Mpact Limited
(Incorporated in the Republic of South Africa)
(Company registration number 2004/025229/06)
Income tax number: 9003862175
JSE Share Code: MPT
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("Mpact" or "the Group" or "the Company")

UNAUDITED INTERIM RESULTS AND CASH DIVIDEND DECLARATION 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

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.

COMMENTARY FROM CONTINUING OPERATIONS
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.

FINANCIAL SUMMARY

R'million	Six months ended 30 June 2026	Six months ended 30 June 2025*
Continuing operations		
Revenue	5,957	5,892
Underlying operating profit1	284	337
Underlying profit before tax2	139	227
Basic EPS (cents)	50.4	105.2
Basic underlying EPS (cents)	50.4	105.3
Basic HEPS (cents)	48.1	104.1
Interim gross dividend per share (cents per share)	15	30
Total operations		
Basic EPS (cents)	(111.7)	94.2
Basic underlying EPS (cents)	35.5	94.2
Basic HEPS (cents)	(87.6)	93.0
Net debt	2,633	2,985
Net asset value per share (cents)	3,634	3,585

* The comparative figures have been restated to present Springs mill BM6 as a discontinued operation.
1. Underlying operating profit is the Group's operating profit before special items.
2. Underlying profit before tax is the Group's profit before tax before special items.

The Group presents certain measures of financial performance, position or cash flows that are not defined or specified according to International Financial Reporting Standards (IFRS). These items are referred to as special items and are defined in the Group accounting policies included in the condensed Consolidated Interim Financial Statements for the six months ended 30 June 2026.

This short-form announcement is the responsibility of the directors and is only a summary of the information in the interim financial statements and do not contain full or complete details. This short-form announcement has not been reviewed or audited by the Company's external auditor. Any investment decision should be based on the unaudited financial statements which is available on our website:
https://www.mpact.co.za/investor-relations/financial-results/2026/HY2026.pdf, and on
https://senspdf.jse.co.za/documents/2026/JSE/ISSE/MPT/HY2026.pdf

The announcement is also available for inspection at our registered offices at no charge during office hours.

PCS Luthuli
Chairman

BW Strong
Chief Executive Officer

24 August 2026

COMPANY PROFILE
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 of R6.0 billion from continuing operations 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 8 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.

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DG Wilson
ABA Conrad
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CD Raphiri

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