SAPPI LIMITED

Registration Number 1936/008963/06

SEPARATE FINANCIAL STATEMENTS
SEPTEMBER 2025

AUDITED

SAPPI LIMITED

SEPARATE FINANCIAL STATEMENTS

September 2025

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The financial statements have been audited in accordance with Section 30 of the Companies Act of South Africa and have been prepared by B Jones CA(SA) under the supervision of J Shaw CA(SA).

SAPPI LIMITED

FINANCIAL STATEMENTS

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Group holding company
Executive Directors	S R Binnie G Pearce
Non-Executive Directors	M A Fallon B Mehlomakulu RJAM Renders Z Malinga BR Beamish JM Lopez LL von Zeuner N Sowazi E Istavridis
Prescribed Officers	M Eikelenboom M Haws M Mansoor G Wild M van Hoven L Kruyshaar F Marupen
Registered office	108 Oxford Road Houghton Estate Johannesburg 2198
Postal address	PO Box 52264 Saxonwold 2132
Auditor	KPMG Inc
Secretary	Sappi Southern Africa Limited Secretaries per A Mahendranath Group Secretary

SAPPI LIMITED

SEPARATE FINANCIAL STATEMENTS

September 2025

Statement of responsibility

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

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

The directors are of the opinion, based on the information and explanations given by the company's officers and the internal auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the company separate Financial Statements that are free from material misstatements, whether due to fraud or error. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

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

Secretary's certificate

In terms of section 88(2)(e) of the Companies Act 71 of 2008 of South Africa, I hereby certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission of South Africa, for the separate financial year ended September 2024, all such returns as are required of a public company in terms of this Act and that such returns appear to be true, correct and up to date.

Sappi Southern Africa Limited
Secretaries
per A Mahendranath
05 December 2025

Approval of the separate annual financial statements

The separate annual financial statements set out on pages 11 to 37 and the directors' report on pages 6 to 7 were approved by the board of directors on 05 December 2025 and signed on its behalf by:

GT Pearce

Sappi Limited

Audit and Risk Committee Report
For the year ended September 2025

Introduction

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

Objectives and scope

The overall objectives of the committee are:

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

Committee performance:

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

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

Membership

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

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

Membership (Continued)

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

n addition, the Chief Executive Officer, the Chief Financial Officer, Head of Group Internal Audit, Group Financial Manager, Group Risk Manager and the external auditors are also permanent invitees to the meeting. The chairman of the board attends meetings ex officio. The effectiveness of the committee is assessed every year. In terms of the Companies Act, the committee is required to be elected annually at the Annual General Meeting.

External audit

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

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

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

Integrated Report and the Group Annual Financial Statements

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

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

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

ZN Malinga
Chairperson
Audit and Risk Committee

05 December 2025

Directors' report

The directors have pleasure in presenting their report for the year ended September 2025. The directors' report on the consolidated financial statements was included in those published consolidated financial statements on 5 December 2025. Details of the consolidated annual financial statements are available at www.sappi.com.

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

Sappi is a global company with operations in North America, Europe and Southern Africa and is focused on providing dissolving pulp, paper pulp and paper based solutions to its direct and indirect customer base across more than 160 countries. The group's dissolving pulp products are used worldwide by converters to create viscose fibre for clothing and textiles, acetate tow, pharmaceutical products as well as a wide range of consumer products. The group's market-leading range of paper products includes: coated fine papers used by printers, publishers and corporate end-users in the production of books, brochures, magazines, catalogues, direct mail and many other print applications; casting release papers used by suppliers to the fashion, textiles, automobile and household industries; and in the Southern African region newsprint, uncoated graphic and business papers and premium quality packaging papers and tissue products.

Financial results
The company made a profit of R2,457 million for the year ended September 2025 (2024: Profit of R1,383 million).

Dividends
In November 2024, the directors have resolved to declare a gross cash dividend (number 91) out of income earned for the financial year ended September 2024 of 14 US cents per ordinary share in issue on the payment date being 15 January 2025. The dividend was paid in ZAR at an exchange rate (US$1=ZAR) of 17.62526, being 246.75364 cents per share.

Going concern
The directors believe that the company has access to sufficient resources and expected cash flows to continue as a going concern for the next financial year (refer note 22).

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

Subsequent events
Refer to note 17 of financial statements for further detail.

Litigation
From time to time, the company becomes involved in various claims and lawsuits incidental to the ordinary course of our business. The company is not currently involved in legal proceedings which, either individually or in the aggregate, are expected to have a material adverse effect on our business, assets or properties.

Directors and secretaries
The composition of the board of directors is set out in Our Leadership section in our Annual Integrated Report which is available at www.sappi.com. During the year there were no changes to the board, except as noted below:

At the end of September 2025, there were 11 directors, two of whom are executive directors. All of the 9 non-executive directors are considered to be independent. The independence of those directors who are designated as independent was reviewed and confirmed during the year by the Nomination and Governance Committee.

The composition of the board of directors is set out in Our Leadership section in our Annual Integrated Report.

Details of the secretaries and their business and postal addresses are set out on page 2.

Details of the directors and prescribed officers’ shareholding and remuneration are set out in notes 18 to 20.

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

The directors and officers have certified that they do not have any material interest in any significant transaction with either the company or any of its subsidiaries.

Directors’ liabilities
Directors and officers of the company are covered by directors’ and officers’ liability insurance.

Subsidiary companies
Details of the company’s significant subsidiaries are set out in note 21.

Financial assistance to related parties
The shareholders of the company passed a special resolution authorising the board of the company to provide financial assistance to certain related parties from the date of the adoption of the special resolution at the annual general meeting held on 7 February 2024. See note 23 on related parties for more information.

Share Capital
During the year, Sappi issued 2,35 million shares in terms of Sappi Performance Plan trust requirements.

KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa
Telephone +27 (0)11 647 7111
Fax +27 (0)11 647 8000
Docex 472 Johannesburg
Web http://www.kpmg.co.za

Independent Auditor's Report

To the shareholders of Sappi Limited

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Sappi Limited (the Company) set out on pages 12 to 39, which comprise the balance sheet as at September 2025, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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

Basis for opinion

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

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

Final Materiality

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

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

Final materiality	ZAR 188 million (rounded), 0.71% of the total assets.
Rationale for the benchmark and percentage applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most likely to be measured by users when evaluating an investment holding company and is a generally accepted benchmark. We chose 0.71%, which is consistent with quantitative materiality thresholds used for investment holding companies and is further based on our professional judgement after consideration of qualitative factors that impact the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period.

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

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Sappi Limited Separate Annual Financial Statements for the year ended September 2025”, which includes the Secretary’s certificate, the Audit and Risk committee report, and the Directors’ report, as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor’s report thereon.

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

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

Responsibilities of the directors for the separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to

KPMG

  modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

KPMG Inc.

Signed by:
KPMG Inc
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Per Giuseppina Aldrighetti
Chartered Accountant (SA)
Registered Auditor
Director
5 December 2025

SAPPI LIMITED

Income statement

for the year ended September 2025

R'000

	note	2025	2024
Dividends received	2	2 500 000	1 560 000
Management fees	2	392 550	351 750
Revenue	2	2 892 550	1 911 750
Operating expenses		(408 155)	(542 574)
Operating Income	3	2 484 395	1 369 176
Net finance income		1 540	6 426
- Interest income		2 668	5 826
- Net foreign exchange (loss) gain		(1 128)	600
Profit before taxation		2 485 935	1 375 602
Taxation	4	(28 423)	7 656
Profit for the year		2 457 512	1 383 258

Statement of comprehensive Income

for the year ended September 2025

R'000

	2025	2024
Profit for the year	2 457 512	1 383 258
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	2 457 512	1 383 258

SAPPI LIMITED

Balance sheet
as at end September 2025

R'000

	note	**2025**	2024
ASSETS			
Non-current assets		24 778 062	23 784 455
Investments in subsidiaries	5	24 769 829	23 769 829
Deferred taxation	6	8 233	14 626
Current assets		1 682 226	1 471 106
Other receivables		525	5 257
Amounts owed by related parties	23	1 681 701	1 465 849
Taxation receivable		-	-
Cash and cash equivalents	7	-	-
TOTAL ASSETS		26 460 288	25 255 561
Shareholders' equity		26 222 064	24 963 393
Ordinary share capital and share premium	8	13 749 551	13 747 201
Non-distributable reserves	9	2 223 203	1 932 419
Retained earnings		10 249 310	9 283 773
Non-current liabilities			
Deferred taxation	6	-	-
Current liabilities		238 224	292 168
Other payables		72 811	172 991
Taxation payable		19 792	4 576
Amounts owed to related parties	23	145 621	114 601
TOTAL EQUITY AND LIABILITIES		26 460 288	25 255 561

SAPPI LIMITED

Statement of cash flows

for the year ended September 2025

R'000	note	**2025**	2024
Cash generated from operating activities		1 000 000	-
Cash generated from (utilised by) operations	10	18 786	(163 416)
Movement in working capital	11	(277 930)	22 511
Cash utilised by operating activities		(259 144)	(140 905)
- Interest received		2 668	5 826
Taxation (paid) received	12	(6 814)	368
Employee share option recharge		255 265	127 679
Dividends paid		(1 491 975)	(1 552 968)
Dividends received	2 & 23	2 500 000	1 560 000
Cash utilised in investing activities		(1 000 000)	-
Increase in investments	5	(1 000 000)	-
Net movement in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of year		-	-
Cash and cash equivalents at end of year	7	-	-

SAPPI LIMITED

Statement of changes in equity

for the year ended September 2025

R'000	Number of ordinary shares '000	Ordinary share capital	Share premium	Non-distributable reserves	Retained earnings	Total
Balance - September 2023	562 763	562 763	12 111 862	1 778 580	9 460 803	23 914 008
Total comprehensive income					1 383 258	1 383 258
Capital redemption reserve fund release [2]				(648)	648	-
Share-based payments				26 808		26 808
Employee share options recharge				127 679		127 679
Convertible bond into Share Capital issue [1]	39 528	39 528	1 033 048			1 072 576
Dividends declared					(1 560 936)	(1 560 936)
Balance - September 2024	602 291	602 291	13 144 910	1 932 419	9 283 773	24 963 393
Total comprehensive income					2 457 512	2 457 512
Share-based payments				35 519		35 519
Employee share options recharge				255 265		255 265
Issue of shares for share scheme	2 350	2 350				2 350
Dividends declared					(1 491 975)	(1 491 975)
Balance - September 2025	604 641	604 641	13 144 910	2 223 203	10 249 310	26 222 064

[1] Refer to note 8.
[2] During the prior year the company released the Capital redemption reserve fund created in 1975 to retained earnings, due to no legal requireme
for sustaining this reserve applicable anymore.

1. MATERIAL ACCOUNTING POLICIES

1.1 Basis of preparation

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

All amounts disclosed are rounded in Rand thousands (R'000).

The Sappi group prepared consolidated financial statements as required per IFRS Accounting Standards. Details of these are available at www.sappi.com

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Adoption of new accounting standards and changes to accounting standards are dealt with in section 1.16.
The financial statements have been prepared in Rand, which is the company's functional currency.

The financial statements are prepared on the historical cost basis and were approved by the board of directors on 5 December 2025.

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

1.2 *Underlying concepts*

The financial statements have been prepared on the going concern basis.

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

Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgement and based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases, actuarial techniques. The company constantly re-evaluates these significant factors and makes adjustments where facts and circumstances dictate.
Refer to notes 1.9, 1.11, 1.13(ii) and 16.

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

1.3 *Revenue*

1.3.1 *Revenue received from customers*

Revenue received from customers comprise of related party management fees received for management services rendered. Revenue is recognised when the customer obtains the service. Revenue is recognised over time, with no deferral of revenue. Control of services passes to the customer when the performance obligation is satisfied. Sappi has one performance obligation, which is delivery of the service to the customer.

1.3.2 Dividends received

Dividend income is part of revenue and recognised in the income statement on the date on which the company's right to receive payments is established.

1.4 *Foreign currencies*

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

1.5 *Finance Income*

Finance Income consists of interest earned on cash balances. Finance income is recognised as it accrues, using the effective interest method.

1.6 *Ordinary share capital*

The company share capital consist of ordinary shares. The issued ordinary shares are listed on JSE Limited stock exchange and publicly traded. An amount equal to the par value of the shares issued is presented as share capital. The amount by which the fair value exceeds par value is presented as share premium. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

1.7 ***Cash and cash equivalents***

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

1.8 ***Investments in subsidiaries***

Investments in subsidiaries are stated at cost less accumulated impairments. If an impairment indicator exists, a discounted cash flow model is applied to determine the recoverable amount of these investments. A key assumption in this discounted cash flow model is the assumption of sustained profitable operations of the various business operations.

Where impairment exists, the losses are recognised in profit or loss for the period. Previously recognised impairment losses will be reversed through profit or loss if the recoverable amount increases as a result of a change in the earnings estimates that were previously used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

1.9 Financial instruments

(i) Initial recognition

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

(ii) Initial measurement

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

(iii) Classification and subsequent measurement

Financial assets

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

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

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

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

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

Financial assets – Business model assessment:

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

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

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

Sappi's business model is to hold assets to collect contractual cash flows.

1.9 Financial instruments Continued

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

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

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

Financial assets - subsequent measurement and gains and losses

- **Financial assets at amortised cost**

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

Financial liabilities

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

● **Financial liabilities at amortised cost**

All financial liabilities, other than those at fair value through profit or loss, are classified and measured as financial liabilities at amortised cost.

● **Loans and receivables**

Loans and receivables are carried at amortised cost.

Notes to the financial statements (continued)
for the year ended September 2025

1.9 ***Financial instruments (continued)***

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

A financial liability is derecognised when and only when the liability is extinguished i.e. when the obligation specified in the contract is discharged, cancelled or has expired. The difference in the respective carrying amounts is recognised in profit or loss for the period.

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

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

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

1.10 ***Taxation***
Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss.

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

The company estimates its income taxes. This process involves estimating its current tax liability together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes.

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

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

Before recognising a deferred tax asset the company assesses the likelihood that the deferred tax assets will be recovered from future taxable income and, to the extent recovery is not probable, a deferred tax asset is not recognised.

Notes to the financial statements (continued)

for the year ended September 2025

1.10 ***Taxation (continued)***

(iii) Dividend withholding tax

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

1.11 ***Share-based payments***

(i) Equity-settled share-based payment transactions

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

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

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

(ii) Measurement of fair value of equity instruments granted

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

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

Note 16 provides further detail on key estimates, assumptions and other information on share-based payments applicable as at the end of the year.

(iii) Employee share option recharge

When the Company grants a share-based payment award to employees of a subsidiary, the Company requires the subsidiary to make a payment to reimburse it for granting the share-based payment award. This employee share option recharge is recognised in equity as a non-distributable reserve, Employee share call option reserve.

1.12 Short-term employee benefits

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

1.13 Financial guarantees
Financial guarantee contracts are accounted for as financial instruments and are recognised initially at fair value and are subsequently measured at the higher of the amount of loss allowance according to the impairment requirements of IFRS 9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised under IFRS 15.

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

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

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

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

SAPPI LIMITED

Notes to the financial statements (continued)

for the year ended September 2025

R'000	2025	2024
2. REVENUE		
Revenue consists of:		
Management fees from subsidiaries	392 550	351 750
Dividends received from subsidiaries	2 500 000	1 560 000
	2 892 550	1 911 750
3 OPERATING INCOME		
Operating income is stated after taking into account the items detailed below:		
Share-based payment expense	35 519	26 808
Technical and administrative services	50 975	128 959
Auditor's remuneration - financial statement audit(1)	12 004	10 088
Staff costs	284 893	265 139

(1) *Other audit services amounted to R2.5m (2024: R2.2m) which comprised agreed upon procedures ISRS 4400, independent reviews ISRE 2400 and ESG services.*

4. TAXATION

	2025	2024
Current tax:	22 030	4 684
- Current year (3)	19 430	4 684
- Prior year under provision	2 600	-
Deferred tax:	6 393	(12 340)
- Current year	6 582	(11 901)
- Prior year over provision	(189)	(439)
	28 423	(7 656)
Reconciliation of the tax rate:	%	%
Statutory tax rate	27,0	27,0
Adjusted for:		
Exempt income - dividends received	(27,2)	(30,6)
Non-deductible expenses(2)	0,4	3,0
Other imputed income (1)	0,0	0,1
Other taxes - Global minimum tax (3)	0,8	-
Prior year under (over) provision	0,1	(0,0)
Effective tax rate	1,1	(0,6)

(1) *Other imputed income relates to income from controlled foreign entities taxable according SA Revenue legislation.*
(2) *Expenses relating to a capital project in the current year that are deemed non taxation deductible.*
(3) *The company is subject to the global minimum top-up tax under Pillar Two tax legislation. The group recorded a R19.4m million current tax charge.*

5. INVESTMENTS IN SUBSIDIARIES

Investments in the company's significiant subsidiaries are detailed in note 21. All the company's investments are directly or indirectly wholly owned and shown at cost less impairment.

	2025	2024
Investments opening balance	23 769 829	23 769 829
Increase in Investments during the year	1 000 000	-
Investments as at September	24 769 829	23 769 829

During the 2025 financial year the company made a R 1,000 million cash investment into the subsidiary Sappi International Holdings (Pty) Ltd for the funding of the Group's European activities.

R'000

	2025	2024
6. DEFERRED TAXATION		
Reconciliation of deferred taxation		
Deferred tax balance at beginning of year	14 626	2 286
Deferred tax for the year	(6 393)	12 340
Other liabilities and accruals	(13 069)	10 578
Tax loss carry forward	3 824	(8 643)
Employees share option recharge	2 852	10 405
Deferred tax balance at end of year	8 233	14 626
Analysis of deferred tax		
Other liabilities and accruals	12 982	26 051
Tax loss carry forward	3 824	-
Employees share option recharge	(8 573)	(11 425)
Net deferred tax asset	8 233	14 626

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	-	-

The company is part of a cash management facility with Sappi Southern Africa Limited (SSA) whereby the company's cash balances are swept on a daily basis to SSA.

8. ORDINARY SHARE CAPITAL AND SHARE PREMIUM

Authorised		
725,000,000 (September 2024: 725,000,000) ordinary shares of R1 each	725 000	725 000
Issued		
604,641,463 (September 2024: 602,291,463) ordinary shares of R1 each (1)	604 641	602 291
Share premium	13 144 910	13 144 910
	13 749 551	13 747 201
The movement in ordinary share capital and share premium is reconciled as follows:		
Opening balance	13 747 201	12 674 625
Issue of shares(1)	2 350	39 528
Convertible bond - equity portion (2)		1 033 048
Closing balance	13 749 551	13 747 201

(1) The company issued 2,350,000 shares during the year towards the fulfilment of the Sappi Limited Performance Plan Trust obligations.

(2) In March 2024 the group issued 39.5 million (2023: 1.6 million) ordinary shares amounting to R1,073 million to settle the residual ZAR1.2 billion 5.25% convertible bonds issued by Sappi's wholly owned subsidiary, Sappi Southern Africa Limited.

R'000

8. ORDINARY SHARE CAPITAL AND SHARE PREMIUM (continued)

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

Beneficial holder	Shares	%
2025		
Public Investment Corporation	122 375 823	20,2
Allan Gray Balanced Fund	42 884 662	7,1
2024		
Public Investment Corporation	128 870 311	21,5
Allan Gray Balanced Fund	49 695 141	8,3
Alexander Forbes Investments (ZA)	30 533 702	5,1

For further information see Sappi Group Annual Financial Statements on share statistics.

9. NON-DISTRIBUTABLE RESERVES

	2025	2024
Reduction in capital arising from the transfer of share premium in terms of the special resolution dated 14 April 1975	6 813	6 813
Share-based payment reserve	633 736	598 217
Employee share call option reserve	1 582 654	1 327 389
	2 223 203	1 932 419

10. CASH GENERATED FROM (UTILISED BY) OPERATIONS

Profit before taxation	2 485 935	1 375 602
Net finance income	(1 540)	(6 426)
Dividends received	(2 500 000)	(1 560 000)
Adjustment for non-cash items		
Net foreign exchange (loss) gain	(1 128)	600
Share-based payment expense	35 519	26 808
	18 786	(163 416)

11. MOVEMENT IN WORKING CAPITAL

Decrease (Increase) in other receivables	4 732	(5 180)
(Decrease) Increase in other payables	(100 180)	102 337
(Increase) in related party receivable	(213 502)	(138 905)
Increase in amounts owed to/by related parties	31 020	64 259
	(277 930)	22 511

12. TAXATION (PAID) RECEIVED

Balance - beginning of year	(4 576)	476
Charge to the income statement	(22 030)	(4 684)
Balance - end of year	19 792	4 576
	(6 814)	368

R'000

13. Reconciliation of movements in related party balances to cash flows

	Opening balance	Cash flows from Operating activities	Cash flows from Financing activities	Working capital cash flows	Other non-cash movements	Closing balance
2025						
Short-term related party balances	(1 351 248)	-	-	(182 482)	(2 350)	(1 536 080)
2024						
Short-term related party balances	(211 994)	-	-	(74 646)	(1 064 608)	(1 351 248)

The prior year's non-cash movement of R1,1 billion is for supplying shares to Sappi Southern Africa to redeem the convertible bond.

14. Financial Guarantee Contracts	**2025**	2024
Guarantees	22 265 239	20 884 497

All guarantees given by Sappi Limited for 2025 and 2024 relate to the following debt acquired by a subsidiary of the group:

Public Bond - US$ 250 million	Expiry	June 2032
Public Bond - Euro 400 million	Expiry	March 2028
Public Bond - Euro 300 million	Expiry	March 2032
Osterreichische Kontrolbank - Euro 150 million	Expiry	March 2031
Osterreichische Kontrolbank - Euro 74 million	Expiry	December 2027
Osterreichische Kontrolbank - CAD 129 million	Expiry	December 2027
Eskom - ZAR 260 million	Expiry	none [1]

[1] Expiry of Eskom guarantee applicable to three months notice and mutual agreement with Eskom.

15. FINANCIAL INSTRUMENTS

The company’s financial instruments consist mainly of related party receivables and payables, and other non-current assets and liabilities. Except for the cash management facility which bears interest, related party receivables and payables bear no interest and are not secured and are repayable / receivable on demand.

Introduction
The principal risks to which Sappi Limited is exposed through financial instruments are:

a) market risk (the risk of loss arising from adverse changes in market rates and prices), arising from :
- currency risk

b) credit risk
c) liquidity risk

The company’s main financial risk management objectives are to identify, measure and manage the above risks as more fully discussed under the individual risk headings below.

a) Market risk

Currency risk
Sappi Limited is exposed to economic, transaction and translation currency risks. The objective of the company in managing currency risk is to ensure that foreign exchange exposures are identified as early as possible and actively managed.

- Economic exposure consists of planned net foreign currency trade in services not yet manifested in the form of actual invoices and orders;
- Transaction exposure arises due to transactions entered into, which result in a flow of cash in foreign currency, such as payments under foreign currency long and short term loan liabilities, purchases and sales of goods and services, capital expenditure purchases and dividends. Where possible, commercial transactions are only entered into in currencies that are readily convertible by means of formal external forward exchange contracts.

As at September 2025 and September 2024, there were no open foreign exchange contracts.

15. FINANCIAL INSTRUMENTS (continued)

Currency risk analysis

September 2025 R'000	**Balance sheet carrying amount**	**In Scope financial instruments**	**USD**	**EUR**	**ZAR**
Classes of financial instruments					
Assets					
Other receivables	525	-	-	-	525
Related party loans	1 681 701	1 681 701	3 212	2 968	1 675 521
	1 682 226	1 681 701	3 212	2 968	1 676 046
Liabilities					
Other payables	72 811	72 811			72 811
Related party loans	145 621	145 621	-	16 190	129 431
	218 432	218 432	-	16 190	202 242
Foreign exchange gap			3 212	(13 222)	1 473 804

September 2024 R'000	**Balance sheet carrying amount**	**In Scope financial instruments**	**USD**	**EUR**	**ZAR**
Classes of financial instruments					
Assets					
Other receivables	5 257	-	-	-	5 257
Related party loans	1 465 849	1 465 849			1 465 849
	1 471 106	1 465 849	-	-	1 471 106
Liabilities					
Other payables	172 991	172 991			172 991
Related party loans	114 601	114 601	3 820	20 091	90 690
	287 592	287 592	3 820	20 091	263 681
Foreign exchange gap			(3 820)	(20 091)	1 207 425

Based on the exposure as at September 2025, a variation of 10 % in the EUR foreign currency rate would result in a variation of R1,322 thousand (2024: R2,091 thousand) to profit or loss and equity.
A variation of 10% in the USD foreign currency rate would result in a variation of R321 (2024: R382) thousand to profit or loss and equity.

b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company.

Transactions that exposes the company to credit risk are mainly those entered into with its direct and indirect subsidiaries. The company has not raised any provisions for impairment relating to receivables from subsidiaries and other group companies as this was deemed to be immaterial to the company, due to the fact that the company does not expect the counterparties to default and there is no evidence of potential default.

The company's exposure to credit risk is concentrated on loans receivable from its significant subsidiaries. The maximum credit risk as at year-end amounted to R1,681 million (2024: R1,466 million).

The company is exposed to risk where guarantees have been provided in respect of certain debt owed by subsidiaries as detailed in note 14 in the event of default by the debtor. At September 2025 and 2024, there was no indication that any of the guarantees will be called upon.

15. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk

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

The company's objective is to manage its liquidity risk by:
- managing its bank balances, cash concentration methods and cash flows; and
- ensuring the availability of a minimum amount of short term borrowing facilities at all times, to meet any unexpected funding requirements

The company is a going concern. Current liabilities do not exceeding current assets. Current assets mainly constitute related parties receivables deemed short term due to no fixed repayment terms. The majority of these loans are received from wholly owned subsidiaries of the company.

September 2025

R' 000	Total financial instruments	Fair value of financial instruments	Undiscounted cash flows < 1 year	> 1 year	Total
Assets					
Other receivables	525	525	525	-	525
Related party loans	1 681 701	1 681 701	1 681 701	-	1 681 701
	1 682 226	1 682 226	1 682 226	-	1 682 226
Liabilities					
Other payables	72 811	72 811	72 811	-	72 811
Related party loans	145 621	145 621	145 621	-	145 621
	218 432	218 432	218 432	-	218 432
Liquidity	1 463 794	1 463 794	1 463 794	-	1 463 794
Financial guarantees (note 14)	22 265 239	22 265 239	22 265 239		22 265 239

Financial Guarantees stated above are at maximum exposure risk carried on balance sheet by subsidiary companies. In the very unlikelihood that a subsidiary company may not meet repayment terms of which majority are longer than three years from maturity, but recallable instantaneously if covenants are not met.

September 2024

R' 000	Total financial instruments	Fair value of financial instruments	Undiscounted cash flows < 1 year	> 1 year	Total
Assets					
Other receivables	5 257	5 257	5 257	-	5 257
Related party loans	1 465 849	1 465 849	1 465 849	-	1 465 849
	1 471 106	1 471 106	1 471 106	-	1 471 106
Liabilities					
Other payables	172 991	172 991	172 991	-	172 991
Related party loans	114 601	114 601	114 601	-	114 601
	287 592	287 592	287 592	-	287 592
Liquidity	1 183 514	1 183 514	1 183 514	-	1 183 514
Financial guarantees (note 14)	20 884 497	20 884 497	20 884 497		20 884 497

Capital risk management

The capital structure of the company consists of:
- issued share capital, premium and accumulated losses disclosed in note 8; and
- debt, which includes related party payables.

The company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the company's ability to meet its liquidity requirements to repay borrowings as they fall due and continue as a going concern. The company monitors its gearing through a ratio of net debt (related party payables and overdraft less cash and cash equivalents) to total capitalisation (shareholder's equity and related party liabilities). The company has given guarantees to certain debt acquired by other subsidiaries of the company as disclosed in note 14.

SAPPI LIMITED

Notes to the financial statements (continued)

for the year ended September 2025

R '000

15. FINANCIAL INSTRUMENTS (continued)

Fair values

The company's financial instruments are initially recognised at fair value. The carrying amounts for financial instruments approximate fair value due to their short-term nature.

Classes of financial instruments

September 2025	Balance sheet carrying amount	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value through OCI	Fair value
Assets							
Other receivables	525	525	-	-	-	-	-
Related party loans	1 681 701	-	1 681 701	-	1 681 701	-	1 681 701
	1 682 226	525	1 681 701	-	1 681 701	-	1 681 701

	Balance	Total out	Total in	Fair value	Amortised		Fair value
Liabilities							
Other payables	72 811	39 854	32 957	-	32 957		32 957
Related party loans	145 621	-	145 621	-	145 621		145 621
	218 432	39 854	178 578	-	178 578		178 578

September 2024	Balance sheet carrying amount	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost	Fair value through OCI	Fair value
Assets							
Other receivables	5 257	-	5 257	-	5 257	-	5 257
Related party loans	1 465 849	-	1 465 849	-	1 465 849	-	1 465 849
	1 471 106	-	1 471 106	-	1 471 106	-	1 471 106

	Balance sheet carrying amount	Total out of scope	Total in scope	Fair value through profit or loss	Amortised cost		Fair value
Liabilities							
Other payables	172 991	89 150	83 841	-	83 841		83 841
Related party loans	114 601	-	114 601	-	114 601		114 601
	287 592	89 150	198 442	-	198 442		198 442

SAPPI LIMITED

Notes to the financial statements (continued)

for the year ended September 2025

16. Share-based payments

The Sappi Limited Performance Share Incentive Trust

In February 2020, shareholders fixed the aggregate number of shares which may be acquired by all participants under The Sappi Limited Performance Share Incentive Trust (the Plan) at 27,402,673 shares. Of that 5,158,275 shares have vested, 20,526,136 shares have been allocated but have not vested leaving 1,718,262 shares which can still be allocated as at September 2025.

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

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

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

The Plan rules also provide that if:

- the company undergoes a change in control after an allocation date other than a change in control initiated by the board itself, or
- the persons who have control of the company as at an allocation date, take any decision, pass any resolution or take any action, the effect of which is to delist the company from the JSE Limited and the company becomes aware of such decision, resolution, or action;

then the company is obliged to notify every participant thereof that such participant may within a period of one month (or such longer period as the board may permit) take delivery of those shares which they would have been entitled to had the performance criteria been achieved.

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

	Performance	**Time-based**	**Total** [(1)]
Outstanding at September 2023	3 875 105	-	3 875 105
Offered	1 148 200	-	1 148 200
Vested	(270 895)	-	(270 895)
Returned, lapsed, forfeited and transfers	(505 107)	-	(505 107)
Outstanding at September 2024	4 247 303	-	4 247 303
Offered	1 281 500	426 000	1 707 500
Vested	(1 395 837)	-	(1 395 837)
Accelerated vesting	-	-	-
Returned, lapsed, forfeited and transfers	380 751	-	380 751
Outstanding at September 2025	4 513 717	426 000	4 939 717

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

The following table sets out the number of shares outstanding:

	2025	2024	Vesting conditions	Vesting date	Exercise price (ZAR)
Performance shares:					
19 November 2018	-		Performance	19 November 2	Rnil
18 November 2020	-	1 247 795	Performance	18 November 2	Rnil
18 November 2021	1 140 207	960 497	Performance	18 November 2	Rnil
18 November 2022	1 053 406	890 811	Performance	18 November 2	Rnil
20 November 2023	1 368 642	1 148 200	Performance	20 November 2	Rnil
20 November 2024	1 392 062	-	Performance	20 November 2	Rnil
27 August 2025	426 000	-	Time-based	27 August 2029	Rnil
	5 380 317	4 247 303			

16. Share-based payments (continued)

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

	Issue 50	Issue 50	Issue 50
Date of grant	20 November 2024	20 November 2024	20 November 2024
Type of award	Performance	Performance	Performance
Share Price at grant date	ZAR 48,50	ZAR 48,50	ZAR 48,50
Vesting Period	4 years	4 years	4 years
Vesting conditions	Market-related - relative to peers	Cash flow return on net assets relative to peers	Science Based Target initiative
Life of options	n/a	n/a	n/a
Market related vesting conditions	Yes	No	No
Percentage expected to vest	69,7%	80,0%	80,0%
Number of shares offered	2 641 900	2 113 520	528 380
Volatility	37,4%	n/a	n/a
Risk free discount rate	8.75% (ZAR yield)	n/a	n/a
Expected dividend yield	3,9%	n/a	n/a
Model used to value	Monte-Carlo	Market price	Market price
Fair value of option	ZAR 28,22	ZAR 32,34	ZAR 32,34

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

17. Events after balance sheet date

On 04 December 2025, the group announced that it had signed a non-binding Letter of Intent with UPM-Kymmene Corporation (“UPM”) in relation to the possible formation of a 50/50 joint venture for graphic paper in Europe subject to the fulfilment of a number of regulatory and other conditions precedent. The joint venture will include the European graphic paper business of Sappi (Gratkorn Mill, Ehingen Mill, Masstricht Mill, Kirkniemi Mill and Sappi Europe’s wood supply joint ventures) and the UPM Communications Paper Business in Europe, the UK and the USA.

The joint venture’s combined enterprise value is Eur1,420 million. Sappi’s businesses are valued at EUR320 million based on a FY2025 EBITDA of EUR64 million with a 5x multiple. Sappi will transfer pension and other liabilities of EUR53 million and net assets valued at EUR267 million to the joint venture. In return Sappi will receive cash of EUR139 million and 50% shareholding in the Joint Venture. UPM’s businesses are valued at EUR1,100 million which represents a 4.6x multiple of the last 12 months EBITDA to September 2025. UPM will transfer pension and other liabilities of EUR360 million and net assets of EUR740 million to the Joint Venture. In return UPM will receive cash of EUR613 million and 50% shareholding in the Joint Venture.

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

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

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

This is considered to be a non-adjusting subsequent event. Management have considered the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and concluded that these were not met at the reporting date.

Notes to the financial statements (continued)
for the year ended September 2025

18. Directors' and prescribed officers' remuneration

Non-executive directors

Directors are normally remunerated in the currency of the country in which they live or work from. The remuneration is translated into SA Rands (ZAR) at the average exchange rates prevailing during the reporting year. Directors' fees are established in local currencies to reflect market conditions in those countries. Non-executive directors' fees reflect their services as directors and services on various sub-committees on which they serve, and the quantum of committee fees depends on whether the director is an ordinary member or a chairman of the committee.

Non-executive directors do not earn attendance fees; however, additional fees are paid for attendance at board meetings in excess of the five scheduled meetings per annum.

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

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

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

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

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

	2025			
Director	**Board fees**	**Committee fees**	**Travel allowance**	**Total**
(ZAR)				
MV Moosa [(1)]	209 853	133 124	-	342 977
MA Fallon	1 731 297	1 120 595	205 973	3 057 865
RJAM Renders	1 413 617	1 318 986	205 973	2 938 576
B Mehlomakulu	560 996	473 539	137 316	1 171 851
Z Malinga	560 996	670 283	137 316	1 368 595
BR Beamish	1 258 172	1 234 227	205 973	2 698 372
JM Lopez	1 469 476	1 062 425	343 289	2 875 190
LL von Zeuner	560 996	605 507	137 316	1 303 819
E Istavridis	1 469 476	1 125 193	343 289	2 937 958
N Sowazi	2 426 500	-	137 316	2 563 816
	11 661 379	7 743 879	1 853 761	21 259 019

	2024			
Director	**Board fees**	**Committee fees**	**Travel allowance**	**Total**
(ZAR)				
ANR Rudd [(2)]	2 657 355	-	211 307	2 868 662
NP Mageza[(2)]	187 946	256 224	-	444 170
MV Moosa	795 649	504 735	140 871	1 441 255
MA Fallon	1 215 573	1 720 432	352 178	3 288 183
RJAM Renders	1 380 808	1 288 373	281 742	2 950 923
B Mehlomakulu	531 750	448 852	140 871	1 121 473
Z Malinga	531 750	454 581	140 871	1 127 202
BR Beamish	1 215 573	1 027 766	281 742	2 525 081
JM Lopez	1 449 546	732 476	422 614	2 604 636
N Sowazi	1 675 015	97 582	140 871	1 913 468
E Istavridis	1 449 546	733 198	422 614	2 605 358
LL von Zeuner	531 750	344 820	140 871	1 017 441
	13 622 261	7 609 039	2 676 552	23 907 852

(1) *Retired December 2024*

(2) *Retired February 2024*

18. Directors' and prescribed officers' remuneration (continued)

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

Average exchange rates for the years concerned have been applied in the tables below in converting the currency of payment into Rands.

Executive directors

Director		2025 Salary	Performance related remuneration	Contributions paid under pension and medical aid schemes	Share based payments benefit	Total
(R)						
S R Binnie[(1)]	c	**13 033 653**	**1 699 895**	**1 562 037**	**5 645 062**	**21 940 647**
G T Pearce[(1)]	c	**7 452 497**	**923 773**	**1 089 961**	**2 901 533**	**12 367 764**
		20 486 150	**2 623 668**	**2 651 998**	**8 546 595**	**34 308 411**

Director		2024 Salary	Performance related remuneration	Contributions paid under pension and medical aid schemes	Share based payments benefit	Total
(R)						
S R Binnie[(1)]	c	**12 371 625**	**10 845 582**	**1 510 121**	**5 086 618**	**29 813 946**
G T Pearce[(1)]	c	**7 008 472**	**6 292 606**	**1 047 118**	**2 492 716**	**16 840 912**
		19 380 097	**17 138 188**	**2 557 239**	**7 579 334**	**46 654 858**

(1) *S Binnie and G Pearce received a 5.5% and 7.0% increase respectively on their South African salaries and both received a 3.0% off-shore salaries for fiscal 2025. Director (R) S R Binnie(1) G T Pearce(1)*

c *Executive directors receive 70% of remuneration from Sappi Limited and remainder 30% from a subsidiary company.*

Details of directors' service contracts

The executive directors have service contracts with notice periods of 12 months or less. These notice periods are in line with international norms for executive directors.

None of the non-executive directors have service contracts with the company.

None of the directors have provisions for predetermined compensation on termination of their contracts exceeding 12 months' gross remuneration and benefits-in-kind.

18. Directors' and prescribed officers' remuneration (continued)

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

Prescribed officers **2025**

(R)		Salary	Bonuses and performance related payments	Contributions paid under pension and medical aid schemes	Share based payment benefit	Total
M Eikelenboom	*S*	14 352 786	1 236 437	2 638 537	3 138 583	21 366 343
M Haws	*S*	9 287 810	1 051 042	1 127 957	3 138 583	14 605 392
A Thiel [1]	*S*	1 227 258	-	171 301	3 138 583	4 537 142
M van Hoven	*C*	3 901 010	386 760	856 199	2 483 949	7 627 918
G Wild [2]	*C*	4 583 342	448 697	969 755	1 538 965	7 540 759
L Kruyshaar	*C*	4 166 173	379 099	1 309 124	1 863 210	7 717 606
F Marupen	*C*	4 158 910	409 345	826 098	2 150 904	7 545 257
M Mansoor	*S*	8 958 252	727 809	1 869 624	1 877 628	13 433 313
		50 635 541	4 639 189	9 768 595	19 330 405	84 373 730

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

Prescribed officers **2024**

(R)		Salary	Bonuses and performance related payments	Contributions paid under pension and medical aid schemes	Share based payment benefit	Total
M Eikelenboom	*S*	13 270 179	6 368 176	2 947 026	2 774 625	25 360 006
M Haws	*S*	9 168 603	7 271 237	1 084 912	2 822 429	20 347 181
A Thiel	*S*	7 226 823	5 367 341	1 022 021	2 822 429	16 438 614
M van Hoven	*C*	3 706 173	2 619 537	824 894	2 235 719	9 386 323
G Bowles [1]	*C*	1 834 644	1 359 426	306 654	982 577	4 483 301
L Kruyshaar [2]	*C*	3 894 626	2 966 655	1 206 803	1 523 151	9 591 235
F Marupen	*C*	3 935 237	2 770 288	798 999	1 918 314	9 422 838
M Mansoor	*S*	8 881 059	5 682 357	1 651 733	1 678 499	17 893 648
		51 917 344	34 405 017	9 843 042	16 757 743	112 923 146

S *Prescribed Officer receives remuneration from a subsidiary company.*
C *Prescribed Officer receives 70% of remuneration from Sappi Limited and remainder 30% from a subsidiary company.*
(1) Retired in January 2024
(2) Appointed in February 2024

19. Directors' and prescribed officers' interests

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

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

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

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

Notes to the financial statements (continued)
for the year ended September 2025

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

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

Executive directors

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

Performance shares are issued for Rnil and vested after 4 years subject to performance criteria being achieved.
The Plan share issue 46 vested at R50.67.

Vesting dates

Performance shares 47	18 November 2025
Performance shares 48	18 November 2026
Performance shares 49	20 November 2027
Performance shares 50	20 November 2028

Notes to the financial statements (continued)

for the year ended September 2025

20. Directors' and prescribed officers' participation in the Sappi Limited share schemes (continued)

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

Prescribed officers

	M Eikelenboom	M Haws	A Thiel	G Wild	M v Hoven	L Kruyshaar	F Marupen	M Mansoor	Total 2025	Total 2024
Outstanding at beginning of year										
Number of shares held	442 000	442 000	442 000		349 000	239 000	300 000	262 000	**2 476 000**	2 363 000
Performance shares 45	-	-	-	-	-	-	-	-	**-**	445 000
Performance shares 46	138 000	138 000	138 000	-	107 000	65 000	92 000	80 000	**758 000**	803 000
Performance shares 47	100 000	100 000	100 000	-	80 000	50 000	68 000	60 000	**558 000**	588 000
Performance shares 48	90 000	90 000	90 000	-	72 000	45 000	61 000	54 000	**502 000**	527 000
Performance shares 49	114 000	114 000	114 000	-	90 000	79 000	79 000	68 000	**658 000**	-
Offered and accepted during the year										
Performance shares 49									**-**	579 000
Performance shares 50	117 000	117 000	117 000	-	91 000	81 000	81 000	70 000	**674 000**	-
Vested during the year										
Number of shares	(138 000)	(138 000)	(138 000)	-	(107 000)	(65 000)	(92 000)	(80 000)	**(758 000)**	(166 875)
Forfeited during the year										
Number of shares	-	-	-	-	-	-	-	-	**-**	(278 125)
Appointment / Retirement during the year										
Number of shares	-	-	(421 000)	216 000	-	-	-	-	**(205 000)**	(21 000)
Outstanding at end of year										
Number of shares	421 000	421 000	-	216 000	333 000	255 000	289 000	252 000	**2 187 000**	2 476 000
Performance shares 46	-	-	-		-		-	-	**-**	758 000
Performance shares 47	100 000	100 000	-	38 000	80 000	50 000	68 000	60 000	**496 000**	558 000
Performance shares 48	90 000	90 000	-	27 000	72 000	45 000	61 000	54 000	**439 000**	502 000
Performance shares 49	114 000	114 000	-	34 000	90 000	79 000	79 000	68 000	**578 000**	658 000
Performance shares 50	117 000	117 000	-	117 000	91 000	81 000	81 000	70 000	**674 000**	-

Performance shares are issued for Rnil and vest after 4 years subject to performance criteria being achieved.
The Plan share issue 46 vested at R50.67.

Vesting dates

Performance shares 47	18 November 2025
Performance shares 48	18 November 2026
Performance shares 49	20 November 2027
Performance shares 50	20 November 2028

21. Investments in subsidiaries

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

Name of subsidiary	Country of incorporation	Principal activity	Direct / Indirect holding (%) 2025	2024
Elektra Purchase N^{o} 29 Limited	Ireland	Securitisation of receivables	**-**	-
Sappi Rockwell Solutions Limited	Scotland	Manufacture of paper	**100**	100
Sappi Alfeld GmbH	Germany	Manufacture of paper and paper pulp	**100**	100
Sappi Austria Produktions GmbH and CoKG	Austria	Manufacture of paper and paper pulp	**100**	100
Sappi Canada Enterprise Inc	Canada	Manufacture of paper pulp	**100**	100
Sappi Cloquet LLC	United States of America	Manufacture of paper, paper pulp and dissolving wood pulp/paper pulp	**100**	100
Sappi Ehingen GmbH	Germany	Manufacture of paper and paper pulp	**100**	100
Sappi Europe SA	Belgium	Sales	**100**	100
Sappi Finland Operations Oy (1)	Finland	Manufacture of paper and paper pulp	**100**	100
Sappi Germany GmbH	Germany	Sales and manufacture of lignin	**100**	100
Sappi Italy Operations SpA	Italy	Manufacture of paper	**100**	100
Sappi International Holdings (Pty) Ltd	South Africa	Treasury	**100**	100
Sappi International SA	Belgium	Treasury	**100**	100
Sappi Lanaken NV (2)	Belgium	Manufacture of paper	**-**	100
Sappi Lanaken Press Paper NV (2)	Belgium	Manufacture of paper and paper pulp	**-**	100
Sappi Maastricht BV	The Netherlands	Manufacture of paper	**100**	100
Sappi Papier Holding GmbH	Austria	Holding company/Sales	**100**	100
Sappi Southern Africa Limited	South Africa	Production of paper and paper pulp, dissolving wood pulp and forestry	**100**	100
Sappisure Försäkrings AB	Sweden	Insurance	**100**	100
Sappi North America Inc	United States of America	Manufacture of paper and paper pulp	**100**	100

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

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

22 Going concern

We draw attention to the fact that the company made a profit for the year of R2,457 million (2024: R1,383 million) and current assets exceed current liabilities by R1,444 million (2024: R1,179 million).

The company's operations are funded by Sappi Southern Africa Limited by way of an interest-free related party loan which is used to pay for company expenses and taxes and fund dividend payments to shareholders. Sappi Southern Africa Limited's current assets exceed its current liabilities by R1.3 billion (2024: R2.4 billion). Sappi Southern Africa Limited generated profit after tax of R1.3 billion in 2025 (2024: R2.7 billion). Sappi Southern Africa Limited has a healthy balance sheet and is in a financial position to continue to support the operational funding of the company.

The company is able to receive dividends from subsidiary companies to the extent that additional funding is required for its requirements. The company is the holding company of the Sappi group which generated operating profit before special items in 2025 of US$176 million (2024: US$407 million). The current assets of the Sappi group exceed current liabilities by US$285 million (2024: US$669 million). The total assets of the Sappi group exceed total liabilities by US$2.3 billion (2024: US$2.6 billion).

The directors have reviewed the company's budget and cash flow forecasts and are satisfied that the company will continue as a going concern for the foreseeable future. The company, therefore, continues to adopt the going concern basis in preparing its financial statements.

23. Related parties

Related parties of the company include all subsidiaries, share incentive trusts, directors and prescribed officers (collectively key management personnel).

Financial Guarantee Contracts
Refer to note 14 for details of financial guarantees provided in respect of subsidiary debt.

Related party transactions and balances
Except for the cash management facility which bears interest, all related parties receivables and payables bear no interest and have no fixed repayment terms.
Related party receivables are expected to be realised within 12 months after the reporting period and none are expected to default, with no loss allowances required.
Balances and transactions between the company and other related parties are as follows:

R'000	Management fee from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2025	2024	**2025**	2024	**2025**	2024
Sappi Europe SA			**2 525**	315	**718**	1 114
Sappi International Holding (Pty) Ltd			**443**	357		
Sappi North America Inc			**3 212**		**-**	3 820
Sappi Papier Holding GmbH	**249 799**	215 359		11 820	**15 472**	18 977
Sappi Share Facilitation Company						
Sappi Southern Africa Limited	**142 751**	136 391	**1 657 607**	1 453 357	**129 431**	69 161
Sappi Trading SA						
The Sappi Limited Performance Share Incentive Trust			**17 914**			21 529
	392 550	351 750	**1 681 701**	1 465 849	**145 621**	114 601

Related party transactions
Refer to notes 18 to 20 for director's and prescribed officers' remuneration, interests and participation in the company's share schemes.

Dividends received from related parties:	Dividends received	
	2025	2024
Sappi Southern Africa Limited	2 500 000	1 560 000
	2 500 000	1 560 000