Mpact Limited
(Incorporated in the Republic of South Africa)
(Registration number 2004/025229/06)
JSE and A2X share code:MPT   ISIN:ZAE000156501
("Mpact" or "the Company")

CONTEMPLATED DISCONTINUATION OF OPERATIONS AT MPACT'S SPRINGS PAPER MILL ("SPRINGS MILL" or the "MILL")

Shareholders are hereby advised that on 2 February 2026, the Mpact board of directors approved the commencement of a section 189A process in terms of the Labour Relations Act ("LRA") in view of the contemplated discontinuation of operations at Mpact's Springs Mill (as owned and operated by Mpact's subsidiary, Mpact Operations Proprietary Limited), which forms part of Mpact's Paper reporting segment.

This decision follows a sustained deterioration in the Mill's competitiveness. The Mill is the only domestic producer of cartonboard and competes directly with imports from several countries. Due to significant overcapacity in the global cartonboard market, a condition expected to persist for the foreseeable future, and the current value of the rand, the Mill's largest customers are able to import cartonboard at prices approximately 20% below the Mill's cost of production. This has led to a decline in demand for the Mill's products and in January 2026, the Mill's largest customer notified Mpact that it will no longer procure its cartonboard requirements through the Mill and will instead procure through imports going forward. Despite extensive efforts, Mpact is unable to bridge the cost gap and unlikely to secure sufficient demand from other customers at sustainable prices.

Subject to the consideration of alternatives, production at the Springs Mill is likely to discontinue once all open orders have been completed. Based on current information, the Mill is likely to run until the end of March 2026. The Mill currently employs 377 people.

An extract of the key audited financial information relating to the Springs Mill for the year ended 31 December 2024 is set out below:

- Plant and equipment (including capital spares): R186 million
- Current assets (inventories, trade and other receivables, cash and cash equivalents): R469 million
- Current liabilities (trade and other payables): R297 million
- Revenue: R1,739 million
- Operating profit before tax: R32 million

The audited financial information for the year ended 31 December 2025 is expected to be announced on or about 9 March 2026.

The information contained in this announcement has not been reviewed or reported on by Mpact's independent external auditors.

Further announcements may be made, as appropriate, regarding the outcome of the section 189A process and the discontinuation of the Mill's operations.

Melrose Arch

3 February 2026

Sponsor: The Standard Bank of South Africa Limited