

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

ANNOUNCEMENT RELATING TO THE DISPOSAL OF MPACT'S VERSAPAK DIVISION

1. Introduction

Mpact is pleased to advise shareholders that on 31 July 2024, the Company, through its subsidiary Mpact Operations Proprietary Limited (the "**Seller**"), entered into a sale of business agreement (the "**Sale Agreement**") with Greenpath Recycling Proprietary Limited (the "**Purchaser**") (a wholly owned subsidiary of Sinica Manufacturing Proprietary Limited ("**Sinica**")), in terms of which the Seller will dispose of its Versapak business ("**Versapak**" or the "**Business**") to the Purchaser for an amount equal to R267 747 498 (including VAT at 0%) ("**Purchase Price**") (the "**Disposal**"). As part of the Disposal, the Purchaser will be acquiring the Business as a going concern, and the employees will transfer to the Purchaser in accordance with section 197 of the Labour Relations Act. The Purchase Price will be adjusted based on the actual amount of stock on hand and the value of certain employee liabilities as at the effective date of the Disposal.

The Disposal excludes all cash, debtors and creditors of the Business. Also excluded from the Disposal are the two properties from which the Business operates. The parties have therefore also entered into two separate lease agreements in terms of which the Purchaser will lease these properties (including the respective installed Solar Equipment and Generator Systems) on market-related terms (the "**Lease Agreements**").

2. Description of the Business

Versapak is a division of Mpact and operates a business comprising the production of styrene and PET trays and punnets, as well as vinyl cling film. The Business is operated from two plants in Paarl, Western Cape, and Roodekop, Gauteng. The Lease Agreements relate to the two properties on and from which the Business is operated.

Sinica is a manufacturer and supplier of a range of plastic packaging products, including polystyrene meal boxes and trays, vinyl film, and polyamide ethylene vinyl

alcohol vacuum bags. Sinica's products are manufactured at a facility located in Benoni, Gauteng.

3. **Rationale for the Disposal**

Following a strategic review in 2021, a decision was taken by Mpact to sell Versapak pursuant to its ongoing portfolio optimisation plan. The rationale for the decision was that the products of Versapak are not fully aligned with Mpact's strategy. A process to sell the Business as a going concern then commenced with a number of interested parties invited to participate in the sale process. Mpact has since reported the Business as held-for-sale in accordance with IFRS from the 2021 financial year and in subsequent financial years.

4. **Conditions precedent and effective date**

The Disposal is subject to the fulfilment or waiver (to the extent legally permissible) of the following conditions precedent (the "**Conditions Precedent**"):

- the approval of the Disposal by the South African competition authorities either unconditionally, or conditionally on terms and conditions confirmed to be acceptable to each of the Seller and the Purchaser (such confirmation not to be unreasonably withheld or delayed);
- the entry into of the ancillary transaction agreements including, *inter alia*, the Lease Agreements, and such agreements becoming unconditional in accordance with their terms; and
- the Seller having published the notices required to be published in relation to the Disposal, in terms of section 34 of the Insolvency Act.

The effective date of the Disposal is the first day of the calendar month immediately following the calendar month in which all of the Conditions Precedent have been fulfilled or waived. The Company anticipates the effective date to be in Q4 of 2024, subject to the approval of the competition authorities having been received timeously.

5. **Payment and application of the Purchase Price**

The Purchase Price is payable by the Purchaser on the effective date of the Disposal. The Purchaser is currently awaiting final funding approval from its debt funder, however, this approval is not a condition precedent to the Disposal as Sinica has guaranteed all obligations of the

Purchaser in terms of the Sale Agreement, including the payment of the Purchase Price on the effective date. The Disposal proceeds will be applied towards the settlement of debt by Mpact.

6. Warranties and other significant terms of the Sale Agreement

The Sale Agreement contains warranties, representations and indemnities given by the Seller in favour of the Purchaser, and by the Purchaser (and Sinica) in favour of the Seller, which are customary for a transaction of this nature.

7. Financial information

The value of the net assets comprising the assets that are the subject of the Disposal as at 31 December 2023, being the date of the last audited annual financial statements of the Seller was R239 278 483.

The audited profits before tax attributable to the assets that are the subject of the Disposal was R175 686 174, based on the audited annual financial statements of the Seller for the year ended 31 December 2023, which were prepared in terms of IFRS. The profit before tax includes a R74.0 million fair value gain recognised on the remeasurement of plant and equipment.

8. Categorisation of the Disposal

The Disposal (including any adjustments referred to in paragraph 1 above) constitutes a category 2 transaction as outlined in paragraph 9.5(a) of the JSE Listing Requirements.

Melrose Arch

1 August 2024

Sponsor

The Standard Bank of South Africa Limited