Mpact Limited
(Incorporated in the Republic of South Africa)
(Registration number 2004/025229/06)
JSE share code: MPT ISIN: ZAE000156501
("Mpact" or "the Company" or "the Group")

TRADING STATEMENT

In terms of the JSE Limited Listings Requirements, listed companies are required to publish a trading statement as soon as they are satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported on next will differ by 20% or more from the financial results of the previous corresponding reporting period.

Continuing operations

Shareholders are advised that for Mpact's continuing operations, basic earnings per share ("EPS") for the six-months ended 30 June 2023 are expected to be between 185 and 195 cents per share ("cps"), an increase of between 33.2% and 40.4% when compared to the six-months ended 30 June 2022 ("prior period").

Headline earnings per share ("HEPS") are expected to increase between 30.3% and 37.3% when compared to the prior period.

The increase in earnings when compared to the prior period is primarily attributable to an improvement in the Plastics business' profitability as a result of the recent investments in bins and crates, and the consolidation of the preforms and closures operations. Higher selling prices in the Paper business; and a recovery from the impact of the April 2022 KZN floods also contributed to the increased earnings. Mpact continues to benefit from its strategic investment projects, the expansion into new higher-margin product areas, and increased operational resilience due to investments in its own alternative power and water supplies.
Revenue for the six months ended 30 June 2023 is expected to increase by approximately 9% when compared to the prior period with higher average selling prices partially offset by lower sales volumes.

Net debt increased by R313 million to R2,640 million (December 2022: R2,327 million) after investing R843 million in capital projects in line with the Group strategy.

Business held for sale / discontinued operations

As previously advised, Mpact's Board resolved to sell its Plastics Trays & Films business, Versapak, as a going concern. Versapak currently forms part of the Plastics Division of Mpact Operations Proprietary Limited. Mpact's Group results include separate disclosures in the financial statements for discontinued operations and assets and liabilities held-for-sale. As at 30 June 2023, the sale of Versapak was not concluded. The Company is currently in discussions with potential buyers for the business. It is anticipated that the sale could take several months to complete.

For the six-months ended 30 June 2023, Versapak reported revenue of R545 million (June 2022: R510 million), and net earnings of R34 million (June 2022: R28 million), which equates to basic earnings per share of 23.4 cents (June 2022: 19.3 cents). During 2022, a decision was taken to exclude Versapak's trade receivables, cash balances and trade payables from the assets and liabilities held for sale in order to reduce the complexity of a transaction. This has resulted in Versapak's net asset held-for-sale decreasing to R173 million (June 2022: R337 million).

Continuing operations and total operations

Based on the above, Mpact expects EPS and HEPS to be in the following ranges:

	Six-months ended 30 June 2023		Six-months ended 30 June 2022	
	Continuing operations	Total Operations	Continuing operations	Total operations
			Cents per share (cps)	
EPS	Between 185 and 195 cps, an increase of between 33.2% and 40.4%	Between 205 and 220 cps, an increase of between 29.6% and 39.1%	138.9	158.2
HEPS	Between 185 and 195 cps, an increase of between 30.3% and 37.3%	Between 205 and 220 cps, an increase of between 27.1% and 36.4%	142.0	161.3

Mpact's unaudited results for the six months ended 30 June 2023 will be released on SENS on or about 4 August 2023.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed nor reported on by the Company's external auditor.

Melrose Arch
25 July 2023

Sponsor
The Standard Bank of South Africa Limited