02

STRATEGIC OVERVIEW

Strategy and objectives

Our value-enhancing strategy is designed to both optimise its business portfolio and drive organic and inorganic growth, supporting our ambition to become a truly circular economy business that makes a positive impact in our communities.

Investing in innovative, higher-margin, and sustainable products remains a key driver of long-term value creation, delivering tangible benefits for the business and enhancing shareholder returns. We have strategically focused on sectors with strong growth prospects that are relatively insulated from fluctuations in South African consumer spending. These include fruit exports, convenience retail, recycling, and waste management.

Our executive team is responsible for shaping, updating, and executing the Group's strategy, which is regularly reviewed to reflect emerging industry trends, regulatory changes, new opportunities, risks, and other developments critical to sustaining long-term value. The Board approves the strategy and oversees its implementation.

Where practical, we continue to expand multi-site manufacturing within our converting operations to strengthen customer focus, mitigate service delivery risks, and enhance operational resilience. While this approach involves some trade-offs in economies of scale, ensuring timely delivery to customers remains a priority. In addition, we are advancing solar and backup power solutions and implementing water security and management plans across key operations.

Further details on our strategy and its execution are provided throughout this Integrated Report, particularly in the Chairman's Review (@ page 27), the Chief Executive Officer's Report (@ pages 30 and 31), and the Operational Review (@ pages 34 to 44).

Strategic pillars

Customer focused	Leading market position	Focus on performance
Decentralised structure	Scale	Financial returns
Innovation and capability	Capability	Skilled and motivated people
Intimate understanding of the value chain	Products and geographies	Sustainable practices

Strategy and objectives *(continued)*

The key principles underlying each strategic pillar are as follows:

Customer focused

Decentralised structure

- Customer-centric
- Responsive
- Accountable
- Flexible
- Effectively execute differing strategies or even hybrids across business units

Innovation and capability

- Applied to products and processes internally and externally
- Use of own R&D capabilities where feasible
- Investing to meet new and emerging demands of customers with good returns

Intimate understanding of the value chain

- Engage customers and other stakeholders to improve supply chain efficiency and anticipate changing requirements
- Engaging with product specification bodies, marketing and branding teams and key distribution networks
- Make partnerships work

Leading market position

Scale

- Maintain leading market position in chosen geographies with scale to enable competitiveness at a decentralised level
- May consider entry below leading market position but always considering sectors where there is potential to lead in future

Capability

- Invest in sectors where Mpact has sustainable competitive advantages or at least has the prospect of developing them

Products and geographies

- Rigid plastics and paper-based packaging in sub-Saharan Africa

Focus on performance

Financial returns

- ROCE and profitable growth
- Disciplined capital allocation and spending
- Reinvestment and capital allocation based on track record
- Stringent and continuous cost management
- Long-term view of investments
- Effective risk management and governance
- Cash generation

Skilled and motivated people

- Invest in support of high-performing managers with a track record
- Reward performance and results and appreciate effort
- Commit resources to proactive training and development of our people
- Resilient health and safety culture

Sustainable practices

- Responsible environmental management
- Contributing to social upliftment in the areas in which we operate
- Rigorously pursue the highest ethical standards in governance

Material matters

Introduction

Our Integrated Report is prepared based on materiality, where a matter is deemed to be material if it can substantively affect the Group's ability to create and sustain value over the short, medium or long term. Our material matters are both financial and non-financial in nature and are agreed upon and reviewed by the Executive Committee and approved by the Board.

We identify our material matters by reviewing a range of internal and external sources, which includes the risk assessment process, our engagements with primary stakeholders, operational issues, management interviews and developments in legislation. Matters that are raised through our stakeholder engagement process are assessed in terms of the stakeholder's legitimacy and urgency.

Material matters and material risks are distinct but related concepts; material matters are significant issues, topics, or events affecting a company's strategy, performance, or future prospects, while material risks are potential setbacks or uncertainties that could arise from these matters or other aspects of the business and negatively impact a company's ability to create value. The key difference is that material matters can be neutral or even opportunities, whereas risks are inherently negative possibilities.

Process

Material matters are defined as those matters that have the highest potential impact on our ability to create value for our stakeholders in the short, medium and long term.

Material matters are identified from a range of sources (or inputs), including the following:

- Discussions with leadership and operations
- Board and sub-committee reports
- Executive Committee reports and presentations to the Board
- Group and divisional strategy sessions, documents and presentations
- Group risk register
- Stakeholder concerns raised in formal and informal engagements
- Developments in relevant legislation and regulations

These proposed material matters are reviewed by the Executive Committee against the risks and opportunities identified as part of the risk assessment process, which includes a review of economic, environmental and social impacts, risks and opportunities.

The proposed material matters identified and reviewed by the Executive Committee are reviewed and approved by the Board.

Determination of material matters

Based on the abovementioned process, we have grouped the material matters identified into six themes:

- Market dynamics and customer focus
- Operational excellence and resilience
- Financial health and value creation
- People and communities
- Environmental sustainability and climate action
- Ethical governance and compliance

Material matters *(continued)*

Material matter	Key stakeholders (who are impacted or involved)	Related principal risks (associated top 10 risks from risk heat map)	Mpact's related activities and initiatives	Strategic pillars	Key capitals (affected or leveraged)
Market dynamics and customer focus *Adapting to changing market conditions and customer needs through innovation, agility, and responsiveness.* *Global and local market dynamics affect the price and demand for recycled fibre and paper, as well as the availability and cost of polymers. These dynamics are closely linked to customer behaviour, including shifts in demand and selling prices.*	**Customers** (expect quality, innovative, cost-effective packaging) **Suppliers** (supply chain partners) **Investors** (concerned with market growth and returns) **Industry bodies** (market trends)	• **Trading environment** (economic and competitive market shifts) • **Public resistance to plastics** (changing consumer sentiment/regulation on packaging) • **Reputational damage** (if customer expectations on quality or innovation are not met)	• Monitoring global and local **market trends** and **consumer preferences** • Innovating **new packaging solutions** through its R&D centre in Stellenbosch and quarterly Strategic Innovation meetings chaired by the CEO • **Continuous R&D** investment and customer co-innovation workshops to ensure Mpact meets evolving customer needs • **Long-term agreements** and **relationships** with key customers and suppliers supported by active customer service • Focus on leveraging our **integrated position** in paper to provide customers with packaging solutions which meet their objectives • Target **growth sectors** which are partly shielded from South African consumer spending patterns, such as packaging for fruit exports, convenience shopping, recycling and waste management. • **Product assurance** for quality and food safety against international standards, supported by the R&D centre	• Customer focused (innovation and capability) • Leading market positions (scale, products and geographies) • Focus on performance (financial returns)	• **Financial** (revenue growth, profitability) • **Manufactured** (production capacity to meet demand) • **Intellectual** (innovation, R&D capabilities) • **Social and Relationship** (customer relationships, brand loyalty)
Operational excellence and resilience *Ensuring efficient, reliable operations and supply chains to maintain business continuity and productivity.*	**Employees** (plant workforce, operations teams) **Customers** (reliable product supply) **Suppliers** (continuous procurement) **Government/Regulators** (infrastructure, utilities)	• **Service delivery interruptions** (power, water, or logistics outages impacting production) • **System failures** (critical equipment or IT system breakdowns) • **Safety in the workplace** (operational accidents causing stoppages) • **Climate change risks** (extreme weather affecting facilities or supply)	• Efficiency programmes to improve **productivity** and reduce downtime (continuous improvement, maintenance schedules) • **Capital projects** to upgrade facilities and investments in technology for efficiency gains • Contingency planning for **energy and water supply interruptions** (load curtailment agreements, on-site solar projects and wheeling agreements, generator capacity, water storage), and multi-site manufacturing. • Strong **health and safety management** to prevent operational disruptions • **Supplier diversification** and inventory management to cushion supply chain shocks • **Benchmark operations** internally, as well as externally • Implement **international management standards** (ISO14001, FSC®)	• Focus on performance (financial returns, skilled and motivated people) • Leading market positions (products and geographies, scale, capability) • Customer focused (intimate understanding of value chain, decentralised structure)	• **Manufactured** (plants, machinery, infrastructure reliability) • **Natural** (energy and water resources for operations) • **Human** (skilled workforce, safety culture) • **Intellectual** (operational know-how, systems)

Material matters *(continued)*

Material matter	Key stakeholders (who are impacted or involved)	Related principal risks (associated top 10 risks from risk heat map)	Mpact's related activities and initiatives	Strategic pillars	Key capitals (affected or leveraged)
Financial health and value creation *Maintaining financial strength and delivering sustainable returns through disciplined capital management.*	**Investors** (ROCE, dividends) **Executive Management** (strategic financial targets) **Banks/Creditors** (credit risk) **Employees** (job security, incentives)	• **Trading environment** (market conditions affecting revenue and costs) • **Workforce cost and stability** (rising labour costs) • **Service delivery interruptions** (infrastructure failures leading to financial losses and capital project delays) • **Reputational damage** (loss of investor confidence due to poor governance or financial performance)	• **Disciplined capital allocation** and ROCE focus (in accordance with delegation of authority and minimum hurdle rates) • Key **capital projects** are tracked by Exco, and feedback is provided to the Board on a regular basis • **Cost management** and efficiency to protect margins (stringent cost control measures) • **Cash flow optimisation** (working capital management, cash generation initiatives) • Regular **financial performance reporting** and investor engagement to build market confidence • Central **Treasury function** which operates under a Board approved Treasury policy • **Compliance with debt covenants** is monitored and reported to the Board at regular intervals • Facility **headroom and liquidity** are managed on a daily basis	• Focus on performance (financial returns, sustainable practices) • Customer focused (innovation and capability • Leading market position (scale)	• **Financial** (capital, cash flow, cost of capital) • **Manufactured** (asset utilisation for returns) • **Intellectual** (financial strategy, risk management know-how) • **Human** (financial management teams)
People and communities *Supporting employee well-being, skills development, and community upliftment through inclusive practices.*	**Employees and unions** (workforce well-being, job satisfaction) **Local communities** (socio-economic development) **Government** (labour regulations, B-BBEE targets) **Customers** (indirectly, via company reputation as a responsible employer)	• **Workforce cost and stability** (wage pressures, labour unrest or strikes) • **Social polarity leading to unrest** (broader socio-economic unrest impacting operations) • **Safety in the workplace** (employee injuries or fatalities) • **Reputational damage** (if company seen as failing its people or community obligations)	• Promoting a **safe and healthy workplace** ("Zero Harm" initiatives, strict OHS standards, CEO's Safety Philosophy and SHE Policy, quarterly SHE Management Committee meetings chaired by CEO, emergency response standards) • **Skills development and training** (Mpact eLearning Academy, Mpact Foundation Trust bursary scheme, internships, apprenticeships ~76,000 training hours in 2025) • **Diversity and transformation** programmes (maintaining B-BBEE Level 1 status, internal promotion of historically disadvantaged individuals) • **Employee engagement** (CEO Imbizo roadshows for direct dialogue, recognition awards, incentive schemes to retain key talent, employee wellness programme) • **Community investment** through Mpact Foundation Trust bursaries (63 bursaries to date for employees' dependants) and CSI projects (R12.6 million in 2025 on community initiatives) • **Insurance** to cover damages and business interruption losses due to social unrest (SASRIA, riot wrap insurance)	• Focus on performance (skilled and motivated people, sustainable practices, financial returns) • Leading market positions (capability) • Customer focused (decentralised structure)	• **Human** (employee skills, safety, morale) • **Social and Relationship** (community trust, corporate social responsibility) • **Financial** (investment in training, wages) • **Intellectual** (organisational culture, knowledge)

Material matters *(continued)*

Material matter	Key stakeholders (who are impacted or involved)	Related principal risks (associated top 10 risks from risk heat map)	Mpact's related activities and initiatives	Strategic pillars	Key capitals (affected or leveraged)
Environmental sustainability and climate action *Managing environmental impact and climate risks through circular economy practices and regulatory compliance.*	**Government/Regulators** (environmental laws, climate policies) **Communities and society** (environmental impact on local areas, public sentiment) **Customers** (demand for sustainable products, EPR compliance) **Investors** (ESG-focused shareholders) **Banks/financiers** (sustainability linked loans)	• **Climate change risks** (physical impacts like droughts, and transition risks like carbon costs) • **Public resistance to the use of plastics** (shifting consumer and regulatory pressure on single-use plastics) • **Compliance with increasing legislation** (tightening environmental laws, e.g. carbon tax, EPR mandates) • **Service delivery interruptions** (water scarcity or energy issues linked to environmental factors) • **Reputational damage** (if company seen as failing to adhere to sustainable practices)	• **Carbon reduction and climate resilience** efforts (installed 17.7MWp of solar PV capacity; climate risk reporting aligned with TCFD/IFRS S2) • Waste reduction and circular economy initiatives (Mpact Recycling collected 639 million kilograms of recyclables in 2025 to supply mills and external market, reducing landfill use) • **Water conservation** and efficiency projects (managing water usage per tonne in manufacturing and contingency for water shortages) • **Compliance with environmental regulations** (active in industry bodies on EPR regulations, Carbon Tax, waste management; robust environmental management systems and audits) • **Sustainable product innovation** (developing recyclable and recycled-content packaging to meet customer sustainability goals and reduce plastic waste) • Environmental targets are embedded into **management's performance agreements** to ensure commitment in achieving environmental goals	• Focus on performance (sustainable practices)	• **Natural** (air, water, raw materials, climate) • **Manufactured** (eco-efficient technology, renewable energy assets) • **Social and Relationship** (licence to operate, public trust) • **Intellectual** (environmental management systems, innovation in recycling)
Ethical governance and compliance *Upholding ethical conduct, legal compliance, and transparent governance to protect reputation and trust.*	**Investors** (transparent governance, ethical conduct) **Board and management** (accountability for compliance) **Regulators** (legal compliance, governance codes) **Employees** (ethical culture, whistleblowing) **Customers and communities** (trust in Mpact's integrity) **Banks/financiers**	• **Compliance with increasing legislation** (risk of non-compliance with evolving laws or governance codes) • **Reputational damage** (from governance failures, scandals, or ethical lapses) • **System failures** (including cybersecurity or data breaches affecting governance and reporting) • **Social polarity/unrest** (if governance lapses lead to stakeholder activism or backlash)	• **Strong corporate governance framework** (King IV™ aligned practices; Board oversight, Audit and Risk and Social and Ethics Committees functioning effectively) • **Legal compliance framework** (monitoring and training for compliance with new laws and regulations, e.g. anti-corruption, competition law, labour and environmental regulations) • **Ethics and integrity initiatives** (Code of Conduct enforcement) • **Tip-offs Anonymous** line for reporting unethical behaviour, conflicts of interest declarations • **Data and IT** security measures (safeguarding information systems to prevent breaches or disruptions, POPIA) • **Stakeholder transparency** (integrated reporting and ESG disclosure to maintain accountability and address stakeholder concerns)	• Focus on performance (sustainable practices)	• **Social and Relationship** (corporate reputation, stakeholder trust) • **Human** (ethical culture and values in workforce) • **Intellectual** (governance frameworks, policies, internal controls) • **Financial** (preventing financial loss from fines or fraud)

Five-year performance history

Continuing operations		2025	2024	2023	2022	2021
Profit performance						
Revenue	R'm	**13,955**	13,291	12,823	12,373	11,549
Underlying operating profit	R'm	**914**	923	1,210	1,164	948
Underlying profit before tax	R'm	**683**	645	944	1,026	816
Underlying earnings	R'm	**454**	480	680	663	529
Financial position[1]						
Total assets	R'm	**12,500**	12,005	11,635	10,260	8,722
Total equity	R'm	**6,270**	5,866	5,468	4,868	4,240
Total liabilities	R'm	**6,230**	6,139	6,167	5,391	4,482
Total operating assets	R'm	**11,100**	10,569	10,170	9,064	7,529
Cash flow information[2]						
Net cash from operations before working capital	R'm	**1,531**	1,545	1,880	1,771	1,431
Working capital inflows/(outflows)	R'm	**(304)**	323	108	(754)	(462)
Capital expenditure	R'm	**(744)**	(1,003)	(1,536)	(1,006)	(687)
Ratios and statistics						
Underlying operating profit margin	%	**6.5**	6.9	9.4	9.4	8.2
Basic EPS	cents	**329.3**	327.1	399.9	455.7	351.5
Underlying EPS	cents	**308.5**	325.8	463.4	455.7	359.6
Basic HEPS	cents	**306.6**	323.6	461.7	430.1	343.2
Total dividend per share	cents	**60**	105	120	115	50.0
Net asset value per share	cents	**3,776**	3,576	3,363	3,024	2,638
ROCE	%	**10.9**	11.7	16.6	18.5	17.8
Current ratio	times	**2.4**	2.3	2.4	2.5	2.1
Interest cover (underlying EBIT)	times	**3.8**	3.1	4.3	6.3	6.8
Gearing[3]	%	**28.7**	28.8	32.9	32.5	29.4
Stock exchange statistics						
Market value per share						
– at year-end	cents	**2,250**	2,954	2,978	2,919	3,503
– highest (year to 31 December)	cents	**3,024**	3,150	3,500	3,690	3,750
– lowest (year to 31 December)	cents	**1,990**	2,498	2,460	2,635	1,310
Closing PE ratio	times	**7.3**	6.6	6.7	6.8	10.2
Market capitalisation – close	R'm	**3,363**	4,415	4,451	4,325	5,191
Volume traded (year to 31 December)	'000	**15,154**	10,120	12,438	12,728	52,549
Weighted number of shares	'000	**147,393**	147,365	147,583	145,416	147,264
Issued shares at 31 December	'000	**149,454**	149,454	149,454	148,175	148,175

1. *Includes assets held-for-sale.*
2. *Total operations including discontinued operations.*
3. *Net Debt divided by Capital Employed.*

Chairman's Review

Despite a difficult operating landscape, Mpact delivered solid revenue growth and improved its net asset value, underscoring the resilience of our business model and the commitment of our people. Our EBITDA performance remained robust in the face of challenging market conditions, reflecting disciplined operational execution and our continued focus on long-term value creation for all stakeholders.

Sbu Luthuli
Chairman

Introduction

It is both a pleasure and a privilege to deliver my first review as the Chair of Mpact, as we continue to build a more competitive, and future-focused Group.

In this review, I reflect on a year that has tested the strength of our strategy. I say this as the Group navigated another demanding 12 months, marked by persistent geopolitical and macroeconomic headwinds, as well as mixed market dynamics. Despite these challenges, we continued to execute our strategy with discipline, progress key capital projects, and strengthen our competitiveness across our chosen growth segments.

Operational performance

The Group delivered a resilient performance for the year ended 31 December 2025, achieving a 5% increase in revenue to R14 billion despite operating in a challenging economic environment marked by volatility, infrastructure constraints, cheap paper imports, and pressure on domestic manufacturing.

Operating profit remained flat, in line with last year, while underlying EBITDA showed modest growth, reflecting the Group's continued financial discipline. The Paper business delivered good revenue growth, supported by higher sales volumes and the contribution of the Seyfert acquisition, despite margin compression and import competition. The Plastics business stabilised, driven mainly by significant operational improvements across the business.

The operating environment

Following a cautious recovery in 2025, South Africa enters 2026 with improved growth prospects. Independent economic assessments project GDP growth of between 1.5% and 2.0% in 2026, while the National Treasury forecasts an average growth rate of 1.8% over 2025 to 2027, assuming continued progress on structural reforms.

Encouragingly, both the International Monetary Fund (IMF) and the World Bank revised their economic outlook for South Africa upward, with the IMF estimating South Africa's real gross domestic product growth for 2025 at 1.3% and raising its 2026 growth forecast to 1.4% from 1.2%. The World Bank issued similar revisions, noting that improved power supply and agriculture had improved the forecast, but that trade risks cloud the outlook.

While inflation and interest rates have eased locally and internationally, in South Africa, logistic bottlenecks, policy uncertainty, and weak investment continue to constrain the recovery. At a household level, the cost-of-living burden remains high, dampening disposable income and demand in several categories.

The local manufacturing sector also remained under pressure into early 2026, with December 2025 data showing a 1.4% year-on-year decline and total 2025 output contracting by 1.3%, signalling a continued slump heading into the new year. The latest releases indicate that this downturn persisted into the beginning part of 2026, underscoring ongoing weakness.

Key challenges remain entrenched, including energy shortages, high production costs, soft domestic demand, and pressure from US tariffs, which continue to undermine competitiveness and weigh on sector performance.

Agriculture remained a notable bright spot, with record citrus exports in 2025. This sector remains central to Mpact's growth strategy, with several strategic projects aligned to agricultural customer needs.

Climate and resource risks intensified during the year. Businesses, particularly those reliant on water and energy security, continued to face disruptions from infrastructure weaknesses, prompting increased investment in resilience and local resource security measures.

Our industry context

Demand patterns across paper and plastics packaging continued to evolve rapidly. Regulatory pressure against single-use plastics and growing consumer preference for recyclable, fibre-based solutions strengthened the medium-term outlook for paper and paperboard formats. However, global cyclical weakness in paper markets resulted in selling price declines that outpaced input cost reductions, placing pressure on margins.

Recent US tariffs and growing economic nationalism also added pressure to global markets, contributing to sustained pricing volatility across the packaging value chain. Locally, we faced challenges with imports, particularly of cartonboard and containerboard, as cheap imports flooded the South African market. There was also substantial demand for Old Corrugated Containers (OCC) in the export market, putting pricing pressure on the Recycling business.

Across the plastics categories, customer demand remained mixed. Innovation and lightweighting trends supported growth in selected product ranges, particularly in agriculture and export markets, while certain industrial and municipal sectors experienced prolonged weakness.

E-commerce and food service (QSR) channels continued to underpin steady demand for corrugated boxes, folding cartons, and flexible packaging formats. Industry shifts toward bio-based materials and advanced recycling solutions continued to shape long-term competitiveness.

Operationally, the Group benefited from the strength of our diversified portfolio.

Strategic investments

Mpact's disciplined capital allocation continued to prioritise competitiveness, innovation, and sustainability.

The Mkhondo mill

The commissioning of the Mkhondo mill SLS plant and pulp mill upgrade represents one of the Group's most significant achievements in recent years. The project positions the mill as a predominantly virgin fibre operation, widens our product offering, and enhances cost competitiveness. It will also add USD-linked revenue through SLS powder exports. Recognising its strategic importance, the Board conducted an on-site visit in August 2025 to view progress first-hand. This engagement reinforced the Board's confidence in the project's execution, operational readiness, and the long-term value Mkhondo will contribute to both domestic and export markets.

Renewable energy

Our solar PV capacity reached approximately 17.7MWp, supporting Mpact's decarbonisation objectives, improving energy resilience, and contributing to long-term cost efficiency.

These investments support our strategy to serve growth sectors, expand our sustainable product offering, and reinforce our leadership in the circular economy.

Succession planning and people

South Africa continues to face a systemic skills shortage as experienced professionals emigrate. We remain committed to building internal leadership capability, strengthening succession depth, and maintaining high standards of governance through targeted Board and executive appointments aligned to our values.

Across the Group, our culture emphasises safety, continuous development, and inclusion. Mpact Operations retained its Level 1 B-BBEE status, reinforcing our commitment to meaningful transformation.

Material matters and risk management

Our materiality process, covering stakeholder engagements, risk assessments, and regulatory developments, continues to highlight:

- Macroeconomic volatility.
- Infrastructure reliability, particularly logistics, energy, and water security.
- Commodity and recovered fibre price cycles.
- Climate and environmental risks, including resource scarcity.

Key mitigations during the year included continued progress in the renewable energy programme, process optimisation, expanded recycling volumes, and ongoing investment in water security measures at critical sites.

Innovation and the circular economy

Innovation remains central to our strategy. The Group continued to advance recyclable and lightweight packaging solutions, integrate recycled content across product lines, and drive closed-loop partnerships through Mpact Recycling and our Plastics and Paper operations. These capabilities reinforce Mpact's role as a leading contributor to South Africa's circular economy.

Sustainability and ESG

With load curtailment pressures easing and renewable energy generation expanding, we advanced our energy efficiency, emissions reduction, and cost mitigation objectives. The solar PV programme reduced purchased electricity and diesel dependence, while operational efficiency projects supported progress against our medium-term targets.

Our ESG priorities remain focused on safety, water stewardship, emissions reduction, waste and recycling performance aligned to Extended Producer Responsibility (EPR) obligations, and continued transformation. Strong governance remains a defining feature of our approach, with oversight embedded across all Board committees.

Governance improvements

A significant governance milestone was achieved in 2025 when shareholders approved the remuneration of the Non-executive Directors at the AGM held on 5 June 2025. This marked the conclusion of an unusual period that began after shareholders voted against Non-executive Director fees, starting at the AGM on 2 June 2022. As a provisional measure, the Non-executive Directors of Mpact Limited were subsequently appointed to the Board of Mpact Operations, the Group's main operating subsidiary, thereby enabling them to be remunerated while continuing to fulfil their governance responsibilities and safeguard the interests of the company and its shareholders.

With shareholder approval finally secured, the Non-executive Directors are once again going to be remunerated by Mpact Limited. The change has normalised the Group's governance framework, improved transparency, strengthened alignment of oversight responsibilities, and enhanced overall organisational efficiency.

Chairman's Review *(continued)*

Board changes

Several important changes occurred at the Board level during 2025. We were pleased to welcome both Saleh Mayet and Clifford Raphiri as new Independent Non-executive Directors, each contributing valuable insights and strengthening the Board's depth and diversity. We also made several changes to the Board sub-committees to bolster governance.

Anthony (Tony) Phillips retired as the Chairman of the Board on 29 May 2025, having also served as a member of the Remuneration Committee and the Chairman of the Nomination Committee. Tony had been in these positions since Mpact listed in 2011, and the Board thanks him for his invaluable contribution during this time. We wish him well in his retirement.

In December 2025, Mpact announced the resignation of the Group Company Secretary, effective 31 January 2026. CorpStat Governance Services Proprietary Limited was appointed as the Acting Group Company Secretary with effect from 1 February 2026. A permanent appointment will be communicated in due course.

The Board would like to thank Ms Donna Maree Dickson for her contribution and wishes her well in her future endeavours.

Post year-end events

Springs mill closure

In contrast to the momentum at Mkhondo, developments at the Springs mill reflect deep structural challenges in parts of the global and local paper industry. Over several years, Springs experienced a steady decline in competitiveness driven by global overcapacity, weaker pricing, and increasing volumes of lower-priced imported product in the domestic market.

Despite extensive internal efforts, including cost reduction initiatives, operational optimisation, and attempts to secure alternative demand, the situation worsened when the mill's largest customer announced it would transition entirely to imported product from January 2026. This development, combined with an unfavourable rand and sustained pricing pressure from imports, rendered the mill unsustainable.

Following thorough consideration, the Board initiated a section 189A process in early 2026. This was a deeply challenging but necessary decision to protect the Group's long-term financial stability and ensure responsible capital allocation.

Further details are provided in the CEO's Report.

Dividends

Consistent with our commitment to long-term value creation and prudent capital management, the Board has resolved to declare a final dividend of 30 cents per share, bringing the total dividend for the year to 60 cents per share. Mpact's focus continues to be on strengthening its balance sheet by reducing its gearing ratio and the dividend also takes into account the financial impact of the Springs mill closure.

In line with these priorities, Mpact will continue to allocate capital towards debt reduction, optimising working capital, and investing its cash resources in projects expected to generate sustainable, long-term value for shareholders.

Board appreciation

I would like to thank my fellow Board members for their commitment and support in navigating through various opportunities and challenges during the year. On behalf of the Board, I extend my sincere appreciation to Bruce Strong and the executive team for their leadership in a complex environment; to our employees for their dedication; to our customers for their partnership; and to our shareholders for their steadfast support. Together, we continue to build a more competitive, innovative, and sustainable Mpact.

Outlook

The escalation of conflict in the Middle East has created significant knock-on effects for South Africa's manufacturing and export-reliant sectors, including paper and packaging. Global supply chain disruptions, particularly through chokepoints such as the Strait of Hormuz, have intensified volatility in energy and logistics costs, resulting in higher imported input prices for local producers. These global market shocks are acutely felt in South Africa, where long-distance trade routes and port congestion already place structural strain on supply chains. Rising freight and insurance premiums, together with longer lead times for imported pulp, chemicals, and machinery components, have amplified operational risks and cost pressures across our value chain. While pricing cycles in global paper markets and domestic demand headwinds may persist in the near term, we expect the benefits of strategic projects, renewable energy savings, higher recovered paper volumes, and portfolio optimisation to support performance into 2026. We remain confident that disciplined execution and innovation will enable Mpact to deliver sustainable value for all stakeholders.

Sbu Luthuli
Chairman

24 April 2026