03

OPERATIONAL REVIEW

CHIEF EXECUTIVE OFFICER'S REPORT

> *Mpact demonstrated resilience and strategic focus, despite facing challenging macroeconomic and market conditions.*

Bruce Strong | *CEO*

THE YEAR IN CONTEXT

The Group experienced a challenging trading environment for most of the 2024 financial year, despite positive sentiment emerging from the May 2024 election outcome.

Trading was hampered by a weak economy underpinned by high interest rates, cost inflation, load shedding and other service delivery failures, negatively affecting consumer and business confidence.

Mpact's robust strategy, which includes portfolio optimisation, underpinned our ability to navigate these difficult times, with growth in certain sectors towards the end of 2024, a strong financial position, supported by solid cash generation, and advancements in strategic projects during the year.

While the positive outcome of the national election in May 2024 improved confidence, early signs of economic recovery were only observed towards the end of the third quarter after inflation declined and interest rates were cut for the first time in several years.

Despite these challenges, Mpact achieved strong cash flow from operations for the year of R1.9 billion and an increase of 6% in NAV per share to R35.76. Net debt was reduced to R2.4 billion as at 31 December 2024, from R2.7 billion in the prior year, a reduction of 11%, after investing R1.0 billion in capital projects and paying out R155 million in dividends.

Several of Mpact's operations delivered commendable performances despite the headwinds. However, these were insufficient to counterbalance the harsh trading conditions experienced during the first nine months of the year and disappointing financial results from the FMCG Wadeville business (previously referred to as Preforms & Closures). Consequently, the Group's operating profit of R923 million for the year decreased from the high levels achieved in 2023, which benefited from a strong recovery in Paper margins following selling price increases at the end of 2022.

DELIVERING ON OUR STRATEGY

We made good progress on our strategic capital projects and portfolio optimisation through investments and disposals aligned with our strategy, which embraces the circular economy. We also continued to engineer solutions at our operations to mitigate the impact of infrastructural failures.

INVESTING FOR GROWTH AND ENHANCING OUR OPERATIONAL CAPABILITIES AND RESILIENCE

Our solar-generated power increased by 79% in 2024, leading to savings of over R40 million in electricity costs during the year compared to power that we would otherwise have bought from municipalities or Eskom. The Group's solar PV generation capacity is currently 16MWp, with further expansions underway at our operations.

The Felixton paper mill's performance since the upgrade project was completed in September 2023, has exceeded expectations in all respects, including the throughput, quality and cost competitiveness of the mill's lightweight recycled containerboard and paper bag grades.

Some of the benefits of the Mbombela Paper Converting project, completed in November 2023, were captured during 2024. This project provides enhanced capabilities and additional capacity to the citrus growers in the area who are expanding their production capabilities.

The final phase of the Paper Converting factory upgrade in Gqeberha, which included the installation of the material handling equipment and a new customer service centre, was completed by the end of 2024. This project has significantly enhanced our product and service offerings for growing the fresh produce market in the Eastern Cape region.

The R1.3 billion Mkhondo paper mill upgrade project aims to enhance the Group's product portfolio by adding new export revenue streams and higher-value products. The project team is doing well navigating several challenges, including cost pressures, a tornado, and excessive rain from December 2024 to February 2025, which hindered construction. These challenges resulted in the project shut-down being delayed by three months to June 2025, with the main project scheduled to be commissioned by the end of June 2025. The estimated cost to completion is within the approved budget of R1.3 billion but with limited leeway.

The improvements to the paper machine will increase its capacity by approximately 10,000 tonnes per year, resulting in a total capacity of 142,000 tonnes per year. Additionally, the pulping section upgrade is boosting wood pulping capacity by an estimated 55,000 tonnes per year to reach 110,000 tonnes per year. These enhancements enable a shift toward producing a higher proportion of semi-chemical (SC) fluting with improved properties. Thanks to its strength, moisture resistance, and durability, SC fluting is crucial for creating corrugated cartons for demanding cold-chain applications. It finds widespread use in fresh fruit packaging, other agricultural exports, and specialised applications.

The SLS spray drying facility will process additional by-products generated during the wood pulping process. As a result, up to 35,000 tonnes of SLS powder will be produced primarily for export sales. SLS powder serves various purposes, including as a concrete additive in the construction industry. The project is still poised to deliver attractive and sustainable financial returns, primarily due to the beneficiation of SLS into powder, which will be exported and priced in US Dollars.

The Mpact Plastic Containers' Castleview automated warehouse was commissioned in December 2024 and is currently undergoing planned stress testing.

Our proactive engagement with customers goes beyond packaging and includes sustainability, leading to new business opportunities. For example, we redesign fresh produce packaging and shipping container configurations to improve fruit quality during shipping and reduce food waste and cooling costs.

This dedication to creating exceptional, sustainable products has resulted in eight of our packaging solutions winning 10 prestigious awards at the IPSA Gold Pack Awards, the GAAP Awards, and the FTASA Awards. These accolades testify to how we continue to adapt, grow, and find innovative solutions that delight our customers and set us apart as industry leaders.

Mpact's first digital twin development project went live in December 2024, an early milestone in our digital transformation plan. It is a model intended to optimise Felixton's boiler no. 7 using machine learning and develop our in-house understanding and capability to utilise similar models for other critical and costly processes.

PORTFOLIO OPTIMISATION

In addition to pursuing strategic growth projects, the Group's strategy emphasises portfolio optimisation. Through judicious capital allocation and strategic disposals, we are minimising our exposure to sectors that do not align with our overall strategy or where returns are uneconomical and unsustainable.

The sale of Versapak was successfully concluded on 4 November 2024. The sale proceeds of R255 million and approximately R50 million in recouped working capital were used to reduce the Group's debt, further strengthening our balance sheet.

The restructuring of the FMCG Wadeville business is also part of the Group's portfolio optimisation plan. The product portfolio realignment progressed as planned during the year, securing new business in products offering more sustainable returns than carbonated soft drink preforms. Although we have substantially reduced our exposure to preforms over the past 18 months, we have retained more than initially anticipated, at better margins. Given the increasing trend of food producers moving their packaging away from glass to plastics, we believe there are still reasonable prospects for this business.

During the year, Mpact Plastic Containers acquired a 30% interest in Africa Tanks (Pty) Ltd (Africa Tanks), one of South Africa's leading water tank manufacturers. The investment will provide Africa Tanks with some of the capital required to achieve economies of scale and accelerate its growth plans. We anticipate a large and rapidly growing market for high-quality water tanks as households and institutions invest in water security to ensure continuity of supply.

OPERATIONAL PERFORMANCE

Group revenue from continuing operations for the year ended 31 December 2024 increased by 3.6% to R13.3 billion (2023: R12.8 billion). This was primarily driven by a 3.0% increase in sales volumes in our Paper business and an improved product mix in Plastics due to increased sales in Bins & Crates.

Underlying operating profit declined to R923 million (2023: R1.210 billion), due to an under-recovery of higher fixed costs, as well as non-recurring expenses at FMCG Wadeville, arising primarily from the restructuring and consolidation over the past few years.

CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

Revenue for the Paper business increased by 2.7% to R11.0 billion (2023: R10.7 billion) due to a 3.0% increase in sales volumes. Volumes increased mostly due to improved containerboard export demand in the latter part of 2024, after being subdued for most of the year. However, the benefit of increased volumes was offset by lower average selling prices than the prior year.

The Paper business's underlying operating profit for the year declined to R909 million (2023: R1.2 billion), primarily due to an under-recovery of higher fixed costs, which resulted in operating margins declining to 8.3% (2023: 10.9%).

The Recycling business successfully maintained recovered paper stock levels, ensuring a consistent supply to our paper mills and external customers despite fluctuating market conditions. Recovered paper prices were up year-on-year, with sharp increases in the second half of 2024 offsetting the declines in the first half of the year.

The Paper Manufacturing business successfully adapted its market approach to the prevailing conditions, significantly increasing containerboard sales in the second half of the year, mainly through exports. This led to better paper machine utilisation and commercial downtime reducing to 6.6% of capacity for the year, compared to 13% in 2023.

However, the benefit of increased sales volumes was more than offset by lower average selling prices than the prior year, leading to lower profitability in the Paper business.

Our Springs paper mill is still experiencing production downtime due to ongoing municipal water and electricity supply issues. Efforts are underway to mitigate the water supply risk at the Springs paper mill, but it will take time and significant capital to implement meaningful measures. Total paper machine downtime for the Group attributable to external utilities amounted to 2.6% (2023: 3.4%) of capacity, mainly at the Springs mill. Water and electricity supply to the Felixton and Mkhondo paper mills are more secure. Both mills receive their electricity supply directly from Eskom and have direct access to rivers for water, so they are not dependent on municipal services.

The Paper Converting business maintained overall sales volumes year-on-year, with a marginal increase in average selling prices. We continue to experience pleasing growth in the fruit sector and have enhanced our supply capabilities to fruit customers in Mpumalanga, Limpopo and the Eastern Cape following the investments in the Mbombela and Gqeberha corrugated facilities. Sales to the industrial market remained subdued in line with the broader economy and were also hampered by poor operational efficiencies at our Gauteng operations during the first half of the year. Several measures have been implemented to improve the profitability of the Gauteng business. The political unrest and other factors in Mozambique disrupted operations and customers in that area, costing the business approximately R20 million.

Revenue in the Plastics business increased by 8.0% to R2.335 billion (2023: R2.161 billion) due to an improved product mix from higher sales in all Plastics operations other than FMCG Wadeville, which declined as expected following the expiry of two supply contracts in June 2024.

Following the upgrades at the Castleview factory, the Bins & Crates business delivered a 96% increase in operating profit compared to the prior year. The agriculture sector continued to experience significant growth throughout the year, with notable increases in demand for avocado and blueberry crates and jumbo bins, especially in the second half of the year. Retail sales were also higher.

Disappointingly, the profit gain in the Bins & Crates business was more than offset by non-recurring expenses in FMCG Wadeville following the restructuring and site consolidation over the past few years. This, in addition to the anticipated reduced sales in Wadeville, resulted in a decline in the Plastics business operating profit of 52.7% to R89 million (2023: R189 million).

The rest of the FMCG business increased sales volumes and gross profits despite a weak market. Still, operating profit was negatively impacted by delays in customer offtake on certain new supply contracts for which we had already incurred costs. Most of these contracts are expected to contribute positively in 2025.

OUR PEOPLE

During 2024, we hosted 26 CEO Imbizos at Mpact's operations, with groups ranging from under 10 employees in the smallest operations to over 150 in the largest. These annual CEO Imbizos provide me with a valued opportunity to engage with employees across the business. Issues addressed during the year included safety, employee wellness support, Group financial performance, current economic conditions, and future investments.

Through these engagements, I was most encouraged by the enthusiasm and calibre of our employees and the advancement of the younger generation in our workforce, supported by the various initiatives we have implemented to develop skills and promote transformation.

We remain committed to providing a safe and secure working environment in which employees can fulfil their ambitions and aspire to continually improve their circumstances.

In 2024, the LTIFR and the SIFR increased to 0.40 (2023: 0.39) and 0.50 (2023: 0.40), respectively. Hand injuries have increased, and our safety teams are actively driving greater hand safety awareness. I also regret to report that a contractor sustained fatal injuries at our Pretoria Recycling site. We extend our deepest condolences to her family and colleagues. A full investigation was conducted, and all necessary measures were implemented to minimise the risk of future incidents and reinforce safety protocols.

The ongoing safety culture renewal programme, which promotes a culture-driven rather than a system-driven approach to safety, continues to progress significantly. A key component of this initiative is the retraining of our safety practitioners, who are currently enrolled in a three-year SAQA-accredited course. This programme encompasses legal and practical safety aspects while uniquely emphasising the human element, focusing on safety culture and leadership.

In recent years, we have faced an increasing scarcity of skills in sales, finance, and engineering, among other areas. Consequently, we have increased our focus on the upliftment and training of our existing employees and are working with our recruitment specialists to identify qualified candidates to fill vacancies.

The Mpact eLearning Academy was successfully upgraded during the year with nearly 2,000 course completions during the first two months following the upgrade compared to 4 650 completions over the three years before the upgrade. The platform now also offers PAMSA's pulp and paper courses.

The Mpact Foundation Trust continues to play a significant role in supporting our efforts to build a better future for our employees' children. Since its inception, the Trust has awarded bursaries to 60 individuals, with 36 having graduated successfully. As part of our continued commitment to empowering women, we are pleased to highlight that 24 of the 36 graduates are female. During the year, 17 students participated in the mid-year intern programme, which also serves to promote the bursary scheme within the Company.

OUTLOOK

Mpact is well positioned to capitalise on any economic recovery in South Africa, which may be driven by lower interest rates, reduced inflation, and growth opportunities in key market sectors.

The Mkhondo paper mill upgrade project is expected to be commissioned by the end of June 2025, following approximately three weeks of planned project downtime. The financial benefits of the project will not be realised immediately but are expected to increase on a phased basis over approximately three years, depending on the market growth rate.

Based on current projections and sales commitments for the year, no commercial downtime is anticipated at the containerboard paper mills. However, lower average selling prices of paper mill products will reduce the Group's positive operating leverage benefits, particularly during the first half of 2025. Also, paper machine capacity may be curtailed by unplanned interruptions in the electricity and water supply from Eskom and municipalities.

The outlook for the fresh fruit export sector is promising, which should benefit the Paper Converting and Bins & Crates businesses.

The Paper Converting business is also well-positioned for any recovery in the local economy.

An improvement in the Plastics FMCG business' profitability is anticipated this year after the travails of 2024, and the Bins & Crates business is expected to benefit from the increased utilisation of recently upgraded capacity and new product lines.

We remain confident in our value-enhancing strategy and committed to executing it effectively. Mpact's strategy focuses on growth sectors and investments in innovative, higher-margin, and sustainable products. These sectors include fruit exports, returnable transit packaging, convenience shopping, and recycling, some of which are somewhat insulated from South African consumer spending patterns. Our strategy aims to consistently yield tangible benefits for the business and improved returns for our shareholders.

ACKNOWLEDGEMENTS

I want to thank my management team for their support, dedication and resilience during the past year, which also presented several personal challenges for some. In June 2024, we welcomed Hannes Snyman as our new Chief Financial Officer, an internal appointment. Hannes has settled in exceptionally well and has already made a meaningful impact on the Group.

I am also most grateful to our Chairman, Tony Phillips, and the Board for their steadfast support and commitment to Mpact. Thank you.

In conclusion, we sincerely thank our employees, shareholders, customers, suppliers, business partners, and advisers for their continued support.

Bruce Strong
CEO

25 April 2025

THE PAPER BUSINESS

RECYCLING

OUR RECYCLING PARTNERS

- Industrial and commercial suppliers
- Collectors
- Buy-back centres and dealers
- Schools, community centres and offices

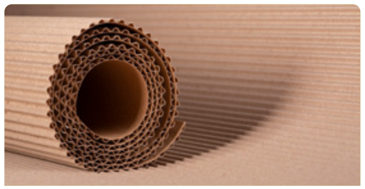
RECYCLING SITES

COLLECT • SORT • BALE

PRE-CONSUMER RECYCLABLES

70% of recovered paper is used internally

30% of recovered paper is sold to external customers



Leftover trim and cuttings returned to Mpact Recycling

PAPER MANUFACTURING

ACTIVITY

Produce different types of paper and board made from a combination of recycled paper and virgin fibres.

OUTPUT

Rolls and sheets, containerboard and cartonboard.

70% of products (tonnes) sold externally to local and international customers

Customer use

30% of products (tonnes) sold internally to Mpact's Paper Converting factories and subsidiaries

PAPER CONVERTING

ACTIVITY

Convert board into different types of corrugated and other paper packaging products.

OUTPUT

Corrugated paper packaging products.

High-quality graphic printing services and other converted paper products primarily for the QSR sector.

Customer use → Consumer use → Recycle

POST-CONSUMER RECYCLABLES

RECYCLING

14 recycling operations around South Africa

Mpact Recycling sources recovered recyclable materials including paper, cardboard, cans, glass and plastics through pre- and post-consumer programmes. Our primary goal is to provide Mpact's paper mills and operations with material to support their production goals at prices and quality to maintain their competitiveness.

Mpact Waste Management manages the waste generated on manufacturing, commercial and residential sites around South Africa. Our aim is to provide sustainable solutions to reduce waste and add value through waste reduction, reuse and recycling.

PAPER MANUFACTURING

Three paper mills – Springs (Gauteng), Felixton (KZN) and Mkhondo (Mpumalanga)

Mpact's paper mills manufacture recovered fibre-based packaging and industrial paper grades such as containerboard and cartonboard. In addition, Mpact has a controlling share in West Coast Paper Traders, a retailer and wholesaler of paper and ancillary businesses that operates across four facilities in South Africa.

External customers include corrugated board producers, box producers and other containerboard converters. The top 10 external paper manufacturing customers represent around 68% of paper manufacturing external sales. Around 10% of products produced were exported, mainly to other African countries. Our goal is to optimise production facilities to meet market demand at competitive prices.

PAPER CONVERTING

Nine converting plants in South Africa, one in Mozambique and two in Namibia

Mpact Paper Converting uses paper from Mpact's mills and external suppliers to manufacture a broad range of premium quality, innovative packaging solutions. Products range from simple corrugated boxes to sophisticated corrugated packaging custom-made to our customers' needs, and specifically designed for a particular sector such as the agricultural and beverage sectors as examples. The business also produces cups, lids, cartons, bags, trays and products for the retail sectors.

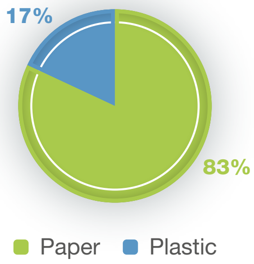
High-graphic print capabilities at our facilities ensure that any customised branding and designs incorporated into the products have visual appeal and support our customers' marketing initiatives. We further aim to provide packaging solutions that protect our customers' goods whilst being transported.

Customers include fresh produce farmers, businesses and manufacturers who primarily use our products to protect their goods during transport and for point-of-sale display. Around 40% of our converted paper product customers operate in the agriculture industry, with the remaining 60% operating in the FMCG and industrial sectors.

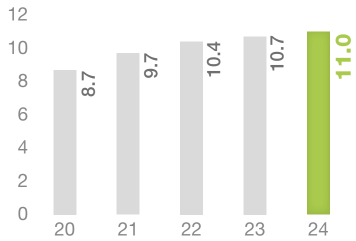
THE PAPER BUSINESS *(continued)*

OPERATIONAL PERFORMANCE

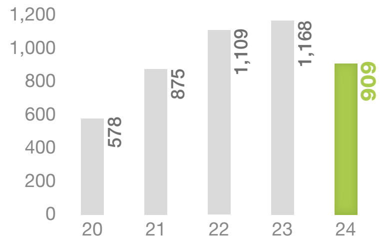
Group revenue contribution



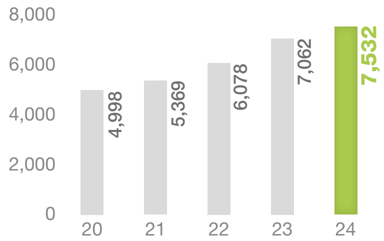
Segment revenue
(R'bn)



Underlying operating profit
(R'm)



Operating assets
(R'm)



Revenue for the Paper business increased by 2.7% to R11.0 billion (2023: R10.7 billion) due to a 3.0% increase in sales volumes. Volumes increased mostly due to improved containerboard export demand in the latter part of 2024, after being subdued for most of the year. However, the benefit of increased volumes was offset by lower average selling prices in our Paper Manufacturing business than the prior year, leading to lower profitability in the Paper business.

Underlying operating profit for the year declined to R909 million (2023: R1.2 billion), primarily due to an under-recovery of higher fixed costs, which resulted in operating margins declining to 8.3% (2023: 10.9%).

The prior year results include insurance income of R61.9 million related to electricity outages at the Springs paper mill.

RECYCLING

In the past year, Recycling successfully recovered 588,228 tonnes of recyclables, marking a slight decrease from the 594,043 tonnes recovered in 2023. The reduction in 2024 was primarily due to a decline in glass collections, as one of our major suppliers faced significant vehicle availability downtime. OCC prices were up 2% year-on-year, with sharp increases in the second half of 2024 offsetting the declines in the first half of the year.

The overall collection volumes were further impacted by a sluggish economy, resulting in lower collections during the first nine months. However, there was a notable improvement in the fourth quarter. Despite these challenges, stock levels remained robust throughout the year. Domestic demand was initially slow but showed a strong recovery towards the end of the year. For most of the year, export demand for OCC from South Africa was strong.

The market for white paper grades remained robust, although the second quarter saw a dip in demand due to increased imports of tissue wadding. The demand for PET was strong, driven by a major investment in a new recycled PET plant in KZN. Other plastic grades, such as low-density polyethylene, also experienced consistent demand throughout the year.

Mpact Recycling's Waste Management business expanded its operations, securing several key contracts to provide comprehensive waste management services to major distribution centres and industrial operations of large customers. This expansion enhances our ability to provide recovered paper to our mills consistently and enables our partners, many of whom are also customers of our converting businesses, to achieve their sustainability goals and contribute to the circular economy.

Throughout the year, we maintained active engagement with Producer Responsibility Organisations (PROs). A notable agreement with PETCO facilitated the collection of liquid board packaging, resulting in a significant increase in collected volumes. We continue to collaborate with PROs and the PRO Alliance to support the implementation of EPR regulations.

PAPER MANUFACTURING

Paper Manufacturing's total sales volumes for the year increased by 7.5% compared to the prior year, after being down by 1.8% at half year 2024 compared to the first six months of 2023. The year had two distinct periods for the business. Sales for the first eight months were negatively affected by weak economic conditions, both locally and globally. During this period, we experienced an influx of imported paper, subdued local demand and high stock levels at certain customers due to weak consumer demand.

The business successfully adapted its market approach to the prevailing conditions, significantly increasing containerboard sales in the second half of the year, mainly through exports. This led to better paper machine utilisation and commercial downtime reducing to 6.6% of capacity for the year, compared to 13% in 2023. However, the benefits were offset by lower average selling prices.

Our Springs paper mill is still experiencing production downtime due to ongoing municipal water and electricity supply issues. Efforts are underway to mitigate the water supply risk, but it will take time and capital to implement meaningful changes. Total paper machine downtime due to municipal utilities amounted to 2.6% (2023: 3.4%) of capacity, mainly at the Springs mill. Water and electricity supply to the Felixton and Mkhondo paper mills are more secure. Both mills receive their electricity supply directly from Eskom and have direct access to rivers for water, so they are not dependent on municipal services.

There was a notable improvement in demand from local customers during the latter part of the year, driven by reduced load shedding, lower interest rates and more stable inflation. In addition, Felixton's cost competitive position and product quality were leveraged to secure increased export sales, notwithstanding the pressure on global packaging paper capacity. This led to strong growth, in excess of 80% (an additional 25k tonnes) over the year, in export containerboard sales from the Felixton mill, albeit at lower average selling prices than the prior year.

PAPER CONVERTING

The Paper Converting business reported sales volumes in line with the prior year.

In the agricultural sector, sales volumes were up 3.1%. Overall, fruit export volumes were hampered by logistical issues at most South African ports. For the 2024 citrus season, 164.5 million (15kg equivalent) citrus cartons were produced, compared to the Citrus Growers Association's (CGA) Vision260 target of 172.5 million cartons for the year. High demand for oranges from juice manufacturers reduced the demand for citrus cartons. However, we are optimistic about the long-term growth prospects for this sector. There was good growth in apple and pear volumes, which were affected by severe weather conditions in 2023, as well as grapes and avocados.

The industrial sector volumes were down, primarily due to subdued consumer demand, and supply chain disruptions at South African ports and the Mozambique border following their election. Additionally, the supply of packaging material to the dairy, meat, and poultry sectors continued to be impacted by the 2023 outbreak of avian influenza and infectious diseases in livestock. Demand for both alcoholic and non-alcoholic beverages was robust, driving good sales volumes for our packaging in this sector.

Freshpact, our range of fresh produce paper trays and punnets achieved revenue growth of 20% due to the addition of new customers and product ranges. This performance is further supported by our investment in packaging systems that enhance transport efficiencies for paper products. Detpak performed in line with expectations.

The Mbombela Paper Converting project delivered volume growth year-on-year to fruit customers in Mpumalanga and Limpopo, supported by the customer service centre in Groblersdal. Upgrades at the factories in the Eastern Cape and Western Cape have proved to be successful in gaining market share.

THE PAPER BUSINESS *(continued)*

CAPITAL PROJECTS

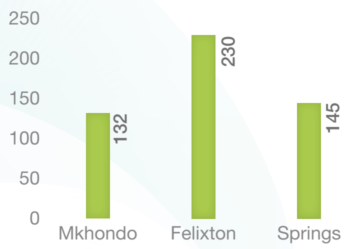
For details on the capital projects, refer to the Chief Executive Officer's Report on page 30 of the Integrated Report.

SUSTAINABILITY PERFORMANCE

The design of any new or upgraded plants incorporates water usage and energy efficiency improvements. The paper mills, which account for 95% of all of Mpact's water usage, have a long legacy of driving water savings to the point where they need to carefully navigate the balance between saving water and compromising product quality. The mills were subject to commercial downtime due to low product demand a few times throughout the year, resulting in unavoidable inefficiencies as water is needed to clean up after shutting down and to refill systems on start-up. This resulted in a slight increase in total water consumption of 2.82% to 5.90kℓ per manufactured tonne (2023: 5.74kℓ/t).

Total energy usage from the Paper Business manufacturing sites increased by 1.14% to 6.20GJ/t of product (2023: 6.13GJ/t) also due to commercial shutdowns mentioned above. Combined Scope 1 and Scope 2 CO_2e emissions increased by 1.25% to 0.81tCO_2e/t of product (2023: 0.80tCO_2e/t). The Solar PV installation at the Springs mill contributed to the energy balance for the year.

Production capacity
(ktpa)



MATERIAL RISKS AND OPPORTUNITIES

Mpact's risks and opportunities are managed on a continuous basis and the Group's key risks and opportunities are discussed on pages 68 to 75.

The most significant risks and opportunities that apply to the Paper business are shown in the table below:

Material risks	Management of these risks
Unreliable power and water supply due to infrastructure failures, theft, sabotage or even inclement weather patterns, resulting in lost working hours and supply shortages as well as the increasing costs associated with mitigating these outages and interruptions.	• Ongoing communication with Eskom and local municipalities. • Implement planned load shedding arrangements. • Discussions with water authorities. • Drive to decrease water consumption at all the manufacturing plants. • Interact with agricultural customers to understand the impact of extreme weather events on their crops and the recovery time. • Roll-out of solar panels at operations.
Supply of natural gas.	• Sasol has given notice that natural gas (NG) supplies will terminate in July 2027. NG is used by three operations. • We are engaging with business bodies and government entities to identify alternative supplies and technologies.
Economic and competitive influences on sectors and consumers outside of Mpact's control.	• Consistently delivering smarter, sustainable solutions to customers to meet their objectives and strategy. • Innovation in production processes and products to deliver exceptional value to customers.

Material risks	Management of these risks
Imported products as well as competitor expansion and customer backward-integrated strategies creating over-capacity in the local market.	• Proactive management and investment to drive production efficiencies and cost containment through rationalisation, streamlining and automation to maintain margins and retain cost competitiveness. • Provide superior product offerings. • Ongoing development of product innovations, quality and sustainability management, and exceptional customer relations.
Community unrest, criminal action at some recycling operations (gang activity) impacting employee morale and operations.	• Ongoing interaction and engagement with community leaders and forums. • Proactive CSI initiatives. • Create jobs and business opportunities where viable.
The business is subject to a broad range of ever-evolving legislation resulting in increased costs and complexity of compliance and risk of fines and penalties. Mpact operates several industrial sites across the country, some of which have been in operation for many decades and include landfill sites, effluent disposal facilities and storage dams. Evolving legislation may impose additional requirements, process modifications and related costs.	• A legal compliance framework is in place that sets out the governance structures that pertain to regulatory compliance matters at Mpact. • Mpact also retains experts in, and legal registers of, relevant disciplines supported by rigorous audits. • The Group contributes to the development of legislation by engaging with Government via industry bodies. • International management standards such as ISO14001 (environmental) and FSC (wood fibre) are implemented and, for material operations, certificated with the backing of rigorous external environmental legal audits to monitor compliance with the National Environmental Management Act. • EU Carbon Border Adjustment Mechanism (CBAM) regulations are monitored but do not currently affect Mpact directly. • Mpact is compliant with EPR regulation requirements. • The Group is investing capital to reduce its environmental footprint and ensure compliance.

OPPORTUNITIES IDENTIFIED INCLUDE:

Optimising and expanding operations with upgraded plant and equipment and the introduction of new innovative products.

Continuing to educate consumers and municipalities regarding the creation of value through recycling and the concept of the circular economy.

Aligning capital spend with growth industries in existing regions.

Export opportunities into the rest of Africa and other regions.

THE PLASTICS BUSINESS

RECYCLING

OUR RECYCLING PARTNERS

- Industrial and commercial suppliers
- Collectors
- Buy-back centres and dealers
- Schools, community centres and offices

RECYCLING SITES

COLLECT • SORT • BALE

PRE-CONSUMER RECYCLABLES

39,411 tonnes of plastic collected by Mpact recyclers (2023: 34,787 tonnes)

Customer use

PLASTICS

ACTIVITY

Manufactures bins, crates and rigid plastic packaging in southern Africa.

OUTPUT

Bins and crates and a range of plastic packaging products for the food, beverage, personal care, homecare, pharmaceutical, agricultural and retail markets.

Customer use → Consumer use → Recycle

POST-CONSUMER RECYCLABLES

The Plastics business manufactures a diversified range of plastic products for a variety of applications, with a core focus on pursuing organic growth through innovation. Key to this is the substitution of alternative packaging materials with rigid plastics.

Where possible, closed loop systems are applied with end-of-life products being repurposed into new products or sold off to recyclers for further value creation. Where practical and in line with customer specifications, recycled material is incorporated back into new products. Most municipal wheelie bins have a 50% recycled material content. The recycling programme is supported by a standalone recycling business near the Brits moulding factory.

The Group is a member of plastics industry bodies such as Plastics SA, Plastic Convertors Association, SA Plastics Pact, PETCO and POLYCO, in which we are an active participant.

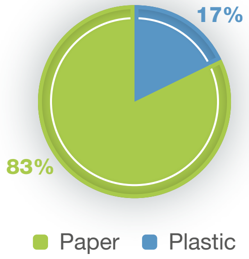
The Trays and Films business, also referred to as Versapak, was sold in November 2024.

	Bins & Crates	FMCG
Location	• Brits (North West) • Castleview (Gauteng) • Atlantis (Western Cape) • Recycling Brits (North West)	• Atlantis (Western Cape) • Pinetown (KZN) • Wadeville (Gauteng)
Products manufactured	Manufactures large injection moulded plastic products including: • Jumbo bins for the agricultural market. • Wheelie bins for waste collection. • A range of industrial products, including plastic pallets and crates. • Bottling crates. • Exporting of the abovementioned products. • Recycles end-of-life plastic pallets, bins and crates.	Manufactures injection moulded, extrusion blow-moulded, injection stretch blow-moulded bottles, jars, containers, PET preforms and closures for the food, beverage, personal care, homecare and pharmaceutical industries.

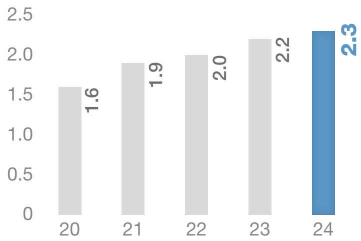
THE PLASTICS BUSINESS *(continued)*

OPERATIONAL PERFORMANCE FROM CONTINUING OPERATIONS

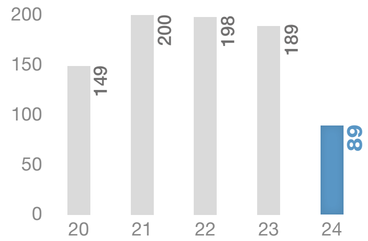
Group revenue contribution



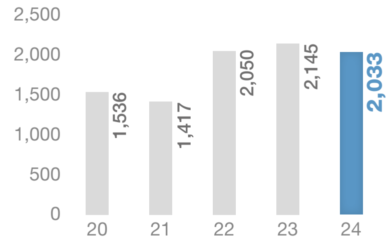
Segment revenue
(R'bn)



Underlying operating profit
(R'm)



Operating assets
(R'm)



This segmental report excludes Versapak's performance, which is reported separately as a discontinued operation.

Revenue in the Plastics business increased by 8.0% to R2.3 billion (2023: R2.2 billion) due to an improved product mix from higher sales in all Plastics operations other than FMCG Wadeville, which declined as expected following the expiry of two supply contracts in June 2024.

Underlying operating profit of R89 million (2023: R189 million) decreased by 52.7% compared to the prior year, with increases in Bins & Crates offset by a disappointing result at FMCG Wadeville.

Bins & Crates sales volumes increased by 16.7% on the back of recent investments at Castleview, while FMCG volumes increased by 4.3%.

While FMCG Wadeville volumes declined by 35.4%, following the loss of a significant customer contract in June 2024, a more favourable sales mix resulted in revenue being lower by only 12.7%.

BINS & CRATES

The Bins & Crates business delivered a 96% increase in operating profit compared to the prior year. The agriculture sector continued to experience significant growth throughout the year, particularly in avocados and blueberries. Retail sales were higher and demand for jumbo bins increased, especially in the second half of the year. Export volumes fell due to the adverse weather conditions in Europe impacting various crops, which negatively impacted revenue and margins.

The introduction of two beverage crate printing lines in 2023 positively contributed to revenue over the period. The business received insurance proceeds of R24.4 million in 2024, of which R17.5 million related to a raw material supplier which went into business rescue in 2023.

FMCG

The FMCG business, excluding FMCG Wadeville, increased sales volumes and gross profit despite a weak market. FMCG's key customers demonstrated resilience during the year under review, contributing to volume growth, with a number of our customers planning to expand within the Southern African Development Community (SADC). There was a notable increase in tender activity in the second half of the year, with the outcomes still pending.

The FMCG business was negatively impacted by the delay of the launch of a large customer's new product range, poor consumer demand during the first eight months of the year and a packaging change by an international customer from plastics to a non-recyclable substrate.

The condiment market performed in line with expectations, however, volumes in the pharmaceutical sector were lower than expected due to fewer product exports from South Africa as a result of lower demand.

The FMCG Wadeville business completed its restructuring process following the expiration of a large customer contract at the end of June 2024. This contract has been extended for glass closures only, at much reduced volumes. Financial results were adversely impacted by non-recurring costs, which in total amounted to R90 million during the 2024 period.

CAPITAL PROJECTS

For details on the capital projects, refer to the Chief Executive Officer's Report on page 30 of the Integrated Report.

SUSTAINABILITY PERFORMANCE

Overall scope 1 and 2 CO_2e emissions increased by 19.9% to 1.14 tonnes CO_2e per production tonne (2023: 0.95tCO_2e/t). Energy consumption per production tonne increased by 20.1% to 4.40GJ/t (2023: 3.66GJ/t). Water consumption per tonne of production was up by 23.4% to 0.99kℓ per tonne of product from 0.80kℓ per tonne in 2023. The reduced efficiency was largely due to lower production at FMCG Wadeville due to the reasons mentioned above.

DISCONTINUED OPERATION

VERSAPAK

The sale of Versapak was concluded in November 2024. The sale proceeds of R255 million and approximately R50 million in recovered working capital were received before year-end and used to reduce the Group's bank debt. We expect to recover the balance of the outstanding debtors during the first half of 2025.

THE PLASTICS BUSINESS *(continued)*

MATERIAL RISKS AND OPPORTUNITIES

Group risks are discussed on pages 68 to 75 and the most significant risks that could specifically influence the Plastics business (which are managed on a continuous basis) are set out in the table below:

Material risks	Management of these risks
Volatility of raw material prices and lags in pricing recovery.	• Maintain strong and diverse supplier relationships. • Continuous market monitoring and proactive pricing. • Increase polymer recycling capacity.
New international and local plastic manufacturers entering the market.	• Provide innovative products to a rapidly changing market. • Develop and market an innovative generic product range. • Increased innovation and R&D support services to our customers. • A focus on exceptional customer service.
Contraction of the industrial market, exacerbated by competitors also being under pressure to run factories at full capacity, placed pressure on margins. Certain customers have reduced fixed-contract orders below the levels that were agreed.	• To remain competitive and profitable, we have increased the use of recycled materials to manufacture products. • Engagement with customers who have reduced orders, to negotiate compensation to cover the costs of our overheads that were not recovered on capital projects.
Technical skills drain.	• Increase learnerships and on the job training. • Facilitate access to available funding. • Increase participation in industry forums.
Renewal of plastics industry wage agreement.	• Continued employee engagement. • Proactive engagement with unions.
Stricter EU regulations on plastic packaging.	• Light-weighting our products to reduce the potential increase in plastic packaging costs. • Pursuing accreditation under EU Regulation 2022/1616 for recycling plastic materials that are approved for food contact.

Material risks	Management of these risks
Power supply outages resulting in lost working hours and supply shortages; power fluctuations cause damage to electronic cards resulting in excessive downtime.	• Ongoing communication with Eskom and municipalities. • Install generation capacity to limit the impact of load shedding at some of the plants. • Continued investment in solar. • Maintain a sufficient reserve of spare parts. • Installation of more Uninterruptible Power Supply (UPS) modules to protect the computers. • Conduct thorough analysis of the incoming power supply to assess its quality.
Unreliable water supply, and deteriorating infrastructure, could lead to a loss of production.	• Discussions with customers and water authorities to understand the impact on agriculture and industry and how best to position ourselves to meet customer needs. • Increase emergency water storage.

OPPORTUNITIES IDENTIFIED INCLUDE:

- Product innovation through advanced design technologies.
- Expand Bins and Crates production facilities.
- Offer recycling opportunities in the Bins and Crates business.
- Filling spare capacity on small machines.
- Growth of lightweight packaging crates.
- Expand market share with FMCG's new generic product range.
- Acquisition and other expansion opportunities.
- Additional exports to customers in other African countries.
- Exporting Jumbo Bins into Europe.

CASE STUDY

LAUNCH OF SOUTH AFRICA'S FIRST FIBRE-BASED RECYCLABILITY TESTING FACILITY

With the promulgation of the EPR (Extended Producer Responsibility) regulations, a renewed focus has been placed on reaching collection and recycling targets for packaging. Brand owners have also set ambitious sustainable packaging goals of which many factors are determined in the design phase of the product.

To support our customers and industry bodies, such as Fibre Circle, Mpact took the decision to launch a local recyclability testing laboratory that is aligned with the harmonised European CEPI methodology. This method of testing enables a science-based approach to inform design for recycling principles and accurate labelling of products for consumers to dispose of packaging responsibly.

Mpact's training took place at Institut für Fasern & Papier GmbH, a research and service institute in Germany, formerly known as Papiertechnische Stiftung (PTS). Based on this training, and the experience that was subsequently gained in this space, our testing facility was invited to apply to become an accredited laboratory on the CEPI (Confederation of European Paper Industries) list.

Based in Springs, the laboratory is the first of its kind in South Africa. The facility is uniquely positioned as it is integrated with Mpact Recycling, one of the largest waste collectors in South Africa, and Mpact Paper, a manufacturer of paper-based products containing recycled fibre. By overlaying knowledge of key points along the value-chain, valuable insights of recyclability in practice and at scale is created.

Thought leadership developed in this space allows for the evolution of new innovative product designs and identifying new end-of-life scenarios for previously difficult to recycle materials. Together, we aim to accelerate the sustainable packaging transformation.

Local paper recyclability testing laboratory