



Sylvamo

The World's
Paper Company

Jan. 15, 2026

Dear Sylvamo Shareowners,

I am honored and excited to be Sylvamo's CEO. I want to share with you my vision for Sylvamo so that you can understand the direction in which I will be steering the company.

Vision for Sylvamo: To Be Legendary

Sylvamo will be legendary for the way we relentlessly pursue and achieve world-class excellence in all that we do. This will create substantial and lasting value for our employees, customers and shareowners and will enable us to be the employer, supplier and investment of choice.

We will strive to achieve world-class standards in the areas that define our success:

1. Safety and Well-being

We will foster a resilient safety and well-being culture in which serious injuries are eliminated, and every team member returns home safe every day.

2. Employee Engagement

We will be admired for cultivating a workplace where employees feel valued, empowered and inspired. Inspirational leaders at every level of Sylvamo will unite their teams around our vision and amplify each individual employee's talents by listening to them and engaging them to drive continuous improvement. We are passionate about making paper that educates, connects and enriches lives, and we will set high standards to achieve world-class performance together.

3. Customer Centricity

We will set a new standard for customer experience and loyalty, striving to be truly outstanding. Our commitment is to deliver superior value and service to our customers, earning their trust and loyalty. This is critical to our strategy.

4. Operational Excellence

We will achieve best-in-class levels of efficiency, reliability and performance in our mills and supply chains, ensuring that our operations consistently deliver to the highest standards.

5. Cost Leadership

We will attain industry-leading cost effectiveness through disciplined management and continuous improvement, strengthening our competitive position and ensuring sustainable results.

6. Sustainability

We will operate responsibly, protecting and enhancing forests, uplifting communities and improving our planet's future through sustainable practices.

Strategy and Capital Allocation Philosophy

Our flagship growth strategy remains unchanged: we will invest in low-risk, high-return projects to strengthen our uncoated freesheet capabilities and grow earnings and cash flow. This strategy is underpinned by three fundamental beliefs:

- The world will continue to rely on uncoated freesheet to educate, communicate and entertain for years to come
- Our North American and Latin American businesses offer returns on smart investments in our assets and business processes that are well above our cost of capital
- Our competitive advantages: low-cost assets, iconic brands, strong customer relationships, global footprint and talented teams, position us to successfully deliver on our strategy

Our capital allocation philosophy also remains unchanged. We will deploy every dollar with the goal of improving our competitive position and delivering the best possible shareowner returns over time. We will continue to:

- Maintain a strong balance sheet
- Reinvest in our business with discipline to strengthen operations and customer experience
- Return cash to shareowners

Customer Centricity, Lean Management and Digital Transformation

To become legendary, we will be more customer centric, embrace lean management principles and digitally transform.

Our primary focus is to strengthen customer loyalty and engagement, creating a consistent, world-class experience across all regions. This will drive customer retention, brand equity and enduring success.

Embracing lean management will drive continuous improvement and efficiency, underpinned by a deep understanding of customer needs and a willingness and ability to meet them with minimal waste.

By 2030, our operations will be significantly digitally transformed. Our mills will feature advanced control and maintenance systems, our supply chains will be globally connected and our data and AI capabilities will power sophisticated analytics that will permeate our organization and dramatically improve customer experience, operational efficiency and decision-making.

Navigating Cyclical Industry Headwinds

We recognize the current headwinds in some of our markets, including cyclical industry downturns in Europe and certain Latin American countries outside Brazil.

Europe is currently facing significant industry challenges that are impacting our financial results. We are focused on reducing our costs, optimizing our mix and improving our operational efficiency. We are also evaluating a range of other options to improve financial performance.

Our operations in Brazil are an important strength for Sylvamo. Our forestlands serve as a significant source of intrinsic value and a key enabler of sustainable competitive cost advantage in the region. We are investing in our forestry to increase our self-sufficiency and to reduce our fiber costs.

In North America, our business remains resilient following the termination of the Georgetown, South Carolina, mill supply agreement with International Paper in late 2024. As previously

announced, the supply agreement for the Riverdale, Alabama, mill will also end in the first half of 2026. Both agreements were expected to terminate, therefore neither was part of our long-term strategy. Together, these agreements accounted for approximately 700,000 tons of uncoated freesheet capacity.

Sylvamo is well-positioned for long-term success in North America, supported by our world-class mill in Eastover, South Carolina, the lowest-cost mill in this region. As an example of our disciplined capital allocation, we are investing \$145 million to reduce costs and significantly enhance the mill's capabilities, with an expected internal rate of return exceeding 30%.

Across all our regions, our teams will relentlessly pursue excellence in our customer experience, operational performance and cost management to overcome obstacles and drive future enduring performance.

Long-Term Value Creation

2025 and 2026 will be low points in our free cash flow generation as we weather the cyclical industry downturns, particularly in Europe, and complete investments at our Eastover mill. As industry conditions turn, our capital spending normalizes and the benefits from our investments begin to materialize, we have the potential to generate annually:

- > \$300 million of Free Cash Flow
- > 15% Return on Invested Capital

By diligently executing our flagship growth strategy, adhering to our disciplined capital allocation principles, becoming more customer-centric, institutionalizing lean management principles and digitally transforming our business operations, we will generate strong, sustainable results.

Closing Thoughts

As Sylvamo's CEO, my commitment to you is to allocate capital wisely and focus on long-term value creation. I will communicate transparently while providing context, rationale and honest assessments of our decisions and performance. I pledge to uphold our values and drive smart, data-driven decisions that position the company for sustainable success and strengthen Sylvamo for decades to come.

Our goal is to attract and retain high-quality, long-term shareowners who share our vision for disciplined capital allocation and sustainable value-creation. We look forward to deepening this dialogue at our Investor Day later this year, where we will share more details on our strategy, capital allocation priorities and progress towards achieving our vision.

Sincerely,



John V. Sims
Chief Executive Officer, Sylvamo

Forward-Looking Statements

This letter contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements forecast or state expectations concerning future events. They typically use words such as "will," "plan," "anticipate," "estimate," "expect," "project," "intend," and other similar words, or they relate to future periods. Any or all forward-looking statements may turn out to be incorrect, and our actual actions and results could differ materially from what they express or imply, because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control. These risks, uncertainties, and other factors include those disclosed in the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended Dec. 31, 2024, filed with the U.S. Securities and Exchange Commission (SEC) and in our subsequent filings with the SEC, available on our website, Sylvamo.com. These forward-looking statements reflect our current expectations, and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The non-GAAP financial measures presented in this letter have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of non-GAAP financial measures in this letter may not be comparable to similarly titled measures disclosed by other companies, including companies in our industry. Sylvamo has not reconciled the forward-looking non-GAAP financial measures in this letter, as the information needed to provide a complete reconciliation of such measures is unavailable at this time and cannot be projected without unreasonable effort.

Free Cash Flow is a non-GAAP measure calculated as cash provided by operating activities less cash invested in capital projects. The most directly comparable GAAP measure is cash provided by operating activities. Management utilizes this measure in connection with managing our business and believes that Free Cash Flow is useful to investors as a liquidity measure because it measures the amount of cash generated that is available, after reinvesting in the business, to maintain a strong balance sheet and service debt, and return cash to shareowners. It should not be inferred that the entire Free Cash Flow amount is available for discretionary expenditures. Free Cash Flow also enables investors to perform meaningful comparisons between past and present periods.

Return on Invested Capital is a non-GAAP measure presented as a supplemental measure of our performance. Management believes that ROIC is useful because it measures how effectively and efficiently we use the capital invested in our business. ROIC = Adjusted Operating Earnings Before Interest / Average Invested Capital. Invested Capital = Equity plus total debt minus cash and temporary investments. The Average Invested Capital is calculated as a simple average for the two most recent fiscal years.

Adjusted Operating Earnings is a non-GAAP measure calculated as net income (GAAP), net of tax and net special items. Net special items represent income or expenses that are incurred periodically, rather than on a regular basis. Management uses this measure to focus on ongoing operations and believes it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results. The Company believes that using this information, along with net income, provides for a more complete analysis of the results of operations. Net income is the most directly comparable GAAP measure.