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" or "the Group")

TRADING STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

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

Continuing operations

Despite a weak macroeconomic backdrop, only partly mitigated by lower inflation and interest rates compared to the same period last year (prior period), Mpact's Paper Converting and Plastics businesses delivered volume and profitability growth. This reflected progress on strategic development projects focused on growth sectors, supported by investments in innovative, higher-margin and sustainable products. These gains were, however, more than offset by lower paper mill margins, primarily due to reduced containerboard and cartonboard selling prices.

Trading conditions deteriorated materially during the second quarter as the war in the Middle East contributed to higher input costs, softer demand and lower business confidence. The agricultural sector was also negatively affected by severe adverse weather conditions, including hail and flooding in parts of the Eastern and Western Cape during the period.

The Group's performance is historically weighted towards the second half of the financial year, supported by seasonal demand patterns in key markets. In addition, the full benefits of recent strategic capital projects, including the Mkhondo mill upgrade, have yet to be realised and are expected to support the Group's medium-term growth and margin improvement.

Earnings before interest, tax, depreciation and amortisation (EBITDA) is expected to decrease by approximately 4% compared to the prior period (June 2025: R642 million), mainly due to lower profitability in Paper Manufacturing which more than offset gains in the Paper Converting and Plastics businesses.

Underlying operating profit is expected to decrease by approximately 16% compared to the prior period (June 2025: R337 million), primarily due to the lower EBITDA and higher depreciation following completion of the Mkhondo upgrade project. Net finance costs are expected to increase by approximately 13% mainly due to the non-recurrence of interest capitalised to the Mkhondo project in the prior period.

Net debt at 30 June 2026 decreased to approximately R2.6 billion from R3.0 billion in the prior period. The Group's balance sheet remains healthy and Mpact remains comfortably within its bank covenants.

Discontinued operation

For the reasons set out in the SENS announcement dated 3 February 2026, Springs mill shut its coated cartonboard machine, BM6, on 10 May 2026. BM6 has accordingly been classified as a discontinued operation in the Group's financial reports. Spring's mill's uncoated coreboard machine, BM3, will continue to operate and is reported under continuing operations.

BM6 reported an underlying EBITDA loss of approximately R25 million and an underlying operating loss of R30 million for the period. The closure resulted in once-off restructuring, impairment and retrenchment costs amounting to approximately R299 million, which are disclosed as special items in the financial reports and therefore excluded from underlying profit. These costs comprise cash retrenchment and restructuring costs of R104 million, together with non-cash charges relating to the impairment of plant and equipment of R54 million, and capital spares and other inventory of R141 million. The cash costs incurred were more than offset by the recoupment of working capital related to BM6.

BM6 is distinct from Mpact's Felixton and Mkhondo containerboard mills, which are structurally competitive following more than R2 billion of investment over the recent past and remain well positioned to operate sustainably.

Continuing operations and total operations

Shareholders are advised that the Company expects earnings per share (EPS) and headline earnings per share (HEPS) for the six months ended 30 June 2026 ("Current Period") compared to the six months ended 30 June 2025 ("Prior Period"), to be as follows:

	Continuing Operations [1]		**Total Operations**	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EPS (cps)	Between 45 and 55 cps, a decrease of between 57.2% and 47.7%	105.2	Between a loss of 106 and 118 cps, a decrease of between 212.5% and 225.3%	94.2
HEPS (cps)	Between 45 and 55 cps, a decrease of between 56.8% and 47.2%	104.1	Between a loss of 82 and 92 cps, a decrease of between 188.2% and 198.9%	93.0
Underlying EPS (cps)	Between 45 and 55 cps, a decrease of between 57.3% and 47.8%	105.3	Between 30 and 40 cps, a decrease of between 68.2% and 57.5%	94.2

[1] Continuing operations EPS have been restated to exclude BM6

Mpact's unaudited results for the six months ended 30 June 2026 will be released on SENS on or about 24 August 2026.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed or reported on by the Company's external auditor.

Melrose Arch
27 July 2026

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The Standard Bank of South Africa Limited