Sappi Group
(Sappi Limited)
FOURTH QUARTER: FISCAL YEAR 2023
FINANCIAL RESULTS AND OPERATIONAL DATA ENDED
1 OCTOBER 2023

9 NOVEMBER 2023

This report is being furnished to The Bank of New York Mellon as trustee for the Senior Notes of Sappi Papier Holding GmbH due 2026 issued pursuant to the indentures dated as of March 12, 2019; and the Senior Notes of Sappi Papier Holding GmbH due 2028 issued pursuant to the indentures dated as of March 10, 2021; in each case pursuant to Section 4.03 of the indentures governing such Senior Notes.

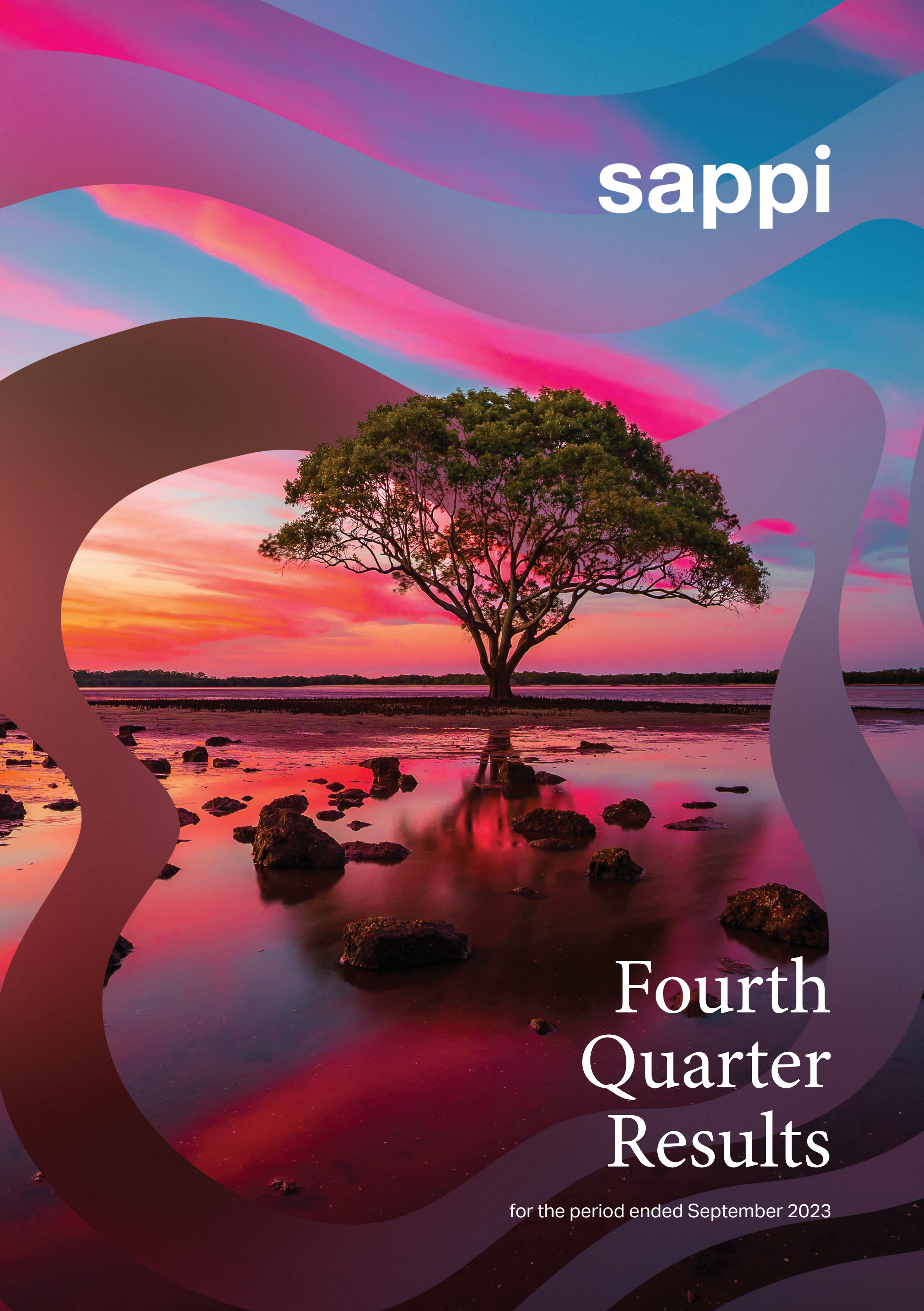
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, statements contained in this report may constitute ''forward-looking statements.'' The words ''believe'', ''anticipate'', ''expect'', ''intend'', ''estimate'', ''plan'', ''assume'', ''positioned'', ''will'', ''may'', ''should'', ''risk'' and other similar expressions, which are predictions of or indicate future events and future trends and which do not relate to historical matters, identify forward-looking statements. In addition, this document includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicality, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);
- the impact on our business of adverse changes in global economic conditions;
- unanticipated production disruptions (including as a result of planned or unexpected power outages);
- changes in environmental, tax and other laws and regulations;
- adverse changes in the markets for our products;
- the emergence of new technologies and changes in consumer trends including increased preferences for digital media;
- consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;
- adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;
- the impact of restructurings, investments, acquisitions, dispositions and other strategic initiatives (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions or implementing restructuring or other strategic initiatives, and achieving expected savings and synergies; and
- currency fluctuations.

For a discussion of the above factors and certain additional factors, refer to the document entitled "Risk Report" attached to the 2022 Annual Integrated Report as disclosed in the "Bond Reporting Requirements" section of our webpage (www.sappi.com) under "Sappi Papier Holdings". These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

You are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are made as of the date of this report or as of the date specified therein and are not intended to give any assurance as to future results. We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.



Fourth Quarter Results

for the period ended September 2023

"Sappi is a leading global provider of everyday materials made from woodfibre-based renewable resources. As a diversified, innovative and trusted leader focused on sustainable processes and products, we are building a more circular economy by making what we should, not just what we can."

Our raw material offerings (such as dissolving pulp, wood pulp, biomaterials and timber) and end-use products (packaging papers, speciality 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.

Together with our partners, Sappi works to build a thriving world by acting boldly to support the planet, people and prosperity.

	Quarter ended			Year ended	
	Sep 2023	**Sep 2022**	**Jun 2023**	**Sep 2023**	**Sep 2022**
Key figures (US$ million)					
Sales	**1,381**	1,923	1,326	**5,809**	7,296
Operating profit (loss) excluding special items[1]	**65**	318	41	**432**	1,038
Special items – loss (gain)[2]	**80**	213	(15)	**52**	268
EBITDA excluding special items[1]	**168**	391	106	**731**	1,339
Profit (Loss) for the period	**(40)**	26	40	**259**	536
Basic earnings per share (US cents)	**(7)**	5	7	**46**	95
EPS excluding special items (US cents)[3]	**6**	44	5	**52**	138
Net debt[3]	**1,085**	1,163	1,176	**1,085**	1,163
Key ratios (%)					
Operating profit (loss) excluding special items to sales	**4.7**	16.5	3.1	**7.4**	14.2
Operating profit (loss) excluding special items to capital employed (ROCE)[3]	**7.2**	34.4	4.4	**12.3**	27.9
EBITDA excluding special items to sales	**12.2**	20.3	8.0	**12.6**	18.4
Net debt to EBITDA excluding special items	**1.5**	0.9	1.2	**1.5**	0.9
Covenant leverage ratio[3]	**1.4**	0.9	1.2	**1.4**	0.9
Interest cover[3]	**6.4**	15.6	9.6	**6.4**	15.6
Net asset value per share (US cents)[3]	**438**	417	446	**438**	417

(1) *Refer to note 2 to the group results for the reconciliation of EBITDA excluding special items and operating profit excluding special items to operating profit by segment and profit for the period.*
(2) *Refer to note 2 to the group results for details on special items.*
(3) *Refer to supplemental information for the definition of the term.*

Highlights for the year

EBITDA excluding special items
US$731 million
(FY22: US$1,339 million)

Profit for the period
US$259 million
(FY22: US$536 million)

EPS excluding special items
52 US cents
(FY22: 138 US cents)

Net debt of
US$1,085 million
(FY22: US$1,163 million)

Dividend
15 US cents per share
(FY22: 15 US cents)

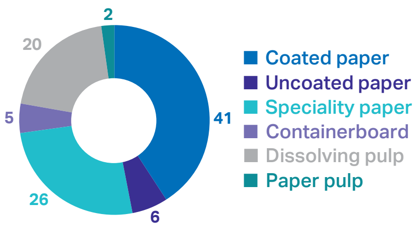
Highlights for the quarter

EBITDA excluding special items
US$168 million
(Q4 FY22: US$391 million)

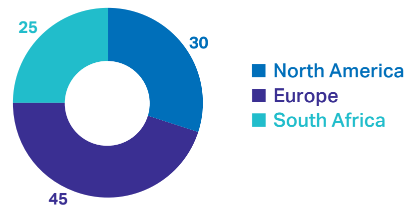
Loss for the period
US$40 million
(Q4 FY22: profit US$26 million)

EPS excluding special items
6 US cents
(Q4 FY22: 44 US cents)

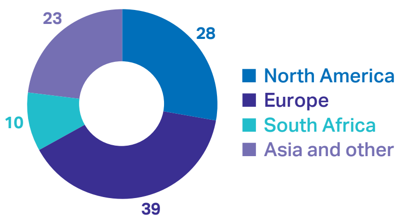
SALES BY PRODUCT* (%)



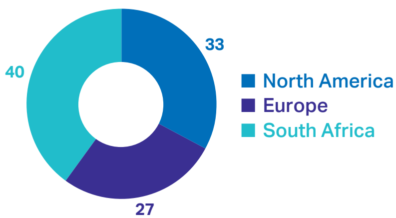
SALES BY SOURCE* (%)



SALES BY DESTINATION* (%)



NET OPERATING ASSETS (EX CORPORATE)** (%)



* *For the period ended September 2023.*
** *As at September 2023.*

Year ended September 2023[1]

Against a backdrop of a persistently volatile and challenging macroeconomic environment Sappi delivered EBITDA excluding special items of US$731 million for the year ended September 2023. The widespread disruption caused by ongoing geopolitical instability, weak global economic growth, rising interest rates, and an underperforming Chinese economy negatively impacted markets for our products. The unfavourable trading conditions faced in 2023 were further exacerbated by a prolonged period of downstream inventory destocking as buyers slowly worked through inventories that had been built up in the second half of 2022. In response to these headwinds, we concentrated on preserving selling prices, efficiently managed our capacity and inventories to optimise working capital and implemented various cost-saving initiatives across our operations, all of which positively contributed to the earnings performance.

Despite 2023 being one of the most challenging downcycles experienced in the pulp and paper industry, with demand for our paper products falling below that of the Covid-19 pandemic years, we achieved some significant milestones. The South African business delivered record EBITDA (in ZAR) and North America the second highest ever EBITDA. The group generated significant cash which enabled a further reduction of net debt at year-end to US$1,085 million, the lowest level in 30 years.

Graphic paper demand declined sharply and remained weak throughout the year due to weak consumer confidence related to the slowing economy and an inventory destocking cycle that took longer than anticipated. Sales volumes declined 38% year-on-year and production curtailments were required to manage these weak demand dynamics. Selling prices were 14% higher than the prior year and remained resilient. However, cost inflation and operational inefficiencies associated with low capacity utilisation significantly eroded profitability. In response to the market overcapacity and in line with Sappi's strategy to reduce exposure to graphic paper markets, we made the difficult decision to close the Stockstadt Mill and initiated a consultation process for the potential closure of the Lanaken Mill shortly after year-end.

The packaging and speciality papers segment faced similar weak trading conditions related to high levels of downstream inventory and muted

[1] *"year-on-year" or "prior/previous/last year" is a comparison between FY2023 versus FY2022.*

consumer demand. Positive year-on-year pricing gains of 7% were insufficient to offset input cost inflation and a 22% reduction in sales volumes leading to a decline in the segment's profitability.

The same market dynamics of elevated stock levels and negative consumer sentiments dampened demand and pricing for textile fibres in the early part of the year. However, viscose staple fibre (VSF) operating rates in China improved steadily as economic activity resumed from the third quarter onwards. Operating rates in the VSF industry remained at a high level through the remainder of the year and downstream VSF inventories dropped below historical levels, which supported demand for dissolving pulp (DP). The hardwood DP market price[2] fell more than US$200 from the elevated levels of last year to reach a low of US$840 in August. The movement was driven primarily in the early part of the year by high retail inventories and weak consumer sentiment and then in the latter part of the year by relatively subdued VSF pricing and the weak Chinese Renminbi exchange rate against the US Dollar. Sales volumes for the pulp segment increased by 7% compared to the prior year but profitability was adversely impacted by the lower average pricing and cost inflation.

Special items for the year reduced earnings by US$52 million. These included US$274 million for the impairment of assets, restructuring and closure costs associated with the closure of Stockstadt Mill and the impairment of Lanaken Mill, which was partially offset by a US$123 million positive plantation fair value adjustment and the reversal of European assets held for sale impairment from last year of US$181 million.

Net finance costs for the year were US$49 million, a significant decrease from the US$97 million in the prior year due predominantly to lower debt levels.

Profit for the period of US$259 million was below that of the record achieved for the 2022 financial year due to the sharp contrast in market conditions and the associated lower operating profitability.

Sustainability serves as the cornerstone of our Thrive25 strategy, as we strive to be a trusted, transparent and innovative partner in building a biobased circular economy. Regrettably, production curtailments significantly impeded our operational efficiency, causing us to fall short of our planet-related targets for the year. We are pleased to have made significant strides in achieving our people-related targets and attained our best ever safety performance. We remain steadfast in our commitment to meet and surpass all of our Thrive25 sustainability goals.

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

CASH FLOW AND DEBT

The group continued to generate cash and reduce net debt in the year. Net cash generated for the period was US$210 million, which included a working capital inflow of US$178 million due to the lower operating activity compared to the prior year. Cash outflows included a dividend payment of US$85 million and a share buyback of US$22 million. In addition, a portion of the 2026 bonds was repurchased for US$206 million and the SSA07 bond was settled for US$60 million.

Capital expenditure of US$382 million included US$100 million for the conversion and expansion of Somerset PM2 to packaging grades.

Despite the lower profitability, net debt at financial year-end decreased to US$1,085 million. This was after taking into account a negative currency translation effect on our Euro-denominated debt being converted at a higher rate, which increased net debt by US$76 million for the year, and the US$107 million returned to shareholders through the dividend and share buyback programmes. The closing net debt level is the lowest since the early 1990s when the company embarked on its global merger and acquisition strategy. At year-end, liquidity remained healthy with cash on hand of US$601 million and US$650 million from unutilised committed revolving credit facilities (RCF) in South Africa and Europe.

The stronger balance sheet with a significantly reduced debt profile and healthy cash reserves provides us with flexibility to navigate the headwinds of cyclical downturns and positions the business well to deliver on our Thrive25 strategy to reduce exposure to graphic paper markets while investing for growth in our target markets.

Fourth quarter September 2023[3]

Operating performance for the fourth quarter was ahead of expectations enabling the group to deliver EBITDA excluding special items of US$168 million, which was a marked improvement from the low of US$106 million achieved in the prior quarter. A small recovery in graphic paper sales volumes and record pulp sales volumes combined with lower variable costs and currency exchange rate benefits in the South African business boosted profitability. Despite the improvement, the group continued to experience challenging trading conditions related to the weak global economy and lingering customer destocking.

In a challenging environment where demand for graphic paper remained suppressed, sales volumes for the segment improved by 13% compared to the prior quarter. Year-on-year sales volumes were, however, down by 36% reflecting the ongoing macroeconomic challenges and necessitating production curtailments across the graphic paper assets in Europe and North America. The extended length of the weakness confirms a substantial erosion of demand for graphic paper that is unlikely to return. Selling prices came under further pressure during the quarter but the combination of cost savings and higher capacity utilisation provided some relief for the segment. Profitability was substantially down compared to the highs of the prior year but better than the third quarter.

The market conditions for the packaging and speciality papers segment were also impacted by high inventory levels and the unfavourable economic climate. Segmental sales volumes improved by 9% compared to the prior quarter but were 18% lower than last year. Profitability was further impacted by a 7% reduction in selling prices compared to the previous year which was only partially mitigated by a reduction in variable costs per ton.

Demand for DP remained robust during the quarter supported by high operating rates for VSF producers and low downstream VSF inventories in China. Additionally, textile fibre prices slowly increased and hardwood paper pulp prices shifted from their recent lows. These factors provided positive support for hardwood DP market prices, which turned upwards from August to finish the quarter at US$864 per ton. Sales volumes in the pulp segment increased 10% year-on-year reflecting improved production at the Saiccor Mill and strong demand from our customers. The average sales prices for the pulp segment were 15% below the elevated levels of the prior year which eroded margins.

Earnings per share excluding special items for the quarter was 6 US cents, which was substantially below the 44 US cents in the prior year and indicative of the challenging operating environment and subsequent reduced profitability for the group. Special items for the quarter reduced earnings by US$80 million, primarily due to the impairment of assets and restructuring costs for the Stockstadt Mill closure and the impairment of Lanaken Mill offset by a positive plantation fair value adjustment.

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[3] *"year-on-year" or "prior/previous/last year" is a comparison between Q4 FY2023 versus Q4 FY2022; "Quarter-on-quarter" or "prior/previous/last quarter" is a comparison between Q4 FY2023 and Q3 FY2023.*

Europe

Sales offices 12

Production facilities 10

EUROPE

€ million	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
	Quarter ended				
Sales – tons 000's	**469**	434	438	568	757
Sales	**537**	543	592	783	982
Operating profit (loss) excluding special items	**(50)**	(16)	–	73	102
Operating profit (loss) excluding special items to sales (%)	***(9.3)***	*(2.9)*	–	*9.3*	*10.4*
EBITDA excluding special items	**2**	3	20	91	130
EBITDA excluding special items to sales (%)	***0.4***	*0.6*	*3.4*	*11.6*	*13.2*
RONOA pa (%)	***(18.2)***	*(5.5)*	–	*23.8*	*30.7*

Profitability of the European business was severely impacted by ongoing production curtailments required to manage the effect of extremely weak demand for our paper products. Cost savings were insufficient to offset the substantially lower sales volumes and lower pricing compared to the prior year.

The destocking cycle in graphic paper markets began to ease during the quarter and sales volumes improved slightly from the very low trough of the third quarter. Graphic paper sales volumes were 41% down on the prior year but 10% better than the prior quarter. As downstream inventories reduced, it became clear that demand is unlikely to return to previous levels and the European region will continue to be faced with significant overcapacity necessitating extended periods of costly commercial downtime. Recognising that these low operating rates are unsustainable we announced a consultation process for the closure of Stockstadt Mill on 6 July 2023, which was concluded shortly after year-end, and initiated a consultation process for the potential closure of Lanaken Mill.

Demand in the packaging and speciality papers segment continued to be influenced by elevated downstream inventories. Sales volumes recovered slightly to 4% above the prior quarter but remained 28% below last year. Although destocking is certainly nearing completion, the uncertain macroeconomic environment appears to be suppressing underlying demand for consumer goods. Pricing came under pressure during the quarter negating the benefits of cost savings and marginally improved capacity utilisation. Profitability for the segment remained reflective of the challenges in the industry.

Variable costs declined 20% year-on-year driven by a substantial reduction in prices for all major cost categories with the exception of wood, which remains elevated. Fixed costs were 10% below last year primarily due to personnel and maintenance cost savings.

North America

Sales offices | 6
Production facilities | 4

NORTH AMERICA

US$ million	Quarter ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Sales – tons 000's	**360**	305	330	378	423
Sales	**431**	395	458	526	586
Operating profit (loss) excluding special items	**37**	4	43	91	121
Operating profit excluding special items to sales (%)	***8.6***	*1.0*	*9.4*	*17.3*	*20.6*
EBITDA excluding special items	**60**	27	66	114	143
EBITDA excluding special items to sales (%)	***13.9***	*6.8*	*14.4*	*21.7*	*24.4*
RONOA pa (%)	***10.9***	*1.2*	*12.6*	*27.6*	*37.1*

Profitability of the North American business improved from the lows of the third quarter and the full year EBITDA of US$267 million was the second highest in the region's history. Strategic investments in recent years in pulp and packaging and speciality papers have created a more resilient and diversified product portfolio, significantly enhancing profitability and buffering the business from the impact of cyclical economic swings. Our strategic project to convert and expand Somerset PM2 from coated wood free paper to solid bleached sulphate paperboard progressed well during the quarter and is on track for start-up in 2025.

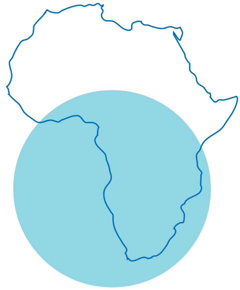
Demand for graphic paper improved with sales volumes 24% better than the prior quarter but still 28% below last year. Despite some downward pressure, selling prices for graphic paper were relatively stable. This, coupled with effective cost-saving measures, helped mitigate the impact of lower capacity utilisation.

Demand for packaging and speciality papers saw some improvement but remained relatively subdued as customers continued to address high inventory levels. Sales volumes were still 33% below the prior year, which exerted downward pressure on pricing and margins.

The pulp segmental sales volumes were 28% higher than the prior year primarily due to increased sales of high yield bleached chemi-thermomechanical pulp (BCTMP) as more capacity became available for external sales due to the lower integration into our own packaging paper assets in Europe and North America where we curtailed operations. Both DP and BCTMP pricing was down compared to the prior year with BCTMP prices particularly hard hit by weak global pulp markets.

Variable costs decreased 11% year-on-year driven by delivery cost savings, higher internal pulp integration and lower purchased pulp pricing. Fixed costs were 10% below the prior year due to personnel and maintenance savings.

Operating review for the quarter
continued



South Africa

Sales offices | 6
Production facilities | 5

SOUTH AFRICA

ZAR million	Quarter ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Sales – tons 000's	**740**	773	765	722	801
Sales	**7,154**	6,781	6,604	6,602	6,326
Operating profit (loss) excluding special items	**1,426**	942	959	1,109	1,511
Operating profit excluding special items to sales (%)	***19.9***	*13.9*	*14.5*	*16.8*	*23.9*
EBITDA excluding special items	**1,854**	1,335	1,332	1,514	1,881
EBITDA excluding special items to sales (%)	***25.9***	*19.7*	*20.2*	*22.9*	*29.7*
RONOA pa (%)	***18.6***	*12.5*	*12.7*	*15.0*	*21.4*

The South African business delivered a record EBITDA for the financial year of ZAR6,035 billion, an excellent achievement within a challenging local operating environment with significant power and transport infrastructure headwinds. The success was broad based with good performance across all product segments.

Demand for Verve during the quarter was strong and sales volumes were 2% above the prior year. Production at Saiccor Mill improved year-on-year due to more stable operations. However, profitability of the segment was negatively impacted by higher costs and a significant reduction in year-on-year average US Dollar pricing, which was only partially offset by a weaker Rand/US Dollar exchange rate.

Containerboard sales volumes were 17% higher than last year. However, it should be noted that sales in the comparative period were constrained by the PM1 machine upgrade at the Ngodwana Mill. Elevated levels of inventory in the downstream value chain and competition from imports suppressed demand somewhat but higher selling prices boosted profitability for the segment.

Newsprint and office paper markets weakened during the quarter and pricing came under pressure. Higher year-on-year sales volumes and pricing were insufficient to offset cost inflation resulting in a small margin erosion compared to the prior year.

Variable costs were 4% above the prior year driven by substantially higher wood, energy and chemicals costs, partly offset by lower ocean freight delivery costs. Fixed costs were 8% higher than last year due to higher personnel, maintenance and insurance costs.

POST-BALANCE SHEET EVENTS

On 10 October 2023, Sappi announced the conclusion of the consultation process for the closure of Stockstadt Mill and commenced a consultation process on the potential closure of the Lanaken Mill.

In terms of the Stockstadt consultation process, a social plan for the employees has been agreed. In addition, an agreement has been signed for the sale of the site. The closure of the Stockstadt site should be completed during the first calendar quarter of 2024. Once all closure elements are taken into account, the impact is expected to be cash neutral.

DIVIDENDS

On 08 November 2023, the directors approved a dividend (number 90) of 15 US cents per share which will be paid to shareholders on 15 January 2024. This dividend was declared after year-end and was not included as a liability at the end of the 2023 financial year and will be funded from cash reserves.

The 2023 dividend is covered 3.2 times by basic earnings per share, excluding special items.

OUTLOOK

Persistent global macroeconomic challenges and generally subdued consumer sentiment continue to impact the demand for many of our products.

Dissolving pulp markets appear more positive as VSF operating rates continue to be strong and the differential between cotton and VSF pricing remains supportive. Hardwood DP market pricing has increased in recent weeks to US$880 per ton. Additionally, paper pulp pricing has also moved into an upward trajectory, which will benefit our high yield pulp sales. DP sales volumes in the first quarter will, however, be lower than the prior quarter due to scheduled maintenance shuts at all three of our DP mills.

It has become apparent that demand for graphic papers has experienced a permanent structural decline. Sappi remains committed to our stated strategy to reduce exposure to graphic paper markets and will proactively manage overcapacity through conversion and expansion of the Somerset PM2 graphic paper asset to solid bleached sulphate paperboard in the US in 2025 and rationalisation of the European capacity through closure of the Stockstadt Mill and potential closure of the Lanaken Mill. It is anticipated that strategic action in the European region will significantly improve the capacity utilisation of the graphic paper assets and improve the fixed cost position of the business in the second half of the year.

The long-term favourable outlook for our sustainably produced packaging and speciality paper products remains unchanged, however, in the short term challenges persist. The destocking process in the segment is taking longer than expected and the macroeconomic landscape remains unpredictable, which is likely to continue to weigh on consumer sentiment. We therefore do not expect any meaningful recovery in the first quarter of the financial year. Sappi is well positioned to benefit from the turn in the cycle.

Variable costs have reduced from the peak in the first half of the 2023 financial year but still remain high relative to historical levels. Global pulp prices have started rising in recent weeks and wood costs remain elevated. Additionally, recent heightened geopolitical issues may cause additional volatility in energy markets. Cost inflation is therefore a risk in the coming quarters. We continue to proactively implement cost containment initiatives to mitigate the risk of higher costs. In the first quarter, the Ngodwana, Saiccor and Cloquet Mills will take scheduled maintenance shuts, which will have an estimated US$40 million impact on group profitability.

Capital expenditure for FY2024 is estimated to be in the region of US$500 million including approximately US$154 million for the Somerset PM2 project. Our capital investment programme is focused on operational efficiencies, enhancing our product offerings, improving our environmental footprint and growing our packaging business.

Deleveraging of our balance sheet has been material and combined with substantial cash reserves we are well positioned to navigate any market challenges in the coming year. We remain encouraged by the increasing resilience of our business and opportunities for growth in our packaging and pulp segments. Through our Thrive25 strategy we are committed to strengthening our competitive position and delivering sustained shareholder value.

Notwithstanding the gradual recovery in pulp and paper markets and taking into consideration the impact of the scheduled maintenance shuts, we anticipate that the EBITDA for the first quarter of FY2024 will be below that of the fourth quarter in FY2023.

On behalf of the board

SR Binnie
Director

GT Pearce
Director

09 November 2023

Dividend announcement

The directors have resolved to declare a gross cash dividend (number 90) of 15 US cents per share, payable in ZAR at an exchange rate (US$1=ZAR) of 18.49135, being 277.37025 cents per share, for the year ended September 2023 out of income, in respect of Sappi ordinary shares in issue on the record date set out below.

The South African dividend tax (DT) rate is 20% and the net dividend payable to shareholders who are not exempt from DT is 221.8962 cents per share. Sappi currently has 558,849,083 ordinary shares in issue. The income tax reference number is 9175203711.

In compliance with the JSE Listings Requirements the salient dates in respect of the dividend are detailed below.

Currency conversion determined on:	08 November 2023
Declaration and finalisation date:	09 November 2023
Last day to trade to qualify for the dividend:	09 January 2024
Shares commence trading ex-dividend:	10 January 2024
Record date:	12 January 2024
Payment date:	15 January 2024

Dividends payable to shareholders on the South African register will be paid in South African Rand and all dividends attributable to holders of ADR shares on the NYSE will be dealt with in accordance with their custody agreements in place with their local custodian.

Certificated shareholders who previously held their shares on the UK register, which has subsequently been discontinued, shall be paid in Pounds Sterling at the ruling exchange rate at the time.

No currency elections are permitted.

All shareholders need to ensure that their current bank mandates with their service providers are up to date. Furthermore, shareholders who have not yet done so, should submit their service providers with their tax numbers and other relevant information for dividend tax purposes. Where shareholders qualify for withholding tax exemptions, they need to ensure that such exemption applications have been lodged with their service providers.

Certificated and own name shareholders can call Computershare in South Africa on 0861 100 950 for assistance in this regard.

Share certificates will not be dematerialised or rematerialised from 10 January 2024 to 12 January 2024, both days inclusive.

Forward-looking statements

Certain statements in this release that are neither reported financial results nor other historical information, are forward-looking statements, including but not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans or objectives. The words "believe", "anticipate", "expect", "intend", "estimate", "plan", "assume", "positioned", "will", "may", "should", "risk" and other similar expressions, which are predictions of or indicate future events and future trends and which do not relate to historical matters, identify forward-looking statements. In addition, this document includes forward-looking statements relating to our potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- *the highly cyclical nature of the pulp and paper industry (and the factors that contribute to such cyclicality, such as levels of demand, production capacity, production, input costs including raw material, energy and employee costs, and pricing);*
- *the impact on our business of adverse changes in global economic conditions;*
- *unanticipated production disruptions (including as a result of planned or unexpected power outages);*
- *changes in environmental, tax and other laws and regulations;*
- *adverse changes in the markets for our products;*
- *the emergence of new technologies and changes in consumer trends including increased preferences for digital media;*
- *consequences of our leverage, including as a result of adverse changes in credit markets that affect our ability to raise capital when needed;*
- *adverse changes in the political situation and economy in the countries in which we operate or the effect of governmental efforts to address present or future economic or social problems;*
- *the impact of restructurings, investments, acquisitions, dispositions and other strategic initiatives (including related financing), any delays, unexpected costs or other problems experienced in connection with dispositions or with integrating acquisitions or implementing restructurings or other strategic initiatives, and achieving expected savings and synergies;*
- *currency fluctuations.*

We undertake no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

Condensed group income statement

US$ million	Note	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Sales		**1,381**	1,923	**5,809**	7,296
Cost of sales		**1,132**	1,527	**4,902**	5,926
Gross profit		**249**	396	**907**	1,370
Selling, general and administrative expenses		**104**	90	**365**	410
Other operating (income) expenses		**157**	200	**159**	191
Share of (profit) loss from equity accounted investees		**3**	1	**3**	(1)
Operating profit (loss)	3	**(15)**	105	**380**	770
Net finance costs		**17**	22	**49**	97
Finance costs		**28**	25	**107**	108
Finance income		**(9)**	(4)	**(48)**	(10)
Net foreign exchange gain		**(2)**	1	**(10)**	(1)
Profit (Loss) before taxation		**(32)**	83	**331**	673
Taxation		**8**	57	**72**	137
Profit (Loss) for the period		**(40)**	26	**259**	536
Basic earnings per share (US cents)	4	**(7)**	5	**46**	95
Weighted average number of shares in issue (millions)		**558.8**	565.2	**563.6**	563.3
Diluted earnings per share (US cents)	4	**(7)**	4	**44**	90
Weighted average number of shares on fully diluted basis (millions)		**599.5**	603.1	**604.6**	601.1

Condensed group statement of other comprehensive income

US$ million	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Profit (Loss) for the period	**(40)**	26	**259**	536
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss	**(3)**	69	**(5)**	35
Actuarial gains (losses) on post-employment benefit funds	**(1)**	92	**(4)**	32
Tax effect	**(2)**	(23)	**(1)**	3
Items that may be reclassified subsequently to profit or loss	**(2)**	(117)	**(69)**	(196)
Exchange differences on translation of foreign operations	**2**	(96)	**(95)**	(152)
Movements in hedging reserves	**(3)**	(23)	**30**	(46)
Tax effect	**(1)**	2	**(4)**	2
Total comprehensive income for the period	**(45)**	(22)	**185**	375

Condensed group balance sheet

US$ million	Note	Reviewed Sep 2023	Sep 2022
ASSETS			
Non-current assets		**3,742**	3,430
Property, plant and equipment	8	**2,886**	2,705
Right-of-use assets	8	**69**	76
Plantations	8	**488**	382
Deferred tax assets		**75**	46
Goodwill and intangible assets		**88**	89
Equity-accounted investees		**9**	8
Other non-current assets		**127**	123
Derivative financial instruments		**–**	1
Current assets		**2,054**	2,799
Inventories		**777**	780
Trade and other receivables	8	**658**	939
Derivative financial assets		**14**	8
Taxation receivable		**4**	1
Cash and cash equivalents	8	**601**	780
Assets held for sale	9	**–**	291
Total assets		**5,796**	6,229
EQUITY AND LIABILITIES			
Shareholders' equity			
Ordinary shareholders' interest	8	**2,445**	2,358
Non-current liabilities		**2,035**	2,347
Interest-bearing borrowings		**1,329**	1,688
Lease liabilities		**61**	66
Deferred tax liabilities		**394**	361
Defined benefit and other liabilities	8	**251**	232
Current liabilities		**1,316**	1,524
Interest-bearing borrowings		**266**	171
Lease liabilities		**30**	18
Trade and other payables	8	**908**	1,045
Provisions		**80**	4
Derivative financial liabilities		**3**	21
Taxation payable		**29**	25
Liabilities associated with assets held for sale	9	**–**	240
Total equity and liabilities		**5,796**	6 229
Number of shares in issue at balance sheet date (millions)		**558.8**	565.2

Condensed group statement of cash flows

	Quarter ended		Reviewed Year ended	
US$ million	Sep 2023	Sep 2022	Sep 2023	Sep 2022
Profit (Loss) for the period	**(40)**	26	**259**	536
Adjustment for:				
Depreciation, fellings and amortisation	**123**	86	**368**	356
Taxation	**8**	57	**72**	137
Net finance costs	**17**	22	**49**	97
Defined post-employment benefits paid	**(9)**	(9)	**(32)**	(25)
Plantation fair value adjustments	**(105)**	(22)	**(197)**	(36)
Asset impairments	**233**	–	**233**	–
Reversal of loss of held-for-sale assets	**(181)**	183	**(181)**	183
(Profit) Loss on disposal of held-for-sale assets	**–**	–	**1**	–
Equity-accounted investees impairments	**–**	–	**–**	(3)
Net restructuring provisions	**77**	–	**77**	–
(Profit) Loss on disposal and written-off assets	**(3)**	2	**(3)**	22
Other non-cash items	**6**	7	**13**	–
Cash generated from operations	**126**	352	**659**	1,267
Movement in working capital	**164**	78	**178**	(270)
Finance costs paid	**(23)**	(50)	**(121)**	(102)
Finance income received	**8**	5	**30**	10
Taxation (paid) refund	**(28)**	(8)	**(56)**	(23)
Dividend paid	**–**	–	**(85)**	–
Cash generated from operating activities	**247**	377	**605**	882
Cash utilised in investing activities	**(171)**	(135)	**(395)**	(376)
Capital expenditure	**(179)**	(134)	**(382)**	(368)
Proceeds on disposal of assets	**5**	1	**6**	2
Proceeds on held-for-sale assets	**–**	–	**10**	–
Other non-current and intangible asset movements	**3**	(2)	**(29)**	(10)

Condensed group statement of cash flows continued

	Quarter ended		Reviewed Year ended	
US$ million	Sep 2023	Sep 2022	Sep 2023	Sep 2022
Net cash generated	**76**	242	**210**	506
Cash effects of financing activities	**31**	(28)	**(416)**	(43)
Proceeds from interest-bearing borrowings	**41**	(2)	**41**	46
Repayment of interest-bearing borrowings	**(4)**	(19)	**(412)**	(65)
Share repurchases	**–**	–	**(22)**	–
Capital lease repayments	**(6)**	(7)	**(23)**	(24)
Net movement in cash and cash equivalents	**107**	214	**(206)**	463
Cash and cash equivalents at beginning of period	**504**	570	**780**	366
Translation effects	**(10)**	(4)	**27**	(49)
Cash and cash equivalents at end of period	**601**	780	**601**	780

Condensed group statement of changes in equity

US$ million	Reviewed Year ended Sep 2023	Sep 2022
Balance – beginning of period	**2,358**	1,970
Profit (Loss) for the period	**259**	536
Other comprehensive income for the period	**(74)**	(161)
Issue of shares	**3**	6
Dividend – 15 US cents	**(85)**	–
Share repurchases	**(22)**	–
Share-based payment reserve	**6**	7
Balance – end of period	**2,445**	2,358
Comprising		
Ordinary share capital and premium	**679**	728
Non-distributable reserves	**111**	117
Foreign currency translation reserves	**(239)**	(191)
Hedging reserves	**(55)**	(76)
Retained earnings	**1,949**	1,780
Total equity	**2,445**	2,358

1. Basis of preparation

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements.

The year ended September 2023 comprised 52 weeks whereas the year ended September 2022 comprised 53 weeks.

The preparation of these condensed consolidated financial statements was supervised by the Chief Financial Officer, GT Pearce, CA(SA) and were authorised for issue on 9 November 2023.

The condensed consolidated financial statements for the year ended September 2023 which includes the condensed group balance sheet, condensed group income statement, condensed group statements of other comprehensive income, changes in equity and cash flows and notes to the condensed group results have been reviewed by KPMG Inc., who expressed an unmodified review conclusion. The auditors report should therefore be read in conjunction with these condensed consolidated financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

2. Segment information

	Quarter ended		Year ended	
Metric tons (000's)	**Sep 2023**	Sep 2022	**Sep 2023**	Sep 2022
Sales volume				
North America	**360**	423	**1,373**	1,758
Europe	**469**	757	**1,909**	3,175
South Africa – Pulp and paper	**431**	404	**1,610**	1,535
Forestry	**309**	397	**1,390**	1,469
Total	**1,569**	1,981	**6,282**	7,937
Which consists of:				
Pulp	**414**	378	**1,517**	1,421
Packaging and speciality papers	**324**	393	**1,251**	1,600
Graphic papers	**522**	813	**2,124**	3,447
Forestry	**309**	397	**1,390**	1,469

2. Segment information continued

US$ million	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Sales				
North America	**431**	586	**1,810**	2,200
Europe	**587**	1,002	**2,622**	3,803
South Africa – Pulp and paper	**366**	352	**1,413**	1,339
Forestry	**18**	24	**80**	88
Delivery costs revenue adjustment[1]	**(21)**	(41)	**(116)**	(134)
Total	**1,381**	1,923	**5,809**	7,296
Which consists of:				
Pulp	**324**	347	**1,296**	1,260
Packaging and speciality papers	**423**	550	**1,755**	2,107
Graphic papers	**637**	1,043	**2,794**	3,975
Forestry	**18**	24	**80**	88
Delivery costs revenue adjustment[1]	**(21)**	(41)	**(116)**	(134)
Operating profit (loss) excluding special items				
North America	**37**	121	**175**	369
Europe	**(52)**	104	**8**	416
South Africa	**77**	92	**244**	250
Unallocated and eliminations[2]	**3**	1	**5**	3
Total	**65**	318	**432**	1,038
Which consists of:				
Pulp	**43**	104	**162**	250
Packaging and speciality papers	**14**	57	**119**	264
Graphic papers	**4**	156	**145**	521
Unallocated and eliminations[2]	**4**	1	**6**	3
Special items – (gains) losses				
North America	**26**	–	**34**	(29)
Europe	**111**	189	**113**	207
South Africa	**(80)**	(13)	**(119)**	72
Unallocated and eliminations[2]	**23**	37	**24**	18
Total	**80**	213	**52**	268

[1] *Relates to delivery costs netted off against revenue.*
[2] *Includes the group's treasury operations and insurance captive.*

2. Segment information continued

US$ million	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Operating profit (loss) by segment				
North America	**11**	121	**141**	398
Europe	**(163)**	(85)	**(105)**	209
South Africa	**157**	105	**363**	178
Unallocated and eliminations(2)	**(20)**	(36)	**(19)**	(15)
Total	**(15)**	105	**380**	770
EBITDA excluding special items				
North America	**60**	143	**267**	464
Europe	**3**	132	**124**	536
South Africa	**100**	114	**332**	334
Unallocated and eliminations(2)	**5**	2	**8**	5
Total	**168**	391	**731**	1,339
Which consists of:				
Pulp	**64**	124	**238**	325
Packaging and speciality papers	**37**	78	**214**	359
Graphic papers	**62**	187	**271**	650
Unallocated and eliminations(2)	**5**	2	**8**	5

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

2. Segment information continued

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

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

		Quarter ended		Reviewed Year ended	
US$ million	Note	Sep 2023	Sep 2022	Sep 2023	Sep 2022
EBITDA excluding special items		**168**	391	**731**	1,339
Depreciation and amortisation		**(103)**	(73)	**(299)**	(301)
Operating profit excluding special items		**65**	318	**432**	1,038
Special items – gains (losses)		**(80)**	(213)	**(52)**	(268)
Plantation price fair value adjustment		**85**	6	**123**	(38)
Net restructuring provisions		**(77)**	–	**(77)**	–
Profit (loss) on disposal and written-off assets		**3**	(19)	**3**	(63)
Asset impairments		**(233)**	–	**(233)**	–
Reversal of loss of held-for-sale assets		**181**	(183)	**181**	(183)
Profit (loss) on disposal of held-for-sale assets		**–**	–	**(1)**	–
Equity accounted investees impairment reversal		**–**	–	**–**	3
Insurance recoveries		**(2)**	6	**7**	30
Fire, flood, storm and other events	8	**(37)**	(23)	**(55)**	(17)
Operating profit (loss)		**(15)**	105	**380**	770
Net finance costs		**(17)**	(22)	**(49)**	(97)
Profit (loss) before taxation		**(32)**	83	**331**	673
Taxation		**(8)**	(57)	**(72)**	(137)
Profit (loss) for the period		**(40)**	26	**259**	536

2. Segment information continued

US$ million	Reviewed Year ended Sep 2023	Sep 2022
Net operating assets		
North America	**1,344**	1,308
Europe	**1,093**	1,191
South Africa	**1,639**	1,569
Unallocated and eliminations[2]	**24**	–
Total	**4,100**	4,068
Reconciliation of net operating assets to total assets		
Segment assets	**4,100**	4,068
Deferred tax assets	**75**	46
Cash and cash equivalents	**601**	780
Trade and other payables	**908**	1,045
Provisions	**80**	4
Derivative financial instruments	**3**	21
Taxation payable	**29**	25
Liabilities associated with assets held for sale	**–**	240
Total assets	**5,796**	6,229

[2] *Includes the group's treasury operations and insurance captive.*

3. Operating profit (loss)

US$ million	Note	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Included in operating profit are the following items:					
Depreciation and amortisation		**103**	73	**299**	301
Fair value adjustment on plantations (included in cost of sales)					
Changes in volume					
Fellings		**20**	13	**69**	55
Growth		**(20)**	(16)	**(74)**	(74)
		–	(3)	**(5)**	(19)
Plantation price fair value adjustment	8	**(85)**	(6)	**(123)**	38
		(85)	(9)	**(128)**	19
Net restructuring provisions	8	**77**	–	**77**	–
(Profit) Loss on disposal and written-off assets	8	**(3)**	19	**(3)**	63
Asset impairments	8	**233**	–	**233**	–
Reversal of loss of held-for-sale assets	8	**(181)**	183	**(181)**	183
(Profit) Loss on disposal of held-for-sale assets		**–**	–	**1**	–
Equity-accounted investees impairment reversal		**–**	–	**–**	(3)
Insurance recoveries		**2**	(6)	**(7)**	(30)

4. Earnings per share

US$ million	Quarter ended Sep 2023	Quarter ended Sep 2022	Reviewed Year ended Sep 2023	Reviewed Year ended Sep 2022
Basic earnings per share (US cents)	**(7)**	5	**46**	95
Headline earnings per share (US cents)	**(3)**	37	**50**	130
EPS excluding special items (US cents)	**6**	44	**52**	138
Weighted average number of shares in issue (millions)	**558.8**	565.2	**563.6**	563.3
Diluted earnings per share (US cents)	**(7)**	4	**44**	90
Diluted headline earnings per share (US cents)	**(3)**	35	**47**	122
Weighted average number of shares on fully diluted basis (millions)	**599.5**	603.1	**604.6**	601.1
Calculation of headline earnings				
Profit (Loss) for the period	**(40)**	26	**259**	536
(Profit) Loss on disposal and write off of property, plant and equipment	**(3)**	2	**(3)**	22
Asset impairments	**233**	–	**233**	–
Reversal of loss of held-for-sale assets	**(181)**	183	**(181)**	183
(Profit) Loss on disposal of held-for-sale assets	**–**	–	**1**	–
Equity-accounted investees impairment reversal	**–**	–	**–**	(3)
Insurance recoveries	**–**	–	**–**	–
Tax effect of above items	**(26)**	(2)	**(27)**	(7)
Headline earnings	**(17)**	209	**282**	731
Calculation of earnings excluding special items				
Profit (Loss) for the period	**(40)**	26	**259**	536
Special items after tax	**51**	223	**29**	249
Special items	**80**	213	**52**	268
Tax effect	**(29)**	10	**(23)**	(19)
Finance costs	**–**	–	**(15)**	–
Tax special items	**22**	(1)	**22**	(6)
Earnings excluding special items	**33**	248	**295**	779

5. Financial instruments

The group's financial instruments that are measured at fair value on a recurring basis consist of derivative financial instruments and investment funds. These have been categorised in terms of the fair value measurement hierarchy as established by IFRS 13 *Fair Value Measurement* per the table below.

			Fair value[1] Reviewed	
US$ million	Classification	Fair value hierarchy	Sep 2023	Sep 2022
Investment funds[2]	FV through OCI	Level 1	**4**	6
Derivative financial assets	FV through PL	Level 2	**14**	9
Derivative financial liabilities	FV through PL	Level 2	**3**	21

(1) *The fair value of the financial instruments is equal to their carrying value.*
(2) *Included in other non-current assets.*

There have been no transfers of financial assets or financial liabilities between the categories of the fair value hierarchy.

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

There are no financial assets and liabilities that have been remeasured to fair value on a non-recurring basis.

The carrying amounts of other financial instruments which include cash and cash equivalents, trade and other receivables, certain investments, trade and other payables and current interest-bearing borrowings approximate their fair values.

6. Capital commitments

	Reviewed	
US$ million	Sep 2023	Sep 2022
Contracted	**269**	108
Approved but not contracted	**320**	255
	589	363

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

	Reviewed	
US$ million	Sep 2023	Sep 2022
Non-current and current interest-bearing borrowings	**1,595**	1,859
Non-current and current lease liabilities	**91**	84
Less: Cash and cash equivalents	**(601)**	(780)
Net debt	**1,085**	1,163
As at September 2023, the group was in compliance with its debt covenants:		
Covenant leverage ratio	**1.4**	0.9
Interest cover	**6.4**	15.6

8. Material balance sheet movements

Since the 2022 financial year-end, the Euro and the ZAR have strengthened and weakened by approximately 7.87% and 4.28% respectively against the US Dollar, the group's presentation currency. This has resulted in an increase of the group's European assets and liabilities and a decrease of the group's South African assets and liabilities, which are held in the aforementioned functional currency, on translation to the presentation currency at period-end.

Property, plant and equipment, right-of-use assets and provisions

The group reversed its loss on its held-for-sale assets of US$181 million relating to its Kirkniemi, Stockstadt and Maastricht Mills from the prior year (see note 9) and then impaired assets at its Lanaken Mill by US$146 million (€137 million) and its Stockstadt Mill by US$51 million (€48 million) in its European segment, its Westbrook Mill by US$33 million in its North American segment and its Lomati Mill by US$3 million (ZAR61 million) in its South African segment. Closure and restructuring charges of US$93 million were raised for the Stockstadt Mill closure of which US$77 million relates to restructuring charges and US$16 million relates to closure costs which are all included in special items. The restructuring charges will be paid within the next 12 months.

Plantations

Sappi amended its plantation valuation technique in the fourth quarter from using a 12-quarter historical average fair value price for immature and mature timber to be felled more than 12 months after each reporting period to a market trend related fair value price that closely approximates the spot fair value price. The 12-quarter average rate did previously approximate the spot rate but due to changing macroeconomic conditions this was no longer the case. The effect of this change in estimate resulted in a favourable US$78 million adjustment in the quarter which is included in the overall US$85 million price fair value adjustment for the quarter and US$123 million for the year.

Trade and other receivables and trade and other payables

The decrease in trade and other receivables and trade and other payables is largely attributable to lower demand and subsequent lower operating rates.

8. Material balance sheet movements continued

Cash and interest-bearing borrowings

In October 2022, the group offered to purchase for cash a portion of its outstanding 3.125% Senior Notes due in 2026. The result of this tender offer was a repurchase of US$206 million (€210 million) of nominal Senior Notes in the tender offer at a purchase price of 92.41%, yielding a gain of US$15 million (€15 million) net of the accelerated amortisation of upfront costs.

Ordinary shareholders' interest

The group issued 1.6 million ordinary shares during the year amounting to US$3 million to settle just over 3.0% of its subsidiary's convertible bond initial offering of ZAR1.8 billion.

During April and May, the group repurchased 9,256,685 ordinary shares for US$22 million (ZAR400 million) in accordance with its general authority to repurchase shares.

Defined benefit and other liabilities

Actuarial remeasurement losses of US$4 million (2023: US$32 million gains) were recorded for the full fiscal year due to market conditions with US$1 million loss (2023: US$92 million gain) of the remeasurements being recorded in the fourth quarter of each fiscal year.

9. Held-for-sale assets and liabilities

In the prior fiscal year on 29 September 2022, Sappi signed an agreement, subject to certain conditions precedent, to sell its three European graphic paper mills, being Kirkniemi, Stockstadt and Maastricht, to Aurelius Investment Lux One Sarl. The suspensive conditions were regretfully not met and therefore the transaction lapsed. In the current fiscal year the group changed its intention to sell these mills, and therefore removed these mills from held for sale, resulting in a reversal of its loss of US$181 million from the prior year. On 6 July 2023, the group announced that it had begun a consultation process for the potential closure of the Stockstadt Mill resulting in asset impairments of US$51 million and closure and restructuring charges of US$93 million being incurred in the current fiscal year (see note 8).

10. Related parties

There has been no material change, by nature or amount, in transactions with related parties since the 2022 financial year-end.

11. Events after balance sheet date

On 10 October 2023, the group announced that it had begun a consultation process for the potential closure of its Lanaken Mill within its European segment. Closure and restructuring costs are estimated at around US$159 million (€150 million).

The directors have resolved to declare a gross cash dividend (number 90) out of income earned for the financial year ended September 2023 of 15 US cents per ordinary share in issue on the record date being 12 January 2024. The dividend is payable in ZAR at an exchange rate (US$1=ZAR) of 18.49135, being 277.37025 cents per share.

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

There has been no significant change to management's estimates in respect of new accounting standards, amendments and interpretations to existing standards that have been published which are not yet effective and which have not yet been adopted by the group.

Supplemental information

(this information has not been audited or reviewed)

General definitions

Average – averages are calculated as the sum of the opening and closing balances for the relevant period divided by two

Capital employed – shareholders' equity plus net debt

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

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

EPS excluding special items – earnings per share excluding special items and certain once-off finance and tax items

Fellings – the amount charged against the income statement representing the standing value of the plantations harvested

Headline earnings – as defined in circular 1/2021, issued by the South African Institute of Chartered Accountants in March 2021, 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

Interest cover – last 12 months EBITDA excluding special items to net interest adjusted for refinancing costs

NBSK – Northern Bleached Softwood Kraft pulp. One of the main varieties of market pulp, produced from coniferous trees (ie spruce, pine) in Scandinavia, Canada and northern USA. The price of NBSK is a benchmark widely used in the pulp and paper industry for comparative purposes

Net assets – total assets less total liabilities

Net asset value per share – net assets divided by the number of shares in issue at balance sheet date

Net debt – current and non-current interest-bearing borrowings and lease liabilities, bank overdrafts less cash and cash equivalents

Net debt to EBITDA excluding special items – net debt divided by the last 12 months EBITDA excluding special items

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

Operating profit – profit from business operations before deduction of net finance costs and taxes

(this information has not been audited or reviewed)

Non-GAAP measures – the group believes that it is useful to report certain non-GAAP measures for the following reasons:

- these measures are used by the group for internal performance analysis
- the presentation by the group's reported business segments of these measures facilitates comparability with other companies in our industry, although the group's measures may not be comparable with similarly titled profit measurements reported by other companies
- it is useful in connection with discussion with the investment analyst community and debt rating agencies

These non-GAAP measures should not be considered in isolation or construed as a substitute for GAAP measures in accordance with IFRS

ROCE – annualised return on average capital employed. Operating profit excluding special items divided by average capital employed

RONOA – return on average net operating assets. Operating profit excluding special items divided by average net operating assets

Special items – special items cover those items which management believes 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, non-cash gains or losses on the price fair value adjustment of plantations and settlement gains or losses on defined benefit obligations

The above financial measures are presented to assist our shareholders and the investment community in interpreting our financial results. These financial measures are regularly used and compared between companies in our industry

Summary Rand convenience translation

	Quarter ended		Year ended	
	Sep 2023	**Sep 2022**	**Sep 2023**	**Sep 2022**
Key figures (ZAR million)				
Sales	**25,740**	32,787	**105,602**	115,152
Operating profit excluding special items[(1)]	**1,212**	5,422	**7,853**	16,383
Special items – (gains) losses[(1)]	**1,491**	3,632	**945**	4,230
EBITDA excluding special items[(1)]	**3,131**	6,667	**13,289**	21,133
Profit for the period	**(746)**	443	**4,708**	8,460
Basic earnings per share (SA cents)	**(134)**	78	**835**	1,502
Net debt[(1)]	**20,539**	21,113	**20,539**	21,113
Key ratios (%)				
Operating profit excluding special items to sales	**4.7**	16.5	**7.4**	14.2
Operating profit excluding special items to capital employed (ROCE)[(1)]	**7.1**	34.0	**12.0**	25.9
EBITDA excluding special items to sales	**12.2**	20.3	**12.6**	18.4

(1) *Refer to supplemental information for the definition of the term.*

The above financial results have been translated into Rand from US Dollar as follows:

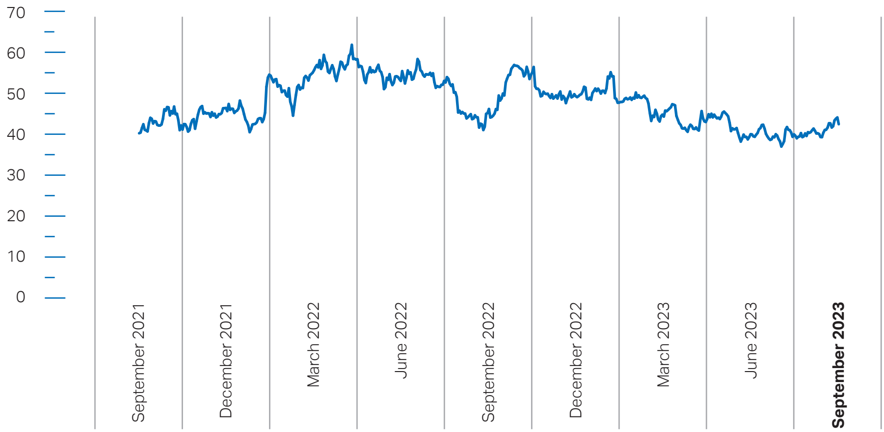
- assets and liabilities at rates of exchange ruling at period-end; and
- income, expenditure and cash flow items at average exchange rates.

(this information has not been audited or reviewed)

Exchange rates

	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Exchange rates:					
Period-end rate: US$1 = ZAR	**18,9299**	18,8338	17,7927	17,0119	18,1537
Average rate for the quarter: US$1 = ZAR	**18,6387**	18,6817	17,7489	17,6063	17,0501
Average rate for the year to date: US$1 = ZAR	**18,1791**	18,0221	17,6792	17,6063	15,7829
Period-end rate: €1 = US$	**1,0572**	1,0912	1,0841	1,0704	0,9801
Average rate for the quarter: €1 = US$	**1,0881**	1,0887	1,0729	1,0220	1,0066
Average rate for the year to date: €1 = US$	**1,0679**	1,0612	1,0475	1,0220	1,0853

Sappi share price – September 2021 to September 2023



sappi

Sappi has a primary listing on the JSE Limited and a Level 1 ADR programme that trades in the over-the-counter market in the United States

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Our purpose

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

THE OAK TREE GROUP

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