Audit and Risk Committee Report

I am pleased to present this report on behalf of the Audit and Risk Committee (Committee), which provides an overview of the areas of focus for the Committee during the financial year ended 31 December 2025, as well as its key activities and the framework within which it operates in compliance with section 94(7) of the Companies Act.

Saleh Mayet
Chair, Audit and Risk Committee

Introduction

The Committee's main objectives are to provide independent oversight on the adequacy and efficiency of accounting policies, internal controls and financial reporting processes of the Group. In addition, the Committee assesses the effectiveness of the internal audit function and the independence and effectiveness of the external auditor, while also considering and recommending the appointment of the external auditor.

The Committee acts for Mpact and all its subsidiaries, and is an independent body accountable to the Board. It operates within a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King IV™. The Committee's terms of reference were approved by the Board during the current financial year and are reviewed annually.

Composition

The Committee currently comprises Saleh Mayet, Fikile Futwa and Donald Wilson, all of whom are independent Non-executive Directors and collectively possess the appropriate financial skills, expertise and experience required to discharge their duties. On 5 June 2025, Saleh Mayet was appointed as a member and the Chairman of the Committee. Saleh is a Chartered Accountant with well over four decades of finance and governance experience, making him well placed to contribute positively to the functioning of the Committee. In May 2025, Sibusiso Luthuli was appointed as the Chairman of the Board and subsequently resigned as the interim Chairman and a member of the Committee. The CEO, the CFO, the Chief Information Officer (CIO), the external ICT advisor, the Group Risk and Sustainability Manager, representatives of KPMG, the independent Internal Auditor, and representatives of PwC, the independent External Auditor, and other senior managers attend meetings by invitation.

The Committee members are appointed annually by the shareholders at the AGM.

Meetings

The Committee held a total of four meetings during the year.

Name	Member since	Meetings attended
Sibusiso Luthuli[1]	December 2018	2/4
Fikile Futwa	May 2024	4/4
Donald Wilson	January 2022	4/4
Saleh Mayet[2]	June 2025	2/4

1. *Resigned as an Audit and Risk Committee member in June 2025.*
2. *Appointed at the AGM, 5 June 2025.*

Committee activities

The Committee attended to the following matters during the year:

External auditors

The Committee reviewed the independence of PwC as Mpact's external auditors, for the financial year ended 31 December 2025. The Committee considered the suitability of PwC as external auditor, with Saffiyah Bootha as the independent individual registered auditor, by reviewing all information as required by section 5.7(h)(iii) of the JSE Listings Requirements in assessing PwC's independence, registration as a Registered Auditor and the ability to perform a quality audit of Mpact. The Committee held at least one meeting with PwC without management present, and the Committee Chairman also engaged regularly with the PwC engagement partner.

After considering the factors below and the auditor's tenure, the Committee is satisfied that PwC is independent of Mpact.

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Independence of external auditors

This assessment was made after considering the following:

- confirmation from the external auditors that they, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Mpact. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- the auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Mpact;
- the auditor's independence was not impaired by the non-audit work performed having regard to the nature of the non-audit work undertaken and the quantum of the non-audit fees relative to the total fee base;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- the criteria specified for independence by the Independent Regulatory Board for Auditors (IRBA); and
- the audit firm.

The Committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2025 financial year.

External auditors' fees

The Committee:

- approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2025 financial year;
- reviewed and approved the non-audit services fees for the year under review and ensured that the fees were in line with the non-audit service policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services through the Audit Committee charter.

	2025 R'm	2024 R'm
Audit-related services	**15.7**	14.4
Non-audit related services	**0.1**	0.1
	15.8	14.5

External auditors' performance

The Committee:

- reviewed and approved the external audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable;
- monitored the effectiveness of the external auditors in terms of audit quality and expertise; and
- reviewed and discussed the external audit reports and management's response and considered their effect on the financial statements and internal financial control.

Financial statements

The Committee reviewed the interim results and year-end Consolidated Annual Financial Statements, the public announcements of Mpact's financial results and made recommendations to the Board for their approval. In the course of its review, the Committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS;
- considered the appropriateness of accounting policies and disclosures made;
- approved Group financial reporting procedures in accordance with the JSE Listings Requirements;
- considered and approved accounting policy changes resulting from the application of new standards commencing 1 January 2025;
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements, which includes reviews of solvency and liquidity tests for the year under review;
- ensured that appropriate financial reporting procedures are established and operating for all entities included in the Group's Consolidated Annual Financial Statements;
- considered the accounting treatment related to the recognition of deferred tax assets, including the potential utilisation of assessed tax losses; and
- considered the accounting and taxation implications for all restructurings, acquisitions and disposals.

Proactive monitoring

The Audit and Risk Committee hereby confirms that the findings contained in the JSE Proactive Monitoring reports, thematic reviews and common findings reports, were taken into account when preparing the Consolidated and Separate Annual Financial Statements, as well as the preliminary summarised Consolidated Annual Financial Statements for the year ended 31 December 2025.

Key audit matters

The figures disclosed in the Consolidated Annual Financial Statements in certain circumstances are arrived at using judgement. These are explained in detail in the accounting

policies. The Committee notes the key audit matter set out in the independent auditor's report, which relates to the valuation of goodwill.

Management assesses the impairment of goodwill on an annual basis for all material cash-generating units (CGUs). The recoverable amount was based on the value-in-use method for all CGUs. In determining the value-in-use for all CGUs management applied judgement in determining the following key assumptions:

- Discount rates;
- Terminal value growth rates;
- Revenue growth rates; and
- EBITDA margins.

The Committee noted the sensitivities applied in the goodwill impairment assessment and after discussions with management, the Committee considered and evaluated this matter and is satisfied that they are represented appropriately.

Internal audit

The Committee:

- reviewed and approved the existing internal audit charter, which ensures that Mpact's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties;
- satisfied itself of the credibility, independence and objectivity of the internal audit function;
- ensured that internal audit had direct access to the Committee, primarily through the Committee's Chairman;
- reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable;
- reviewed the quarterly internal audit reports, covering the effectiveness of internal controls and material non-compliance with Mpact's policies and procedures. The Committee is advised of all internal control developments and any material losses;
- considered and reviewed with management and internal auditors, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken; and
- considered the assessment from the internal audit function regarding the effectiveness of Mpact's system of internal controls and confirmed that based on their results of work undertaken, they provided reasonable assurance regarding adequacy and effectiveness of systems of internal control.

The Committee has reviewed the independence of KPMG and the Chief Audit Executive as Mpact's internal auditor and is satisfied with their independence and the performance of the Chief Audit Executive. The Committee satisfied itself that the internal audit function was independent and had the necessary resources and technical skills to discharge its duties. Furthermore, the Committee confirmed that, in executing the current financial year's audit plan, there had been no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its duties. In addition, the Committee is similarly satisfied that the Chief Audit Executive has the appropriate expertise and experience to fulfil her role and execute her responsibilities.

Internal financial control and compliance

The Committee:

- reviewed and approved the existing treasury policy and reviewed the quarterly treasury reports prepared by management;
- reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting Mpact;
- reviewed the quarterly report on taxation;
- reviewed IT reports; and
- considered and, where appropriate, made recommendations on internal financial controls.

Internal financial reporting control

The Committee reviewed the internal financial control statement made by the CEO and CFO in terms of paragraph 5.9 of the JSE Listings Requirements. This paragraph requires a statement by the CEO and CFO to confirm that the internal financial controls are in place to ensure that material information has been provided to effectively prepare the Consolidated Annual Financial Statements.

Internal financial reporting risks were identified and documented across key reporting processes as well as at a business unit level.

The Committee assessed the CEO and CFO evaluation of controls which included:

- the identification and classification of risks;
- testing the design and determining the implementation of controls addressing high and low risk areas;
- utilising internal audit to test the operating effectiveness of controls addressing high risk areas; and
- obtaining control declarations from divisional managers on the operating effectiveness of all controls on an annual basis.

The Committee is satisfied that the internal financial controls are adequate and effective to assist in compiling the Consolidated Annual Financial Statements. Where deficiencies in design and operational effectiveness of the internal financial controls have been noted, necessary remedial actions have been taken. The Committee is satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the Consolidated Annual Financial Statements for the year ended 31 December 2025.

Audit and Risk Committee Report *(continued)*

The Group's management team remains committed to ongoing improvements ensuring that the control environment remains sound for reliable Consolidated Annual Financial Statements and safeguarding of the Group's assets.

Risk management

The Board, through the Committee, governs risk in a way that supports the organisation in setting and achieving its strategic objectives and sets the direction for how risk should be approached and addressed in the organisation. The Committee reviews and approves the Risk Management Committee Terms of Reference on an annual basis and delegates to management the responsibility to implement and execute effective risk management. Management is regularly developing and enhancing Mpact's risk and control procedures to improve the mechanisms for identifying, assessing and monitoring risks given that effective risk management is integral to Mpact's objective of consistently adding value to its businesses. The Committee approves policies that articulate and give effect to ongoing oversight of risk management.

Risk management is addressed in the areas of business risks, physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

Mpact has implemented several policies and procedures to manage its governance, operations and information systems with regard to the:

- reliability, security and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of people and assets;
- reducing our environmental footprint, and
- compliance with laws, regulations and contracts.

A Risk Management Committee identifies and evaluates strategic and operational risks against ten value drivers of:

- achieving operational, profitability and liquidity objectives;
- protecting our reputation, public image (ethics, environment, customer safety) and CSI initiatives;
- ensuring compliance with legislation and contractual terms;
- developing a motivated workforce;
- achieving the Group's strategy;
- providing safe and healthy operating conditions;
- managing environmentally responsible operations;
- achieving growth objectives;
- building effective commercial stakeholder relations; and
- ensuring accurate and timely reporting.

The Committee assessed the effectiveness of the controls and determined how well management perceived the identified controls. The Likelihood rating tables and Potential Loss Impact Rating were reviewed and approved. The Risk Management Review is available on the website, **www.mpact.co.za**.

IT governance

The Board has approved an ICT governance policy and ensures adherence to the King IV™ IT governance principles. The ICT Steering Committee, chaired by the CEO, provides assurance to the Committee and the Board regarding ICT governance-related matters. The Committee reviews and approves the ICT Steering Committee Terms of Reference on an annual basis and delegates to management the responsibility to implement and execute effective technology and information management. This gives guidance to the ICT management team and ensures effective and efficient management of all ICT resources.

The ICT governance framework, with all relevant structures, processes and mechanisms enable ICT to deliver value to the business and mitigate ICT risks. ICT risks that have been identified are incorporated into the organisational risk register, and managed through the Risk Management Committee.

An external ICT advisor has been appointed to provide the Committee and Board with assurance on the effectiveness of ICT internal controls, including outsourced ICT services. In addition, the ICT advisor is required to join the ICT Steering Committee to give guidance on the alignment of the ICT strategy with the business strategy. This includes, but is not limited to, expressing an opinion on emerging technology trends and their rate of adoption and implementation by various business sectors. ICT maturity assessments are concluded by the advisor periodically to highlight areas of improvement and opportunities for further development in ICT. This is reported on by the ICT advisor to the Committee.

The ICT Steering Committee is satisfied that the resource capacity within the ICT function is adequate to provide the necessary support and growth to Mpact. In making these assessments, the Committee has obtained feedback from the external and internal auditors.

The Committee considered the impact of significant ICT governance matters on the Group as part of its oversight responsibilities under the Group's broader risk management framework. The Committee is satisfied that appropriate ICT governance processes, controls, and policies are in place and effective. In fulfilling its oversight role, the Committee undertook the following:

- Assessed the effectiveness of risk identification and mitigation processes relating to IT and fraud, including the implementation of relevant controls by discussing these with the external ICT advisor;
- Reviewed the Group's cybersecurity standards in light of emerging cyber threats and regulatory developments by discussing these with the ICT advisor;

- Ensured that formalised disaster recovery plans are in place to minimise disruptions in the event of a disaster by discussing these with the CIO and ICT advisor;
- Ensured that information governance processes are in place to manage personal data in compliance with privacy legislation, and to protect the Group's intellectual property embedded in its systems.

The Committee was satisfied that no significant matters were identified through the ICT governance processes and controls that may adversely impact the audited consolidated financial statements.

Legal and regulatory requirements

The Committee considered the impact of potential significant matters on the Audited Consolidated and Separate Annual Financial Statements by:

- Reviewing and discussing legal matters as presented to the Committee at its scheduled meetings;
- Assessing the adequacy and effectiveness of the Group's processes, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- Monitoring complaints received through the Group's anonymous whistleblowing service and how they were resolved; and
- Reviewing the reports provided by senior management, internal and external audit regarding compliance with legal and regulatory requirements.

The Committee was satisfied that no significant matters were identified that may adversely impact the Audited Consolidated and Separate Annual Financial Statements.

Combined assurance

The Group's combined assurance process provides a coordinated Group-wide approach to risk management. The Committee has reviewed the combined assurance process in the context of King IV™ and is satisfied that it is appropriate, complete, and effective in addressing the risks identified in the business. The assessments include considering the outcomes of the reviews performed by management, the Risk Committee and various assurance providers. The combined assurance process allows for three lines of defence to mitigate the risks identified, which include:

- Management assurance, which is responsible for the identification and management of risks in line with the agreed risk policies, appetite and tolerance levels, and controls at an operational level;
- Risk Committee functions which are responsible for overseeing and monitoring various risks and developing appropriate tools, and effectively managing these risks; and
- Assurance providers and internal auditors who provide oversight and independent assurance on the adequacy and effectiveness of the controls implemented.

The Committee has reviewed the results of the Group's compliance with internal policies and procedures and assessed the adequacy and effectiveness of internal controls. The Committee has assessed the quality of the financial information produced to ensure reliability and integrity. The Committee satisfied itself that the level of unmitigated risk (both individually and in totality) is within the risk appetite of the Group and that there is sufficient assurance provided to manage risk and the control environment through both internal and external assurance providers.

Integrated Report

The Committee fulfils an oversight role regarding the Integrated Report and the financial reporting process. As part of this role, it considers the Integrated Report and its consistency with operational, financial and other information known to the Committee members, as well as consistency with the consolidated annual financial statements. The Committee also considers input from the Chairs of other committees.

Governance

The Board has assigned oversight of the risk management function to the Committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

In line with the terms of the JSE Listings Requirements, the Committee is satisfied that JJ Snyman CA(SA) has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE. The Committee is also satisfied:

- that the resources within the finance function are adequate to provide the necessary support to the CFO; and
- with the expertise and experience of the Group Financial Controller.

In making these assessments, the Committee has obtained feedback from the external and internal auditors.

Based on the processes and assurances obtained, the Committee believes that the accounting practices are effective.

Mpact continues to use the services of Deloitte & Touche to provide an independent "Tip-offs anonymous" hotline. All

Audit and Risk Committee Report *(continued)*

incidents reported are investigated and appropriate action taken in terms of the relevant policies and disciplinary procedures. These reports are reviewed by the Committee as presented at its meeting.

Key focus areas for 2026

Although the Committee will adhere to the approved charter and handle all mandated matters, the following areas will receive special attention:

- Financial Reporting Integrity and Controls: Ensuring accuracy in financial statements, particularly regarding significant judgements, impairment, and revenue recognition;
- ESG and Regulatory Compliance: Monitoring evolving ESG reporting requirements;
- Cybersecurity and Data Privacy: Focusing on cyber incident response plans, data privacy, and related disclosures;
- Internal Audit and Controls: Evaluating the effectiveness of internal control systems and ensuring timely remediation of deficiencies;
- Proactively monitor upcoming changes to the IFRS Accounting Standards and assess their impact on the Group's operations and financial reporting; and
- Adoption of King V™, superseding King IV™ and introducing enhanced governance and accountability requirements.

Assurance

The performance of the Committee and its members is reviewed every two years, as part of the effectiveness review performed by the Board. The latest review concluded that the Committee continued to operate effectively and had successfully discharged its duties and responsibilities.

The Committee confirms that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the mandate of the Committee.

On behalf of the Audit and Risk Committee

Saleh Mayet
Chair, Audit and Risk Committee

24 April 2026