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# THE CIRCULAR ECONOMY

mpact

smarter, sustainable solutions


2026

# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2026

# Key Financial Data

- Cash generated from operations of R448 million (H1 2025: R173 million)
- Net debt reduced to R2.6 billion from R3.0 billion in the prior period
- EBITDA from continuing operations of R614 million (H1 2025: R642 million)
- Operating profit from continuing operations of R284 million (H1 2025: R337 million)
- Earnings per share from continuing operations of 50 cents (H1 2025: 105 cents)
- Interim dividend per share of 15 cents
- Net asset value per share of R36.34

# Commentary from Continuing Operations

Bruce Strong, Mpact Chief Executive Officer, said: *"The Group made good progress against its objectives in a difficult trading environment. The improved performance in Paper Converting and Plastics reflects the benefits of our focus on growth sectors and higher-margin sustainable products. Stronger cash generation, together with disciplined capital allocation and operational efficiency initiatives, is contributing to a stronger balance sheet. Management remains focused on converting the enhanced asset base into improved earnings, cash generation and returns from recent strategic investments."*

## OVERVIEW

The six months ended 30 June 2026 were characterised by a subdued macroeconomic environment, weak domestic demand and low levels of business confidence. While economic conditions in South Africa showed modest improvement during the first quarter, trading conditions deteriorated materially during the second quarter following the escalation of conflict in the Middle East. The resulting increase in fuel, freight and certain raw material costs contributed to a sharp rise in inflation and placed further pressure on consumer spending and industrial activity.

Global paper and packaging markets remained challenging throughout the period. Structural oversupply in containerboard and cartonboard markets, coupled with subdued industrial demand in many regions, continued to place pressure on paper selling prices despite rising input costs.

The agricultural sector, an important driver of packaging demand, remained one of the more resilient areas of the economy and benefited from strong export crop volumes early in the year. However, adverse weather conditions, including flooding and hailstorms in parts of the Eastern and Western Cape, disrupted harvesting and packing activities and negatively affected demand across some packaging categories.

Notwithstanding these headwinds, Mpact's Paper Converting and Plastics businesses delivered volume and profitability growth, supported by progress on strategic projects in selected growth sectors and continued investment in innovative, higher-margin and sustainable products. These improvements were, however, more than offset by margin pressure in Paper Manufacturing driven by higher input costs and lower selling prices.

The coated cartonboard machine, BM6, at the Springs mill was shut on 10 May 2026 and has been classified as a discontinued operation. The uncoated coreboard machine, BM3, continues to operate and is reported under continuing operations. During the period, the Group also commenced the rationalisation of its recycling collection footprint to improve operational efficiency and reduce costs. Together, these actions form part of the Group's portfolio optimisation programme, aimed at improving competitiveness, aligning capacity with market demand and enhancing returns.

## FINANCIAL REVIEW

Group revenue for the period increased by 1.1% to R5.96 billion. The increase was supported by higher sales volumes in Paper Manufacturing, Paper Converting and Bins & Crates, as well as a more favourable product mix in FMCG Wadeville, partly offset by lower containerboard selling prices.

Gross profit increased by 3.1% to R2.35 billion, with the gross margin improving to 39.4%, primarily due to an improved sales mix. The benefit was partly offset by higher transport, energy and polymer costs, particularly in the second quarter.

Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased by 4.4% to R614 million (H1 2025: R642 million) mainly due to lower profitability in Paper Manufacturing which more than offset gains in the Paper Converting and Plastics businesses.

Operating profit decreased by 15.7% to R284 million, mostly due to lower EBITDA and an increase in depreciation and amortisation following the capitalisation of the Mkhondo mill upgrade in December 2025.

Cash generation improved materially, with cash generated from operations increasing to R448 million compared with R173 million in the prior period. Net debt reduced to R2.6 billion (30 June 2025: R3.0 billion), supported by improved working-capital management and the closure of BM6. The Group remains well within its bank covenants.

Return on capital employed was 9.2% reflecting the impact of recent strategic capital investments not yet fully reflected in earnings and lower profitability.

### Paper business

Revenue in the Paper business increased marginally to R4.98 billion (H1 2025: R4.97 billion), as higher sales volumes in Paper Manufacturing and Paper Converting, together with an improved sales mix, were largely offset by lower selling prices.

Gross profit increased by 3.4% compared with the prior period, mainly due to lower raw material prices and a more favourable product mix. These were partially offset by higher variable selling expenses due to increased fuel costs and paper exports, as well as higher electricity prices.

Operating profit declined by 24.6% to R278 million (H1 2025: R368 million). The decrease was mainly due to lower profitability in Paper Manufacturing and higher depreciation and amortisation following the capitalisation of the Mkhondo mill upgrade.

Paper Manufacturing was the main detractor from Group performance. Containerboard sales volumes increased by 2.9%, but lower selling prices and higher input costs had an adverse impact on profitability. This reflects the global cyclical downturn in the paper industry, subdued South African industrial demand, pricing to counter containerboard imports and higher depreciation following the capitalisation of the Mkhondo mill upgrade. Production at the Mkhondo mill was impacted by operational challenges following the pulp mill upgrade which have since been resolved. Following the closure of BM6, management is focused on stabilising the Springs mill site, optimising BM3 and pursuing import protection and other actions to improve its competitiveness.

Paper Converting achieved revenue growth of 2.4%, driven by an increase in sales volumes. Operating profit increased modestly, supported by strong performances from Detpak and the contribution from Seyfert, partly offset by depressed selling prices.

### Plastics business

Revenue in the Plastics business increased by 5.7% to R989 million (H1 2025: R936 million), supported by higher sales volumes in Bins & Crates and a more favourable product mix in FMCG Wadeville.

Gross profit increased by 2.1%, although gross margin declined as higher polymer prices, electricity costs and variable selling costs partly offset the increase in revenue. Trading in the second quarter became more difficult as polymer prices increased sharply following the escalation of the Middle East conflict.

Operating profit improved significantly to R45 million, compared to R7 million in the prior period, reflecting the improvement in gross profit and a reduction in fixed costs following restructuring activities at Bins & Crates and FMCG Wadeville. Historically, profitability in the Plastics business, particularly Bins & Crates, was heavily weighted towards the second half of the year, and we expect 2026 to be similar.

Bins & Crates continued to experience good growth in jumbo bins and export crates, which was somewhat offset by poor demand for beverage crates.

The FMCG business reported higher profitability as Pinetown and Atlantis benefited from better utilisation and stronger customer demand, while Wadeville continued to benefit from an improved product mix and a realignment of its product offering and cost base.

### Net finance costs

Net finance costs increased by 13.1% to R135 million (H1 2025: R119 million), notwithstanding lower period-end net debt. The increase is mainly due to the non-recurrence of R36 million of interest capitalised to the Mkhondo project in the prior period.

### Taxation

The effective tax rate for continuing operations of 27.5% is in line with the statutory rate (June 2025: 26.9%).

### Earnings per share

Headline earnings per share and basic earnings per share decreased to 48.1 cents (H1 2025 – restated: 104.1 cents) and 50.4 cents (H1 2025 – restated: 105.2 cents), respectively.

### Net debt (total operations)

Net debt of R2.6 billion was lower than the prior period (June 2025: R3.0 billion). Cash generated from operating activities was partly offset by retrenchment and other closure costs related to BM6 of R104 million and working capital outflows, typical for the first half of the year.

## DISCONTINUED OPERATION

As previously mentioned, BM6 at the Springs mill has been classified as a discontinued operation. BM6 reported an underlying EBITDA loss of R25 million and an underlying operating loss of R30 million for the period. The closure resulted in once-off restructuring, impairment and retrenchment costs amounting to R299 million, which are classified as special items and excluded from underlying profit. These costs comprise cash retrenchment and restructuring costs of R104 million, together with non-cash charges relating to the impairment of plant, equipment and capital spares of R180 million, and inventory of R15 million. The cash costs incurred were more than offset by the recoupment of working capital related to BM6.

## OUTLOOK

Economic activity is expected to remain subdued, while elevated fuel, freight, polymer and other input costs are likely to continue affecting margins, supply chains and customer demand. Municipal infrastructure shortcomings continue to drive additional costs across our manufacturing operations, while double digit increases for water and electricity tariffs are difficult to recover. An influx of imported products continues to put pressure on domestic industries, including some of Mpact's customers.

Global paper markets, especially for recycled containerboard and cartonboard, remains oversupplied. However, prices for certain paper grades are increasing due to input cost pressure, higher freight costs and the continued conflict in the Middle East. Pricing and margins in Paper Manufacturing are therefore expected to remain under pressure in the third quarter, with any improvement in quarter four dependent on the level of price increases. Both containerboard paper mills are fully sold with no planned commercial downtime.

Agricultural demand remains a positive driver and the Citrus Growers Association continues to forecast further growth in citrus exports over the medium term, although there may be some short-term setbacks due to the flooding in the Eastern and Western Cape. This should support demand for corrugated cartons and plastic crates.

The Mkhondo mill upgrade project remains in its optimisation phase. While the pulp mill is delivering on its objectives in terms of throughput and quality, the development of the market for SLS continues. The SLS quality improved significantly following interventions in the first half of 2026, but orders have not been at the level anticipated. The additional depreciation and interest charges arising from the recent capitalisation of the project are not expected to be fully offset by the incremental revenue in 2026.

The Plastics business is expected to deliver an improved full-year result compared with the prior year, supported by the continued recovery at FMCG Wadeville, as well as good volume growth in plastic crates for the agricultural sector. The extent of this improvement remains dependent on polymer price stability linked to developments in the Middle East.

The Group's performance is historically weighted towards the second half of the year, supported by seasonal demand patterns in key markets, while the full benefits of recent strategic capital projects, including the Mkhondo mill upgrade, are expected to support medium-term growth and margin improvement.

Mpact's strategic focus has recently shifted from capital expansion to realising the full potential of its modernised asset base. Key priorities for the rest of 2026 include optimising returns from recent investments, accelerating the commercialisation of SLS, driving efficiency improvements, and advancing targeted portfolio optimisation. The Group will continue to prioritise cash generation, working capital discipline and margin improvement, while maintaining strict capital allocation principles.

## BOARD CHANGES

There were no Board changes during the period under review.

## DIVIDENDS

The Board declared an interim gross cash dividend of 15 cents per ordinary share for the six months ended 30 June 2026 (June 2025: 30 cents per ordinary share). A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt, which equates to a dividend of 12 cents per ordinary share net of dividend withholding tax. The dividend has been declared from income reserves.

The Company's total number of issued ordinary shares at the date of this announcement is 149,453,688. Mpact's income tax reference number is 9003862175.

**Salient dates for the cash dividend distribution**

| Event | 2026 |
|---|---|
| Publication of dividend declaration | **Monday, 24 August** |
| Last day of trade to receive a dividend | **Tuesday, 15 September** |
| Shares commence trading "ex" dividend | **Wednesday, 16 September** |
| Record date | **Friday, 18 September** |
| Payment date | **Monday, 21 September** |

Share certificates may not be dematerialised or re-materialised between Wednesday, 16 September 2026 and Friday, 18 September 2026, both days inclusive.

**PCS Luthuli**
*Chairman*

**BW Strong**
*Chief Executive Officer*

24 August 2026

# Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2026

| | Note | Unaudited six months ended 30 June 2026 R'm | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited Year ended 31 December 2025 R'm |
|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | |
| Revenue from contracts with customers | 4 | **5,957.3** | 5,891.6 | 12,885.3 |
| Material, energy and fixed overhead recovery | | **(3,068.7)** | (3,142.1) | (6,938.6) |
| Variable selling expenses | | **(539.2)** | (471.7) | (982.5) |
| Other net operating expenses[2] | | **(1,735.9)** | (1,635.9) | (3,416.2) |
| Depreciation, amortisation and impairment | | **(329.2)** | (304.7) | (596.9) |
| **Operating profit** | 5 | **284.3** | 337.2 | 951.1 |
| Profit on disposal of business | 7 | **4.2** | – | – |
| Gain on remeasurement of previously held investment in equity accounted investee | | **–** | – | 44.7 |
| Share of (loss)/profit from equity accounted investees | | **(14.6)** | 8.8 | 13.6 |
| **Profit from operations and equity accounted investees** | | **273.9** | 346.0 | 1,009.4 |
| Net finance costs | | **(134.9)** | (119.3) | (244.5) |
| Investment income | | **10.2** | 11.7 | 18.0 |
| Finance costs | 6 | **(145.1)** | (131.0) | (262.5) |
| **Profit before taxation from continuing operations** | | **139.0** | 226.7 | 764.9 |
| Tax expense | | **(42.2)** | (58.5) | (159.0) |
| **Profit for the period from continuing operations** | | **96.8** | 168.2 | 605.9 |
| **DISCONTINUED OPERATION** | | | | |
| **Loss for the period from discontinued operation** | 17 | **(238.6)** | (16.3) | (28.9) |
| **(Loss)/profit for the period** | | **(141.8)** | 151.9 | 577.0 |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | | |
| Actuarial gains on post-retirement benefit schemes | | **–** | – | (1.3) |
| Tax effect | | **–** | – | 0.4 |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Exchange differences on translation of foreign operations | | **(0.1)** | 4.7 | (0.4) |
| **Other comprehensive income/(loss) for the period** | | **(0.1)** | 4.7 | (1.3) |
| **Total comprehensive income for the period** | | **(141.9)** | 156.6 | 575.7 |
| **(Loss)/profit attributable to:** | | | | |
| Equity holders of Mpact | | **(164.3)** | 138.9 | 485.4 |
| Non-controlling interests | | **22.5** | 13.0 | 91.6 |
| **(Loss)/profit for the period** | | **(141.8)** | 151.9 | 577.0 |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of Mpact | | **(164.4)** | 143.2 | 484.1 |
| Non-controlling interests | | **22.5** | 13.4 | 91.6 |
| **Total comprehensive income for the period** | | **(141.9)** | 156.6 | 575.7 |
| **Earnings per share (EPS) for profit attributable to equity holders of Mpact** | | | | |
| Basic EPS (cps) from continuing operations | 8 | **50.4** | 105.2 | 348.9 |
| Diluted EPS (cps) from continuing operations | 8 | **50.4** | 105.1 | 348.8 |
| Basic EPS (cps) from discontinued operation | 8 | **(162.1)** | (11.0) | (19.6) |
| Diluted EPS (cps) from discontinued operation | 8 | **(162.0)** | (11.0) | (19.6) |
| Basic EPS (cps) from total operations | 8 | **(111.7)** | 94.2 | 329.3 |
| Diluted EPS (cps) from total operations | 8 | **(111.6)** | 94.1 | 329.2 |

1. *The statement of profit or loss has been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*
2. *Other net operating expenses includes a decrease in the expected credit loss on financial assets of R34.3 million (30 June 2025: decrease of R1.6 million; 31 December 2025: increase of R24.2 million).*

# Condensed Consolidated Interim Statement of Financial Position

as at 30 June 2026

| | Note | Unaudited as at 30 June 2026 R'm | Unaudited as at 30 June 2025 R'm | Audited as at 31 December 2025 R'm |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Goodwill and other intangible assets | | **524.2** | 421.8 | 531.4 |
| Property, plant and equipment | | **5,410.0** | 5,347.5 | 5,468.4 |
| Investment property | | **89.2** | 120.8 | 125.2 |
| Right-of-use assets | | **190.7** | 218.9 | 218.3 |
| Investments in equity accounted investees | | **131.7** | 186.9 | 146.4 |
| Other financial assets | | **49.5** | 50.9 | 46.9 |
| Deferred tax assets | | **85.7** | 89.8 | 96.5 |
| **Non-current assets** | | **6,481.0** | 6,436.6 | 6,633.1 |
| Inventories | | **2,094.6** | 2,326.2 | 2,160.8 |
| Trade and other receivables | | **2,980.4** | 2,816.0 | 2,799.4 |
| Other financial assets | | **8.7** | 5.2 | 5.1 |
| Derivative financial instruments | | **3.8** | 2.2 | – |
| Current tax receivables | | **13.7** | 17.0 | 9.3 |
| Cash and cash equivalents | | **803.1** | 702.4 | 892.0 |
| **Current assets** | | **5,904.3** | 5,869.0 | 5,866.6 |
| Investment property held for sale | 14 | **39.5** | – | – |
| **Total assets** | | **12,424.8** | 12,305.6 | 12,499.7 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and reserves** | | | | |
| Stated capital | 9 | **2,360.9** | 2,360.9 | 2,360.9 |
| Retained earnings | | **3,092.6** | 2,999.6 | 3,301.6 |
| Reserves | | **(22.0)** | (3.3) | (18.2) |
| **Total attributable to equity holders of Mpact** | | **5,431.5** | 5,357.2 | 5,644.3 |
| Non-controlling interests in subsidiaries | | **598.4** | 527.2 | 625.9 |
| **Total equity** | | **6,029.9** | 5,884.4 | 6,270.2 |
| Interest and non-interest-bearing borrowings | 10 | **3,163.0** | 3,400.6 | 3,126.0 |
| Lease liabilities | | **173.0** | 205.6 | 196.0 |
| Retirement benefits obligation | | **38.0** | 31.8 | 37.7 |
| Deferred tax liabilities | | **354.0** | 351.8 | 444.9 |
| Provisions | | **2.3** | 2.5 | 2.1 |
| **Non-current liabilities** | | **3,730.3** | 3,992.3 | 3,806.7 |
| Interest and non-interest-bearing borrowings | 10 | **28.3** | 14.7 | 7.2 |
| Lease liabilities | | **71.6** | 66.0 | 76.8 |
| Trade and other payables | | **2,552.7** | 2,336.2 | 2,324.2 |
| Provisions | | **1.2** | 5.4 | 2.6 |
| Derivative financial instruments | | **6.9** | 4.5 | 9.7 |
| Current tax liabilities | | **3.9** | 2.1 | 2.3 |
| **Current liabilities** | | **2,664.6** | 2,428.9 | 2,422.8 |
| **Total liabilities** | | **6,394.9** | 6,421.2 | 6,229.5 |
| **Total equity and liabilities** | | **12,424.8** | 12,305.6 | 12,499.7 |

# Condensed Consolidated Interim Statement of Changes in Equity

for the six months ended 30 June 2026

| | Stated capital R'm | Share-based payment reserve R'm | Post-retirement benefit reserve R'm | Other reserves[1] R'm | Retained earnings R'm | Total attributable to equity holders of Mpact Limited R'm | Non-controlling interests R'm | Total equity R'm |
|---|---|---|---|---|---|---|---|---|
| **Balance at 31 December 2024 (audited)** | 2,360.9 | 54.5 | 36.3 | (76.1) | 2,969.7 | 5,345.3 | 520.6 | 5,865.9 |
| Total comprehensive income for the period | – | – | – | 4.3 | 138.9 | 143.2 | 13.4 | 156.6 |
| Dividends paid to Mpact shareholders[2] | – | – | – | – | (111.1) | (111.1) | – | (111.1) |
| Dividends paid to non-controlling interest | – | – | – | – | – | – | (6.8) | (6.8) |
| Purchase of treasury shares | – | – | – | (21.9) | – | (21.9) | – | (21.9) |
| Share plan charges for the period | – | 2.5 | – | – | – | 2.5 | – | 2.5 |
| Vesting of shares under employee share scheme | – | (29.7) | – | 26.8 | 2.1 | (0.8) | – | (0.8) |
| **Balance at 30 June 2025 (unaudited)** | 2,360.9 | 27.3 | 36.3 | (66.9) | 2,999.6 | 5,357.2 | 527.2 | 5,884.4 |
| Total comprehensive income for the period | – | – | (0.9) | (4.7) | 346.5 | 340.9 | 78.2 | 419.1 |
| Acquisition of subsidiary with non-controlling interest | – | – | – | – | – | – | 24.5 | 24.5 |
| Dividends paid to Mpact shareholders[2] | – | – | – | – | (44.5) | (44.5) | – | (44.5) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | (4.0) | (4.0) |
| Purchase of treasury shares | – | – | – | (10.1) | – | (10.1) | – | (10.1) |
| Share plan charges for the period | – | 0.8 | – | – | – | 0.8 | – | 0.8 |
| **Balance at 31 December 2025 (audited)** | **2,360.9** | **28.1** | **35.4** | **(81.7)** | **3,301.6** | **5,644.3** | **625.9** | **6,270.2** |
| Total comprehensive income for the period | **–** | **–** | **–** | **(0.1)** | **(164.3)** | **(164.4)** | **22.5** | **(141.9)** |
| Dividends paid to Mpact shareholders[2] | **–** | **–** | **–** | **–** | **(44.4)** | **(44.4)** | **–** | **(44.4)** |
| Dividends paid to non-controlling interest | **–** | **–** | **–** | **–** | **–** | **–** | **(50.0)** | **(50.0)** |
| Purchase of treasury shares | **–** | **–** | **–** | **(11.2)** | **–** | **(11.2)** | **–** | **(11.2)** |
| Share plan charges for the period | **–** | **7.1** | **–** | **–** | **–** | **7.1** | **–** | **7.1** |
| Vesting of shares under employee share scheme | **–** | **(16.7)** | **–** | **17.1** | **(0.3)** | **0.1** | **–** | **0.1** |
| **Balance at 30 June 2026 (unaudited)** | **2,360.9** | **18.5** | **35.4** | **(75.9)** | **3,092.6** | **5,431.5** | **598.4** | **6,029.9** |

1. *Other reserves consist of foreign currency translation reserve, treasury shares and fair value adjustments to equity investments.*
2. *The dividend per share paid to equity holders of Mpact Limited was 30c per share (30 June 2025: 75c per share, 31 December 2025: 105c per share).*

# Condensed Consolidated Interim Statement of Cash Flows

for the six months ended 30 June 2026

| | Note | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Operating cash flows before movements in working capital | | **481.6** | 634.7 | 1,530.7 |
| Net increase in working capital | | **(33.9)** | (462.0) | (303.5) |
| **Cash generated from operations** | 16 | **447.7** | 172.7 | 1,227.2 |
| Dividends received from equity accounted investees | | **–** | 3.9 | 18.0 |
| Taxation paid | | **(34.5)** | (58.0) | (76.9) |
| **Net cash inflows from operating activities** | | **413.2** | 118.6 | 1,168.3 |
| **Cash flows from investing activities** | | | | |
| Additions to property, plant and equipment and intangibles assets | | **(289.3)** | (399.3) | (743.9) |
| Acquisition of subsidiary, net of cash acquired | | **–** | – | (33.6) |
| Cash received from disposal of business | | **5.0** | – | – |
| Other investing activities | | **9.1** | 12.1 | 49.4 |
| **Net cash outflows from investing activities** | | **(275.2)** | (387.2) | (728.1) |
| **Cash flows from financing activities** | | | | |
| Repayment of borrowings | | **(1,259.7)** | (574.1) | (2,539.2) |
| Proceeds from borrowings raised | | **1,325.3** | 913.4 | 2,591.3 |
| Repayment of lease liabilities | | **(39.4)** | (32.7) | (69.3) |
| Finance costs paid[1] | | **(146.8)** | (164.6) | (298.9) |
| Purchase of treasury shares | | **(11.2)** | (21.9) | (32.0) |
| Dividends paid to Mpact shareholders | | **(44.4)** | (111.1) | (155.4) |
| Dividends paid to non-controlling interests | | **(50.0)** | (10.8) | (14.8) |
| **Net cash outflows from financing activities** | | **(226.2)** | (1.8) | (518.3) |
| Net (decrease)/increase in cash and cash equivalents | | **(88.2)** | (270.4) | (78.1) |
| Effect of movements in exchange rates on cash held | | **(0.7)** | (2.7) | (5.4) |
| Net cash and cash equivalents at beginning of period | | **892.0** | 975.5 | 975.5 |
| **Net cash and cash equivalents at end of period** | | **803.1** | 702.4 | 892.0 |

*1. Finance costs paid includes R12.4 million (30 June 2025: R13.4 million, 31 December 2025: R26.3 million) from lease liabilities.*

# Notes to the Condensed Consolidated Interim Financial Statements

for the six months ended 30 June 2026

## 1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with IFRS® Accounting Standards and contain information required by IAS 34: *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB). The condensed consolidated interim financial statements are in compliance with the JSE Limited's Listings Requirements, the South African Companies Act, 2008, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guide as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The condensed consolidated interim financial statements are presented in South African Rand, which is Mpact's functional and presentation currency and have been prepared on the historical cost basis, with the exception of certain financial instruments measured at fair value. The results for the interim period should be read in conjunction with the audited financial statements for the year ended 31 December 2025.

The presentation of headline EPS is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 1/2023, "Headline Earnings", as issued by the South African Institute of Chartered Accountants.

The preparation of Mpact's consolidated results for the half year ended 30 June 2026 was supervised by the Chief Financial Officer, JJ Snyman CA(SA). The interim condensed consolidated financial statements have not been audited or reviewed by Mpact's external auditor.

## 2. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

**Significant accounting policies**

The accounting policies and methods of computation used are in terms of IFRS® Accounting Standards and are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended 31 December 2025.

The following amendments were adopted in the current period:

- IFRS 7 and 9: *Classification and Measurement of Financial Instruments*
- IFRS 7 and 9: *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to IFRS Accounting Standards – Volume 11

The amendments had no impact on the condensed consolidated interim financial statements on adoption.

**Significant accounting judgements, estimates and assumptions**

The significant judgements made by management in applying Mpact's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the consolidated financial statements for the year ended 31 December 2025.

*Springs Mill BM6 discontinued operation considerations*

IFRS 5 defines a discontinued operation as "a component of an entity that either has been disposed of, or is classified as held for sale, and (a) represents a separate major line of business or geographical area of operations, (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale".

Management exercised significant judgement in determining whether the coated cartonboard machine (BM6) constituted a separate component of the Group and whether its closure represented a strategic shift with a major effect on operations. Springs BM6 was a significant part of the Springs mill, which formed part of the Paper operating segment. Management considers Springs BM6 to be a separate component due to its distinction both operationally and financially. This is as a result of several considerations namely, its primary use, product portfolio, raw materials and separate management oversight and the availability of discrete financial information for performance monitoring and decision-making purposes. In addition, as at 31 December 2025, Springs BM6 external revenue accounts for approximately 9% of the Group's total revenue and 10% of Paper operating segment revenue. Therefore, based on its operational significance and financial contribution, management concluded that the closure of Springs BM6 constituted a strategic shift with a major effect on the Group's operations. As a result, the criteria under IFRS 5 have been met, and accordingly, the results of Springs BM6 have been presented as a discontinued operation from 10 May 2026, the date production ceased, and the comparative statement of profit or loss and other comprehensive income has been restated. Refer to note 17 for details on the discontinued operation.

## 3. SEASONALITY

Seasonal effects in Mpact's markets have historically resulted in higher revenue and operating profits for the second half, when compared to the first half of the financial year.

## 4. SEGMENT INFORMATION

Mpact's operating segments are reported in a manner consistent with the internal reporting provided to Mpact's executive committee. Mpact has two reportable segments, namely Paper and Plastics.

Management has oversight to certain operating segment measures in making resource allocation decisions and monitoring segment performance. The operating segment measures that are required to be disclosed under IFRS 8 adhere to the recognition and measurement criteria presented in Mpact's accounting policies.

| | Unaudited six months ended 30 June 2026 R'm | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Mpact's segment analysis of revenue** | | | |
| Paper | **4,984.0** | 4,968.2 | 10,754.4 |
| Plastics | **989.2** | 936.2 | 2,160.0 |
| Revenue before inter-segment revenue | **5,973.2** | 5,904.4 | 12,914.4 |
| *Less:* Inter-segment revenue | **(15.9)** | (12.8) | (29.1) |
| **Total** | **5,957.3** | 5,891.6 | 12,885.3 |
| **External revenue by product type** | | | |
| Paper solutions | **4,968.1** | 4,955.5 | 10,725.6 |
| Recycled containerboard, cartonboard and other materials | **1,960.6** | 2,015.0 | 4,269.5 |
| Corrugated packaging, bags and sacks | **3,007.5** | 2,940.5 | 6,456.1 |
| Plastic packaging solutions | **989.2** | 936.1 | 2,159.7 |
| **Total** | **5,957.3** | 5,891.6 | 12,885.3 |
| **External revenue by location of customer** | | | |
| South Africa (country of domicile) | **5,193.5** | 5,186.4 | 11,354.6 |
| Paper | **4,200.9** | 4,227.6 | 9,389.8 |
| Plastics | **992.6** | 958.8 | 1,964.8 |
| Mozambique | **45.6** | 57.5 | 91.3 |
| Paper | **45.6** | 57.5 | 91.3 |
| Namibia | **186.1** | 164.3 | 384.0 |
| Paper | **185.8** | 164.1 | 383.8 |
| Plastics | **0.3** | 0.2 | 0.2 |
| Zimbabwe | **106.3** | 80.6 | 240.1 |
| Paper | **100.9** | 63.1 | 203.6 |
| Plastics | **5.4** | 17.5 | 36.5 |
| India | **49.5** | 62.2 | 131.4 |
| Paper | **49.5** | 62.2 | 131.4 |
| Rest of Africa | **307.4** | 281.8 | 533.4 |
| Paper | **277.6** | 244.5 | 463.8 |
| Plastics | **29.8** | 37.3 | 69.6 |
| Rest of World | **68.9** | 58.8 | 150.5 |
| Paper | **36.1** | 35.0 | 62.0 |
| Plastics | **32.8** | 23.8 | 88.5 |
| **Total** | **5,957.3** | 5,891.6 | 12,885.3 |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*

## 4. SEGMENT INFORMATION *(continued)*

| | Unaudited six months ended 30 June 2026 R'm | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Significant external components of operating profit** | | | |
| **Material, energy and fixed overhead recovery** | | | |
| Paper | **(2,578.4)** | (2,684.3) | (5,896.2) |
| Plastics | **(490.3)** | (457.8) | (1,042.4) |
| **Total** | **(3,068.7)** | (3,142.1) | (6,938.6) |
| **Variable selling expenses** | | | |
| Paper | **(466.8)** | (408.5) | (844.2) |
| Plastics | **(72.4)** | (63.2) | (138.3) |
| **Total** | **(539.2)** | (471.7) | (982.5) |
| **Other net operating expenses** | | | |
| Paper | **(1,301.0)** | (1,197.0) | (2,528.8) |
| Plastics | **(268.7)** | (283.8) | (579.6) |
| Corporate | **(166.2)** | (155.1) | (307.8) |
| **Total** | **(1,735.9)** | (1,635.9) | (3,416.2) |
| **Material expenses included in other net operating expenses** | | | |
| **Staff costs** | | | |
| Paper | **(824.6)** | (759.2) | (1,607.9) |
| Plastics | **(189.4)** | (188.2) | (373.2) |
| Corporate | **(73.9)** | (67.2) | (129.5) |
| **Total** | **(1,087.9)** | (1,014.6) | (2,110.6) |
| **Maintenance expenses** | | | |
| Paper | **(236.3)** | (213.8) | (449.2) |
| Plastics | **(38.4)** | (50.8) | (99.7) |
| Corporate | **(0.6)** | (0.2) | (0.4) |
| **Total** | **(275.3)** | (264.8) | (549.3) |
| **Depreciation and amortisation** | | | |
| Paper | **(203.9)** | (165.1) | (350.4) |
| Plastics | **(85.5)** | (99.8) | (165.1) |
| Corporate | **(39.8)** | (39.8) | (78.8) |
| **Total** | **(329.2)** | (304.7) | (594.3) |
| **Impairment of plant and equipment and goodwill** | | | |
| Paper | **–** | – | – |
| Plastics | **–** | – | (2.6) |
| **Total** | **–** | – | (2.6) |
| **Total depreciation, amortisation and impairment** | **(329.2)** | (304.7) | (596.9) |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*

## 4. SEGMENT INFORMATION *(continued)*

| | **Unaudited six months ended 30 June 2026 R'm** | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Operating segment operating profit/(loss)** | | | |
| Paper | **277.7** | 368.1 | 843.6 |
| Plastics | **44.6** | 6.6 | 179.0 |
| Corporate | **(21.9)** | (22.9) | (39.3) |
| Inter-segment elimination | **(16.1)** | (14.6) | (29.7) |
| **Segments total** | **284.3** | 337.2 | 953.7 |
| Special items[2] | **–** | – | (2.6) |
| Operating profit | **284.3** | 337.2 | 951.1 |
| Profit on disposal of business | **4.2** | | |
| Gain on remeasurement of previously held investment in equity accounted investee | **–** | – | 44.7 |
| Share of equity accounted investee's (loss)/profit | **(14.6)** | 8.8 | 13.6 |
| Net finance costs | **(134.9)** | (119.3) | (244.5) |
| **Profit before tax from continuing operations** | **139.0** | 226.7 | 764.9 |
| **Assets** | | | |
| Paper | **8,352.6** | 8,212.1 | 8,310.6 |
| Plastics | **1,768.7** | 1,909.2 | 1,813.1 |
| Corporate[3] | **2,303.5** | 2,184.3 | 2,376.0 |
| **Total assets** | **12,424.8** | 12,305.6 | 12,499.7 |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*
2. *For the year ended 31 December 2025 related to an impairment on plant and equipment of R2.6 million.*
3. *Includes intangible assets, other non-operating assets and assets held for sale.*

## 5. OPERATING PROFIT

| | **Unaudited six months ended 30 June 2026 R'm** | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Included in operating profit are: | | | |
| Depreciation, amortisation and impairments | **329.2** | 304.7 | 596.9 |
| Amortisation of intangible assets | **7.2** | 4.1 | 10.8 |
| Depreciation of property, plant and equipment | **281.3** | 261.9 | 502.9 |
| Depreciation of investment property | **2.1** | 2.1 | 5.5 |
| Depreciation of right-of-use assets | **38.6** | 36.6 | 75.1 |
| Impairment of plant and equipment | **–** | – | 2.6 |
| Net foreign currency losses | **8.9** | 13.8 | 46.7 |
| (Decrease)/increase in expected credit loss provision[3] | **(34.3)** | (1.6) | 24.2 |
| Increase in provision for net write-down of inventories[2] | **21.6** | 8.3 | 44.7 |
| Net proceeds from insurance claims | **(0.1)** | (6.3) | (17.8) |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*
2. *The amount includes provisions raised during the period less reversals of prior period provisions. The inventories are disclosed net of provisions in the statement of financial position.*
3. *The expected credit loss allowance decreased by R34.3 million during the period, primarily as a result of the write-off of a trade receivable balance of R31.4 million relating to a single customer. The write-off was applied against the existing loss allowance and therefore, had no impact on the statement of profit or loss during the current period.*

## 6. FINANCE COSTS

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Bank overdrafts and loans | **131.1** | 152.4 | 304.2 |
| Borrowing costs capitalised | **–** | (36.4) | (71.1) |
| Lease liabilities | **12.4** | 13.4 | 26.3 |
| Defined benefit arrangements | **1.6** | 1.6 | 3.1 |
| **Total** | **145.1** | 131.0 | 262.5 |

## 7. PROFIT ON DISPOSAL OF BUSINESS

During the six months ended 30 June 2026, a subsidiary of Mpact disposed of its Randfontein recycling operation for a total consideration of R7.6 million, comprising cash proceeds of R5.0 million and a loan receivable of R2.6 million. The net carrying amount of the assets disposed of was R3.4 million, resulting in a profit on disposal before tax of R4.2 million.

## 8. EARNINGS PER SHARE

| | Unaudited six months ended 30 June 2026 cents | Restated[1] unaudited six months ended 30 June 2025 cents | Restated[1] audited year ended 31 December 2025 cents |
|---|---|---|---|
| **Continuing operations earnings per share (EPS)** | | | |
| Basic EPS | **50.4** | 105.2 | 348.9 |
| Diluted EPS | **50.4** | 105.1 | 348.8 |
| Basic headline EPS | **48.1** | 104.1 | 326.3 |
| Diluted headline EPS | **48.1** | 103.9 | 326.2 |
| Basic underlying EPS | **50.4** | 105.3 | 328.2 |
| Diluted underlying EPS | **50.4** | 105.1 | 328.1 |
| **Discontinued operation earnings per share (EPS)** | | | |
| Basic EPS | **(162.1)** | (11.0) | (19.6) |
| Diluted EPS | **(162.0)** | (11.0) | (19.6) |
| Basic headline EPS | **(135.7)** | (11.1) | (19.7) |
| Diluted headline EPS | **(135.6)** | (11.0) | (19.7) |
| Basic underlying EPS | **(14.9)** | (11.1) | (19.7) |
| Diluted underlying EPS | **(14.9)** | (11.0) | (19.7) |
| **Total operations earnings per share (EPS)** | | | |
| Basic EPS | **(111.7)** | 94.2 | 329.3 |
| Diluted EPS | **(111.6)** | 94.1 | 329.2 |
| Basic headline EPS | **(87.6)** | 93.0 | 306.6 |
| Diluted headline EPS | **(87.5)** | 92.9 | 306.5 |
| Basic underlying EPS | **35.5** | 94.2 | 308.5 |
| Diluted underlying EPS | **35.5** | 94.1 | 308.4 |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*

## 8. EARNINGS PER SHARE *(continued)*

| | Unaudited six months ended 30 June 2026 R'm | Restated[1] unaudited six months ended 30 June 2025 R'm | Restated[1] audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Continuing operations** | | | |
| Profit for the period | **96.8** | 168.2 | 605.9 |
| Less profit attributable to non-controlling interest | **(22.5)** | (13.0) | (91.6) |
| **Profit for the period attributable to equity holders of Mpact** | **74.3** | 155.2 | 514.3 |
| **Discontinued operation** | | | |
| Loss for the period | **(238.6)** | (16.3) | (28.9) |
| **Loss for the period attributable to equity holders of Mpact** | **(238.6)** | (16.3) | (28.9) |
| **(Loss)/profit from total operations attributable to equity holders of Mpact** | **(164.3)** | 138.9 | 485.4 |
| **Continuing operations** | | | |
| **Profit for the period attributable to equity holders of Mpact** | **74.3** | 155.2 | 514.3 |
| Impairment of plant and equipment | **–** | – | 2.6 |
| Profit on disposal of tangible assets | **(0.6)** | (2.3) | (3.8) |
| Gain on remeasurement of previously held investment in equity accounted investee | **–** | – | (44.7) |
| Profit on disposal of business | **(4.2)** | – | – |
| Related tax | **1.3** | 0.6 | 12.6 |
| **Headline earnings for the financial period** | **70.8** | 153.5 | 481.0 |
| **Underlying earnings[2]** | | | |
| **Profit for the period attributable to equity holders of Mpact** | **74.3** | 155.2 | 514.3 |
| Impairment of plant and equipment | **–** | – | 2.6 |
| Gain on remeasurement of previously held investment in equity accounted investee | **–** | – | (44.7) |
| Related tax | **–** | – | 11.6 |
| **Underlying earnings for the financial period** | **74.3** | 155.2 | 483.8 |
| **Discontinued operation** | | | |
| **Profit for the financial period attributable to equity holders of Mpact** | **(238.6)** | (16.3) | (28.9) |
| Impairment of property, plant and equipment | **53.6** | – | – |
| Related tax | **(14.7)** | – | – |
| **Headline earnings for the financial period** | **(199.7)** | (16.3) | (28.9) |
| **Underlying earnings[2]** | | | |
| **Profit for the period attributable to equity holders of Mpact** | **(238.6)** | (16.3) | (28.9) |
| Impairment of property, plant and equipment | **53.6** | – | – |
| Impairment of inventory | **141.5** | – | – |
| Restructure and closure costs | **103.6** | – | – |
| Related tax | **(82.1)** | – | – |
| **Underlying earnings for the financial period** | **(22.0)** | (16.3) | (28.9) |

1. *The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*
2. *Underlying earnings is arrived at after adjusting profit attributable to equity holders of Mpact for special items, net of tax.*

## 8. EARNINGS PER SHARE *(continued)*

| | Weighted number of shares | | |
|---|---|---|---|
| | **Unaudited six months ended 30 June 2026** | Restated[1] unaudited six months ended 30 June 2025 | Restated[1] audited year ended 31 December 2025 |
| Weighted average number of ordinary shares in issue[3] | **147,178,389** | 147,491,744 | 147,392,670 |
| Effect of dilutive potential ordinary shares[4] | **142,351** | 193,802 | 61,157 |
| **Weighted average number of ordinary shares adjusted for the effect of dilution** | **147,320,740** | 147,685,546 | 147,453,827 |

*1. The comparative figures have been restated to present Springs BM6 as a discontinued operation. Refer to note 17.*
*3. The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.*
*4. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares in issue, on the assumption of conversion of all potentially dilutive ordinary shares.*

## 9. STATED CAPITAL

| | **Unaudited six months ended 30 June 2026 R'm** | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Authorised** | | | |
| 217,500,000 shares of no par value | **–** | – | – |
| **Issued and fully paid** | | | |
| 149,453,688 shares (30 June 2025: 149,453,688; 31 December 2025: 149,453,688) of no par value. | **2,360.9** | 2,360.9 | 2,360.9 |

## 10. INTEREST AND NON-INTEREST-BEARING BORROWINGS

| | **Unaudited six months ended 30 June 2026 R'm** | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| – Secured interest-bearing borrowings[1] | **3,124.1** | 3,365.0 | 3,083.9 |
| – Instalment loan facility | **38.9** | 35.6 | 42.1 |
| **Non-current borrowings** | **3,163.0** | 3,400.6 | 3,126.0 |
| – Secured interest-bearing borrowings[1] | **20.0** | – | – |
| – Unsecured non-interest-bearing borrowings | **–** | 3.6 | – |
| – Instalment loan facility | **8.3** | 6.8 | 7.2 |
| – Bank overdraft | **–** | 4.3 | – |
| **Current portion of borrowings** | **28.3** | 14.7 | 7.2 |
| **Total borrowings** | **3,191.3** | 3,415.3 | 3,133.2 |

*1. Mpact has pledged certain items of property, plant and equipment, inventories, cash and cash equivalents and trade receivables as collateral against certain borrowings. Certain inter-company loans have been subordinated in favour of the debt holders.*

The current portion of borrowings is expected to be repaid from operational cash flows and other borrowings.

## 11. CAPITAL COMMITMENTS

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Approved by the Board and contracted for | **390.8** | 272.5 | 327.5 |

The capital commitments will be financed from existing cash resources and unutilised borrowing facilities.

## 12. FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using standard valuation techniques. These valuation techniques maximise the use of observable market data available and rely as little as possible on Mpact's specific estimates.

The significant inputs required to fair value all of Mpact's financial instruments are observable.

Specific valuation methodologies used to value financial instruments include:

- the fair values of interest rate swaps and foreign exchange contracts are calculated as the present value of expected future cash flows based on observable yield curves and exchange rates; and
- other techniques, including discounted cash flow analysis, are used to determine the fair values of other financial instruments.

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| **Financial instruments by category** | | | |
| **Financial assets** | | | |
| Trade receivables[1] (at amortised cost) | **2,911.9** | 2,761.5 | 2,713.6 |
| Loan receivables[1] (at amortised cost) | **58.2** | 56.1 | 52.0 |
| Derivative financial instruments (Level 2 – at fair value through profit or loss) | **3.8** | 2.2 | – |
| Cash and cash equivalents[1] (at amortised cost) | **803.1** | 702.4 | 892.0 |
| **Total** | **3,777.0** | 3,522.2 | 3,657.6 |
| **Financial liabilities** | | | |
| Borrowings (Level 3 – at amortised cost) | **3,191.3** | 3,415.3 | 3,133.2 |
| Lease liabilities (Level 3 – at amortised cost) | **244.6** | 271.6 | 272.8 |
| Trade payables[1] (at amortised cost) | **2,552.7** | 2,336.2 | 2,324.2 |
| Derivative financial instruments (Level 2 – at fair value through profit or loss) | **6.9** | 4.5 | 9.7 |
| **Total** | **5,995.5** | 6,027.6 | 5,739.9 |

1. *The carrying value approximates the fair value.*

## 13. NET ASSET VALUE PER SHARE

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Net asset value per share (cents) | **3,634.2** | 3,584.5 | 3,776.6 |

Net asset value per share is defined as net assets attributable to equity holders of Mpact divided by the number of ordinary shares in issue as at the end of the period.

## 14. INVESTMENT PROPERTY HELD FOR SALE

During the period, Mpact entered into sale agreements to sell three properties situated in Randfontein, Roodekop and Rustenburg. Accordingly, these properties were classified as held for sale. The carrying amount held for sale is R39.5 million.

## 15. CONTINGENT LIABILITIES

Contingent liabilities for Mpact comprise aggregate amounts at 30 June 2026 of R20.8 million (30 June 2025: R27.7 million, 31 December 2025: R20.8 million) in respect of loans and guarantees given to banks and other third parties.

## 16. CASH GENERATED FROM OPERATIONS

The notes to the condensed consolidated interim statement of cash flows include cash flows for discontinued operation. This differs to the notes to the condensed consolidated interim statement of profit or loss which excludes amounts for the discontinued operation.

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| (Loss)/profit before tax from total operations | **(190.0)** | 204.2 | 725.1 |
| Profit before tax from continuing operations | **139.0** | 226.7 | 765.0 |
| Loss before tax from discontinued operation | **(329.0)** | (22.5) | (39.9) |
| Depreciation and amortisation | **334.3** | 310.2 | 605.5 |
| Impairment of property, plant and equipment | **53.6** | – | 2.6 |
| Impairment of inventory[1] | **141.5** | – | – |
| Gain on remeasurement of previously held investment in equity accounted investee | **–** | – | (44.7) |
| Share-based payments | **7.1** | 2.5 | 3.3 |
| Net finance costs | **134.9** | 119.3 | 244.5 |
| Share of loss/(profit) from equity accounted investees | **14.6** | (8.8) | (13.6) |
| Decrease in retirement benefit obligation | **(1.6)** | (1.5) | (3.0) |
| Decrease in provisions | **(1.3)** | (1.0) | (4.2) |
| Past service cost on post-retirement benefit | **–** | – | 4.6 |
| Increase in finance lease | **0.1** | – | (0.4) |
| (Increase)/decrease in inventories | **(74.8)** | (170.7) | 2.4 |
| Increase in receivables | **(185.0)** | (237.2) | (137.5) |
| (Decrease)/increase in payables | **225.9** | (54.1) | (168.4) |
| Profit on disposal of tangible assets | **(0.6)** | (2.3) | (3.8) |
| Profit on disposal of business | **(4.2)** | – | – |
| Fair value change on transactions not qualifying as hedges | **(6.8)** | 12.1 | 14.8 |
| **Cash generated from operations** | **447.7** | 172.7 | 1,227.2 |

1. *Impairment of inventory relates to capital spares and other inventory, associated with the closure of Springs mill – BM6.*

## 17. DISCONTINUED OPERATION

**Springs mill – BM6**

The coated cartonboard machine (BM6) at the Springs mill was shut on 10 May 2026. The closure followed sustained pressure from imported cartonboard, the loss of the mill's largest coated cartonboard customer to imports, and the impact of high municipal utility costs and service interruptions on the mill's competitiveness. BM6 accounted for the majority of Springs mill revenue and production volumes and has been classified as a discontinued operation. The closure resulted in once-off restructuring, impairment and retrenchment costs. BM3 currently continues to manufacture coreboard, supported by customer demand and ongoing engagements with government regarding tariff protection and other possible import protection measures.

The results for the current and prior period are presented below:

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Revenue from contracts with customers | **631.9** | 596.0 | 1,315.0 |
| Expenses | **(960.9)** | (618.5) | (1,354.9) |
| **Operating loss** | **(329.0)** | (22.5) | (39.9) |
| Tax income | **90.4** | 6.2 | 11.0 |
| **Loss for the period from discontinued operation** | **(238.6)** | (16.3) | (28.9) |
| The major classes of assets relating to Springs BM6 are as follows: | | | |
| **Assets** | | | |
| Plant and equipment | **–** | 54.9 | 52.5 |
| Inventories | **8.1** | 440.9 | 360.0 |
| **Total assets** | **8.1** | 495.8 | 412.5 |
| **The net cash flows are as follows:** | | | |
| Operating activities | **81.6** | (49.0) | 20.3 |
| **Net cash inflows/(outflows) from operating activities** | **81.6** | (49.0) | 20.3 |

## 18. RELATED PARTIES

Mpact has a related party relationship with its associates and joint ventures. Mpact, in the ordinary course of business, enters into various sales, purchase and services transactions with joint ventures and associates and others in which Mpact has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties.

Details of transactions and balances between Mpact and related parties are disclosed below:

| | Unaudited six months ended 30 June 2026 R'm | Unaudited six months ended 30 June 2025 R'm | Audited year ended 31 December 2025 R'm |
|---|---|---|---|
| Sales to related parties | **102.5** | 220.2 | 376.6 |
| Dividend income from related parties | **–** | 3.9 | 18.0 |
| Purchases from related parties | **(1.1)** | (2.0) | (4.6) |
| Interest received from related parties | **–** | 1.3 | 3.1 |
| Receivables due from related parties | **46.1** | 104.5 | 44.7 |
| Payables due to related parties | **(6.5)** | (10.8) | (0.8) |
| Loans to related parties | **33.6** | 34.2 | 34.4 |

## 19. GOING CONCERN

The Directors are responsible for ensuring that Mpact is solvent and liquid, and can continue to operate as a going concern. Solvency and liquidity tests were performed in accordance with section 4 of the Companies Act, 2008 based on budgets for the next 12 months which resulted in no adverse ratios.

Mpact's net debt as at 30 June 2026 was R2.633 billion (30 June 2025: R2.985 billion, 31 December 2025: R2.514 billion).

Mpact is subject to two financial covenant conditions as defined, namely the Interest Cover ratio, and the Net debt to EBITDA ratio.

| | Threshold | At 30 June 2026 |
|---|---|---|
| Interest cover ratio | greater than or equal to 3.5 times | **5.3 times** |
| Net debt to EBITDA | less than or equal to 3.0 times | **1.7 times** |

Mpact had met these covenants with sufficient headroom and therefore minimal risk exists for any breach of triggers.

The Directors consider that Mpact has adequate resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the consolidated financial statements. The Directors have satisfied themselves that Mpact is in a sound financial position, and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

## 20. SUBSEQUENT EVENTS

The Board declared an ordinary dividend of 15 cents per share on 21 August 2026 payable on 21 September 2026 to shareholders registered on 18 September 2026.

The Directors are not aware of any other matters or circumstances arising subsequent to 30 June 2026 that require any additional disclosure or adjustment to the condensed consolidated interim financial statements.

# Corporate Information

Mpact is the largest paper and plastics packaging and recycling business in southern Africa, employing 4,540 people (June 2025: 4,705 people), and generating revenue from continuing operations of R6.0 billion in the six months ended 30 June 2026.

Sales in South Africa account for approximately 87% of Mpact's revenue for the current period while the balance was predominantly to customers in the rest of Africa.

The Group operates across 29 sites, comprising 21 manufacturing sites, and eight recycling operations. Proximity to our customers contributes to faster response times, reduces transport costs and creates economies of scale. Our integrated business model is uniquely focused on closing the loop in plastic and paper packaging through recycling and the beneficiation of recyclables.

Our strong customer relationships, a thorough understanding of the sectors we operate in, and our commitment to innovation allow us to continue creating fit-for-purpose sustainable packaging solutions as well as value-added services that anticipate our customers' needs.

**Directors**
*Independent Non-Executive:*
PCS Luthuli (Chairman)
M Makanjee
DG Wilson
ABA Conrad
FC Futwa
S Mayet
CD Raphiri

*Executive:*
BW Strong (Chief Executive Officer)
JJ Snyman (Chief Financial Officer)

**Company secretary**
CorpStat Governance Services (Pty) Ltd

**Registered office**
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Melrose Arch
2196

**Transfer secretaries**
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**Sponsors**
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