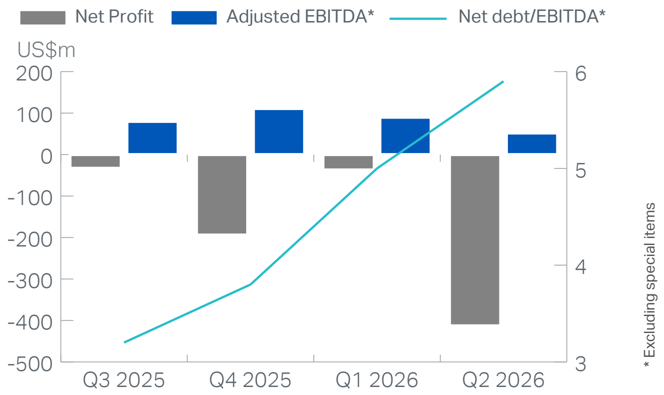
Liquidity remained well managed during the quarter, with US$192 million cash on hand and access to a further US$632 million of committed, undrawn revolving credit facilities in Europe and South Africa.

UPM Joint Venture

We remain confident in the strong strategic rationale of the proposed European graphic papers joint venture partnership with UPM.

Constructive work and engagement with stakeholders is progressing in line with our targeted timeline to signing definitive agreements in the first half of 2026. Completion of the transaction remains subject to the signing of definitive agreements, regulatory approvals and fulfilment of customary conditions precedent, with closing anticipated 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.

Registration number: 1936/008963/06 Issuer code: SAWI JSE Code: SAP ISIN: ZAE000006284

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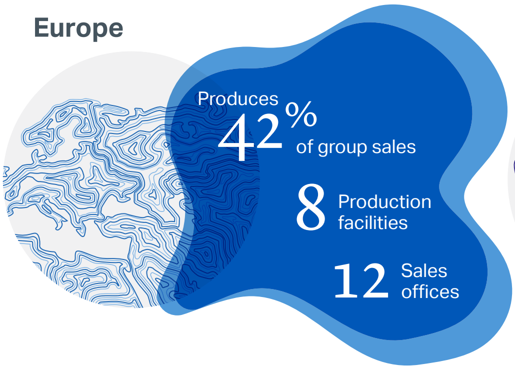
Europe



Paper market conditions remained challenging with subdued demand reflecting **persistent macroeconomic weakness** exacerbated by significant oversupply.

The region began to realise benefits of the **strategic capacity rationalisation** initiatives and associated operational efficiency improvements.

Packaging and speciality papers continued to experience headwinds from excess capacity and ongoing pricing pressure. Notwithstanding these challenges, sales volumes increased by 12% year-on-year, driven primarily by **growth in the label papers business**.

Paperboard and flexible packaging markets remained **lacklustre** amid overcapacity and weak demand. Higher sales volumes were insufficient to offset a 5% year-on-year price decline.

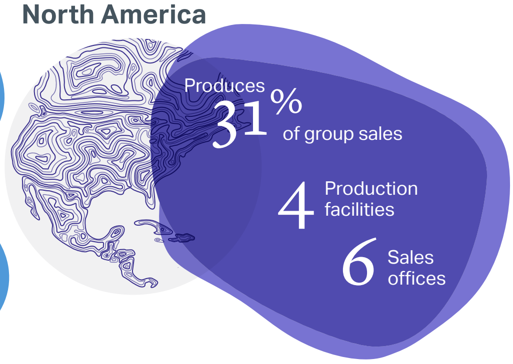
Persistent demand erosion and significant graphic paper **overcapacity** continued to exert pressure on pricing (down 10% year-on-year) while sales volumes declined 2%. These structurally adverse pricing dynamics continue to weigh on overall profitability.

Variable costs decreased 7% year-on-year, reflecting lower energy, purchased pulp and chemical costs, partially offset by higher wood costs.

Fixed costs declined 13% year-on-year, primarily due to personnel savings resulting from our strategic rationalisation initiatives.

Marco Eikelenboom
Chief Executive Officer
Sappi Europe

North America



Performance was adversely affected by **materially lower paperboard pricing** and slower than anticipated ramp-up of paperboard sales volumes.

Steady progress was made in ramping up PM2 volumes; paperboard sales volumes increased by 27% year-on-year, as customer trials continued to transition into commercial sales. Recently announced industry capacity reductions will support **market balance improvement**s.

Graphic papers sales volumes declined by 18% compared to the prior year, due to the planned capacity reduction associated with the PM2 conversion. The segment was **fully sold** during the quarter, constrained by low inventories and production disruptions.

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

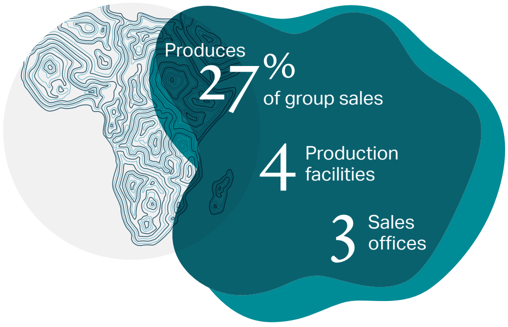
Pulp sales volumes declined as a greater portion of production from the Cloquet and Matane Mills was strategically integrated into downstream operations.

Despite lower raw material and energy costs operational challenges **increased** year-on-year **variable costs 4%**. Delivery costs increased due to higher fuel prices and changes in geographical distribution as paperboard sales expanded.

Fixed costs declined 5% compared to the prior year, primarily due to lower personnel costs.

Mike Haws
Chief Executive Officer
Sappi North America

South Africa



Despite steady demand and sales volumes across all segments, **lower selling prices** negatively impacted profitability.

DWP demand remained strong; profitability was materially affected by significantly lower prices, compounded by adverse exchange rate movements.

The scheduled maintenance shut at the Saiccor Mill further reduced earnings by approximately US$10 million.

The forestry fair value price adjustment resulted in a negative revaluation of ZAR1,692 million, driven predominantly by adverse exchange rate movements.

Containerboard sales volumes were **supported** by robust agricultural demand and positive market forecasts for the 2026 citrus season. Net selling prices were 3% lower than last year, reflecting weak global market conditions and increased competition from low-priced imports.

Office paper and newsprint demand remained steady; year-on-year volume growth was offset by a 15% decline in selling prices driven by intensified competition from low-priced imports.

Variable costs declined by 5% year-on-year, driven primarily by lower purchased pulp and wood costs. Delivery costs were driven 2% higher by increased fuel costs and shipping surcharges. **Fixed costs decreased by 12%** year-on-year, due to lower personnel and maintenance costs.

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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