mpact

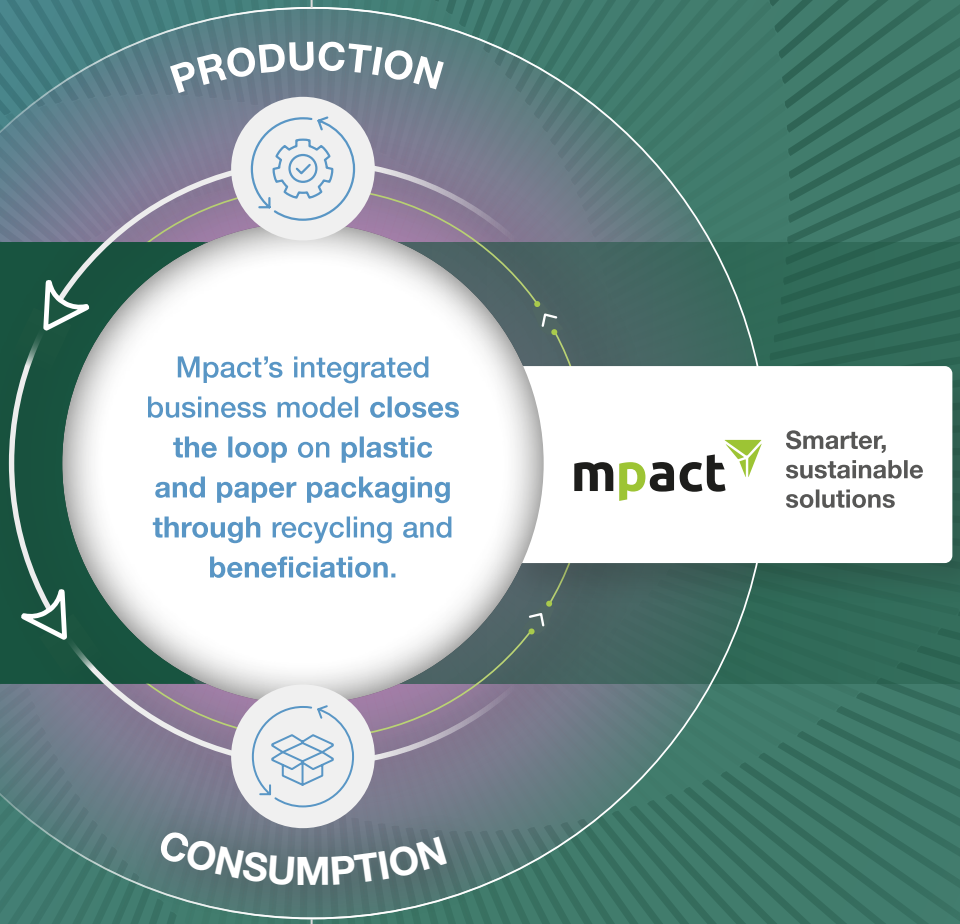
smarter, sustainable solutions

# CIRCULAR THINKING IN ANY SHAPE

# 2024 INTEGRATED REPORT

FOR THE YEAR ENDED
31 DECEMBER 2024

# MPACT – CLOSING THE LOOP




This year **Mpact Recycling's** 14 facilities across South Africa collected over 580,000 tonnes of recyclables (paper, glass, beverage cans, plastic and liquid board packaging) from pre- and post-consumer streams. In this way, material is diverted from landfill sites. The process also provides waste collectors an opportunity to earn a living by selling recyclable waste to Mpact's buy-back centres.

Paper fibre can be recycled up to seven times before it degrades, with every tonne of paper that is recovered saving $3m^3$ of landfill space. Approximately 70% of the cardboard and paper recovered by Mpact Recycling is used at **Mpact's paper mills** to produce paper and board. The rest is sold to external customers.

**Mpact Plastics** uses recycled PET (rPET) and other recycled material according to customers' needs. The Bins & Crates business has a buy-back and exchange model that encourages customers to return products for recycling at the end of life. Approximately 20% of the high-density polyethylene the business uses is recycled from returned product.

Recyclable plastics collected by Mpact Recycling are sold to external customers for recycling.

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### MPACT'S 2024 REPORTING SUITE COMPRISES:

- Integrated Report
- Sustainability Report (including an ESG Summary Report as an addendum)
- Notice of Annual General Meeting
- Annual Financial Statements

The reporting suite is available on our website: **www.mpact.co.za**

Should you wish to receive a copy of any of these reports, please email us at:


**Nompumelelo Kunene**
Group Communications Manager
NKunene@mpact.co.za


### NAVIGATION

#### MATERIAL MATTERS

- Sustaining profitable growth
- Being a responsible employer
- Cost competitiveness, as well as anticipating and meeting customer needs
- Being a responsible corporate citizen

#### STRATEGIC PILLARS

- Customer-focused
- Leading market positions
- Focus on performance

#### REFERENCE

- Refer to page
- Available on the company's website: **www.mpact.co.za**

# ABOUT THIS REPORT

***Our Integrated Report, as always, is intended to provide important insight into issues identified as those most relevant and material to Mpact and its stakeholder groups. Material issues are defined as those that could potentially impact the Group as a going concern. This report provides information on the operating context, business model, strategy, activities, performance, and outlook for the Group for the financial year ended 31 December 2024.***

The Integrated Report is primarily intended to provide insight into how the company creates value over time for long-term investors and providers of capital, in a transparent and integrated manner. It also contains critical information about non-financial performance to ensure all our stakeholders have a holistic and balanced understanding of the way we run our business. Material developments after financial year-end are included up to the date of the Integrated Report's approval by the Board.

The Annual Financial Statements include financial information for all subsidiaries, associates and joint ventures, in line with IFRS Accounting Standards. Non-financial information is included for all entities which the Group directly controls.

Our operating and business model on **pages 8 and 9** shows our main activities and the targeted approach we adopt in closing the loop on the circular economy, as well as explains the link between the six capitals, our inputs, activities, and outcomes. We also discuss the trade-offs that we make to produce these outputs and outcomes to ensure readers have a balanced view. The strategic overview section on **page 19** outlines the approach we take to creating sustainable value for stakeholders.

Our primary stakeholder groups are identified on **page 51** of this report and **pages 13 to 15** of the Sustainability Report. This includes the interactions that we have had with our stakeholders during this financial year.

## MATERIALITY AND MATERIAL MATTERS

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 by the Executive Committee and 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. This process is outlined on **page 21**. Matters that are raised through our stakeholder engagement process are assessed in terms of the stakeholder's legitimacy and urgency.

## SUSTAINABILITY AND ESG

Mpact is committed to ensuring good corporate governance in line with King IV™ and embraces best practice in this regard. Our ongoing efforts in respect to both environmental and social issues are detailed in the separate Sustainability Report, which is available on our website: **www.mpact.co.za**.

To report more succinctly this year, we will no longer include an Abridged Sustainability Report as part of our Integrated Report and instead refer readers to the full Sustainability Report on our website, **www.mpact.co.za**. We have introduced as an addendum to the Sustainability Report, a comprehensive ESG Summary Report, which is aligned with the GRI Standards, making it easier for readers to view our ESG performance at a glance. A review against the IFRS S2 standard and our UN SDG commitments are also provided in the Sustainability Report.

## GUIDELINES AND FRAMEWORKS

To guide and inform our decisions in preparing this Report, we applied the principles and requirements contained within various regulations, codes and standards, inter alia:

- IFRS Accounting Standards;
- the Companies Act;
- the JSE Listings Requirements;
- the King Code of Governance Principles for South Africa (King IV™);

- the JSE Sustainability and Climate Disclosure Guidance;
- the Task Force on Climate-related Financial Disclosures (TFCD)
- the GRI Standards; and
- the UN SDGs as relevant and applicable to the Group.

The Sustainability Report is prepared in accordance with GRI 101: *Foundation*; GRI 102: *General Disclosures*; and GRI 103: *Management Approach*.

## ASSURANCE

Our combined assurance map provides oversight of the extent of coverage achieved by each assurance provider in terms of the third level of defence in the Combined Assurance Model. Mpact's Annual Financial Statements and Summarised Consolidated Financial Statements were assured by the Group's external auditor, PwC Inc., and a copy of their Independent Auditor's Report on the Summarised Consolidated Financial Statements is available on page 120.

While the Sustainability Report was not independently assured, certain information is reviewed by the Group's internal control functions and by external assurance providers where this was deemed relevant and necessary. The Report includes a reference to this information for ease of reference.

## DISCLAIMER

The Integrated Report contains certain forward-looking statements concerning the Group's environmental prospects, financial performance and conditions, strategy, outlook and growth expectations. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can therefore be given that these will prove to be correct, and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views.

## BOARD APPROVAL

The Board confirms its responsibility for the integrity of this Integrated Report. The content has been collectively assessed by the Board and in its opinion, to their best knowledge and belief, the Integrated Report addresses the issues that have the potential to materially impact the performance of the Group. The Board thus approved the 2024 Integrated Report and has accordingly authorised the release thereof.

**AJ Phillips**
*Chairman*

**BW Strong**
*Chief Executive Officer*

25 April 2025

**Queries regarding this Integrated Report or its contents should be addressed to:**
**Donna Maree Dickson**
Group Company Secretary
ddickson@mpact.co.za
Tel: +27 11 994 5551

**Investor Relations queries should be addressed to:**
**Marlize Keyter**
Investor Relations Consultant
Keyter Rech Investor Solutions CC
mkeyter@kris.co.za
Tel: 083 701 2021

# 01
# COMPANY OVERVIEW


5 Key metrics

6 Corporate profile

7 Our vision and values

8 Our operating and business model

10 Board of Directors

12 Management Team

14 Our award-winning innovation

Case study:
**17 Sustainable packaging for lithium-ion batteries**




# KEY METRICS

## FINANCIAL PERFORMANCE FROM CONTINUING OPERATIONS[1]

Group revenue
**R13.3 billion**
(2023: R12.8 billion)

Underlying EBIT
**R923 million**
(2023: R1.2 billion)

HEPS
**324 cents**
(2023: 462 cents)

Total dividend per share
**105 cents**
(2023: 120 cents)

Net debt
**R2.4 billion**
(2023: R2.7 billion)

ROCE
**11.7%**
(2023: 16.6%)

## NON-FINANCIAL PERFORMANCE[2,3,4]

Energy consumption for manufacturing operation[4]
**6.05GJ/t**
(2023: 5.89GJ/t)

Solar PV installed to date **16.0MWp**
(2023: 16.0MWp)

Recovered recyclables (paper, glass, beverage cans, plastic and liquid board packaging)
**588,228** tonnes
(2023: 594,043 tonnes)

Water consumption for manufacturing operation[4]
**5.49kl/t**
(2023: 5.22kl/t)

Scope 1 and 2 GHG emissions[4]
**0.838t$CO_2$e/t**
(2023: 0.819t$CO_2$e/t)

Serious injury frequency rate[4]
**0.5** per 200,000 man-hours worked
(2023: 0.4)

CSI spend
**R10.8 million**
(2023: R13.6 million)

Training and skills development
**56,115** man-hours
(2023: 57,581)

Mpact Operations retained its
**Level 1 B-BBEE** rating

**60** full university bursaries awarded through the Mpact Foundation Trust since inception

1. *The Statement of Profit and Loss has been restated to present Versapak, the discontinued operation, on a post-tax basis.*
2. *Per saleable manufactured tonne: manufacturing operations exclude the Recycling business as there is a low correlation between environmental parameters and tonnes of output from these operations.*
3. *The Paper and Plastic businesses' environmental performances are on pages 38 and 43.*
4. *Non-financial performance indicators restated to exclude the performance of Versapak, a discontinued operation (sale concluded 4 November 2024), with the exception of the B-BBEE rating and scores.*

# CORPORATE PROFILE

***Mpact is the largest paper and plastics packaging and recycling business in southern Africa, employing 4,557 people (2023: 5,095 people), and generating revenue of R13.3 billion in the 2024 financial year.***

Our integrated business model is uniquely focused on closing the loop in plastic and paper packaging through recycling and the beneficiation of recyclables. Our strong customer relationships, the thorough understanding of the industries they operate in, and our commitment to innovation allow us to continue creating fit-for-purpose sustainable packaging solutions as well as value-added services that anticipate our customers' needs.

Mpact remains South Africa's largest collector of recyclable packaging, this year collecting 588,228 tonnes of recyclables (paper, glass, beverage cans, plastic and liquid board packaging) from pre- and post-consumer streams. By closing the loop on paper and plastic, we not only reduce the amount of material going to landfill, but also promote the local beneficiation of raw materials and support the development of SMMEs.

## OUR FOOTPRINT

***The Group operates across 38 sites, comprising 21 manufacturing sites, and 14 recycling operations. Proximity to our customers contributes to faster response times, reduces transport costs and creates economies of scale.***

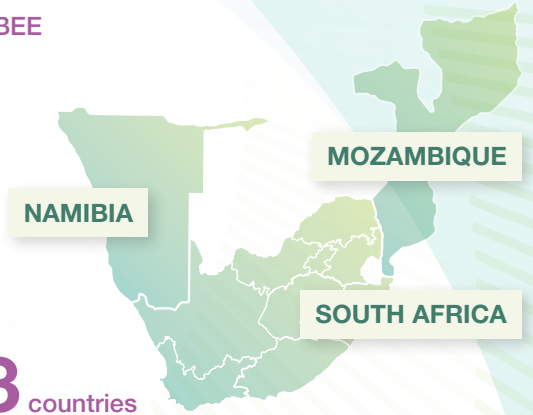
**4,557** employees

**Level 1** B-BBEE

**38*** operating sites

**14** recycling

**21** manufacturing




**3** countries

* *Includes three sites relating to West Coast Paper Traders which are not manufacturing sites.*

# OUR VISION AND VALUES

## VISION

Our vision is to be a leading packaging business with the highest ethical standards, delivering exceptional value for customers, employees, communities and shareholders.

### WE ARE COMMITTED TO:

- Acting as a responsible employer and corporate citizen and managing natural resources with care, sensitivity and expertise.
- Meeting and exceeding customers' requirements for product and service quality, innovation as well as cost competitiveness.
- Providing a safe and secure working environment in which employees can fulfil their ambitions and aspire to continually improve their circumstances.
- Achieving sustainable, profitable growth through a focus on business excellence and strategic expansion in chosen markets.

## VALUES

### RESOLUTE

- Setting and achieving challenging targets
- Continuously identifying innovative ways to do things
- Accountable especially in the face of adversity

### TRUSTWORTHY

- Ethical
- Transparent
- Honouring commitments

### RESPONSIBLE

- Taking care of their safety, health and personal development as well as that of their colleagues
- Striving to meet or exceed our customers' requirements (internal and external) for product quality, excellent service and cost competitiveness
- Treating our natural resources with care and sensitivity
- Doing what it takes to ethically deliver good sustainable returns to our shareholders

### DRIVEN BY OUR PURPOSE OF:

- Providing our customers with innovative sustainable packaging
- Giving effect to the circular economy through our integrated business model
- Making a difference in the communities where we operate

# OUR OPERATING AND BUSINESS MODEL

Our integrated operating and business model is uniquely focused on closing the loop in plastic and paper packaging through recycling and the beneficiation of recyclables.

## INPUTS

### FINANCIAL CAPITAL

Funds available to the business, including in the form of retained earnings, debt and cash generated from operations.

### MANUFACTURED CAPITAL

Manufacturing facilities, offices, machinery and equipment at 38 operating sites across South Africa, Mozambique and Namibia.

### HUMAN CAPITAL

- 4,557 employees.
- 56,115 man-hours invested in training.
- 251 learners and apprentices – of which 92% are PDIs and 34% are Black females (African, Coloured and Indian females).

### INTELLECTUAL CAPITAL

The experience and in-depth understanding of the packaging industry built up in our management team and employees. Our research and development centre and creative assets create innovative customer-focused product offerings.

### SOCIAL AND RELATIONSHIP CAPITAL

Our strong relationships with our customers and other primary stakeholders, and commitment to community development.

### NATURAL CAPITAL

- Pulp, eucalyptus logs, pine chips.
- 6.05GJ/t of energy and 5.49kl/t of water consumed for manufacturing operations.

## CAPITAL TRADE-OFFS DURING 2024

Mpact continues to invest financial capital to meet customers' requirements and extend innovative product offerings. These include capital investment projects to take advantage of the growth in packaging for fruit exports, the increase in convenience shopping and e-commerce and the move towards more sustainable packaging. These projects include new facilities, new technology, plant and equipment.

Service delivery interruptions, such as the unreliable supply and higher cost of electricity and water, requires Mpact to invest in infrastructure at its operations to mitigate these risks.

We continue to invest financial capital in our safety culture intervention to address safety performance and to safeguard our human capital, as well as in our training and development programmes. This includes the Mpact Academy, our bespoke e-Learning platform, both in terms of adding new courses during the year, as well as ensuring that employees can access the platform more conveniently via a mobile app and onsite classrooms.

## ACTIVITIES

### PAPER BUSINESS

See page 34 for more information on our Paper business.

### RECYCLING

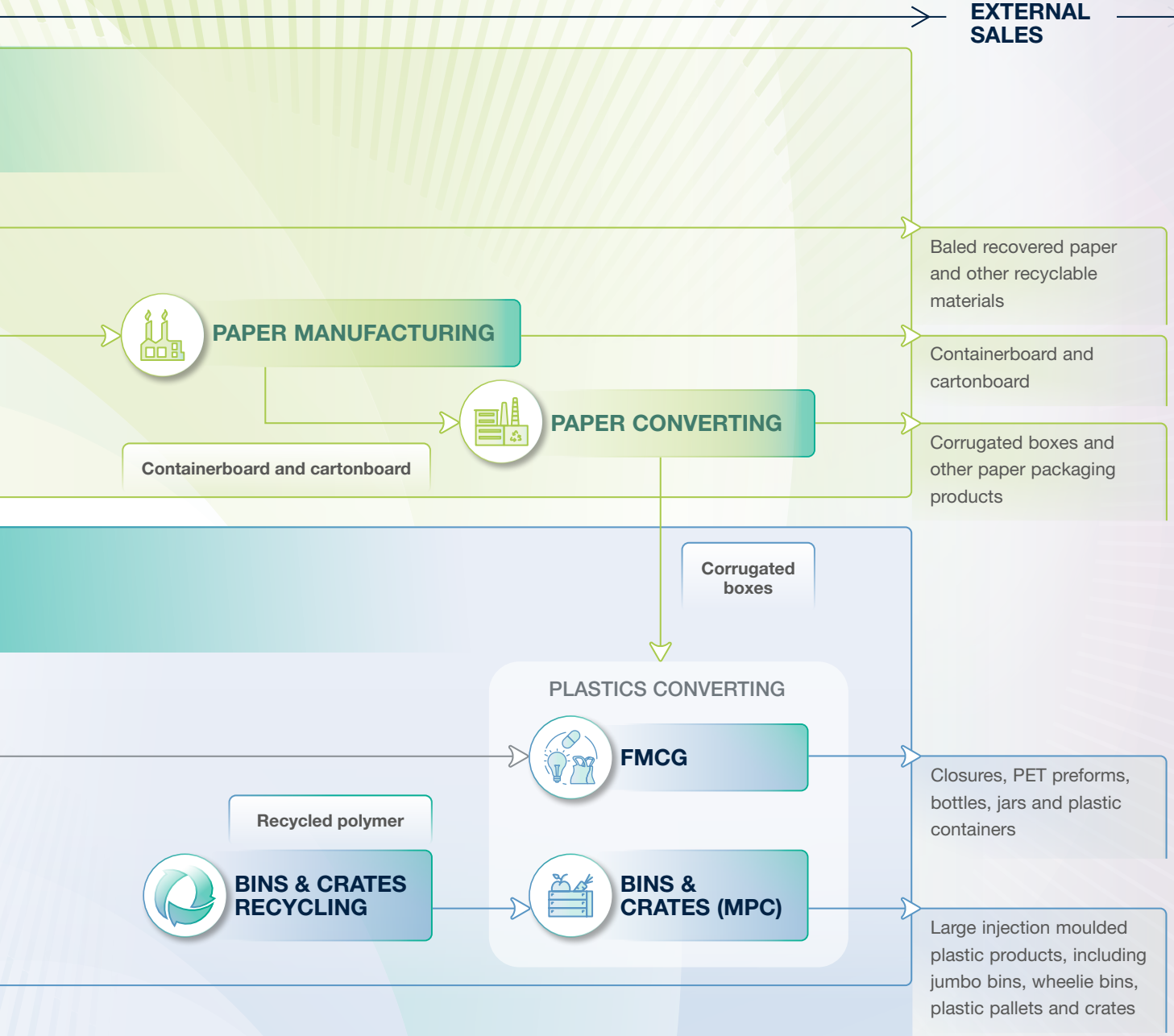
Recovered paper

Recovered plastics

EXTERNAL PLASTIC RECYCLING COMPANIES

### PLASTICS BUSINESS

See page 40 for more information on our Plastics business.




## OUTCOMES

### FINANCIAL CAPITAL

- Group revenue of R13.3 billion
- Underlying operating profit of R923 million
- ROCE of 11.7%
- Total dividend of 105 cents per share

### MANUFACTURED CAPITAL

- Capital expenditure of R1.0 billion invested to improve manufacturing equipment and acquire properties
- R576 million depreciation as a proxy for the decrease in value of tangible and intangible assets

### HUMAN CAPITAL

- R2.1 billion distributed to employees as remuneration
- R26.9 million invested in skills development
- Serious injury frequency rate (SIFR) of 0.50

### INTELLECTUAL CAPITAL

- Increased skills and expertise
- R15.5 million invested in research and development
- 10 prestigious awards received during 2024

### SOCIAL AND RELATIONSHIP CAPITAL

- R10.8 million invested in CSI programme
- 60 bursaries provided to dependants of employees
- R92.1 million paid to government as taxes
- Level 1 B-BBEE (Mpact Operations)

### NATURAL CAPITAL

- 588,228 tonnes of waste diverted from landfill for recycling
- 511,924 tonnes of waste paper recovered for recycling

# BOARD OF DIRECTORS



## ANTHONY JOHN PHILLIPS (TONY) (78)
## CHAIRMAN

**Independent Non-executive Director**

C

*BSc (Eng) (University of KwaZulu-Natal)*

Tony joined Mpact as an Independent Non-executive Director in April 2011. He is the Chairman of the Board, Chairman of the Nomination Committee and a member of the Remuneration Committee. Tony was appointed MD of Barlows Equipment Co in 1988, and MD of Finanzauto SA, Spain in 1992. He was appointed a Director of Barloworld Limited in 1996 and was CEO from 1998 until 2006. From 2005 until 2007 Tony was the Chairman of Pretoria Portland Cement Company Limited.



## BRUCE WILLIAM STRONG (BRUCE) (56)
## CEO

**Executive Director**

*BSc (Eng) (Summa cum laude) (University of KwaZulu-Natal), BCom (Hons) (University of South Africa), AMP (Harvard Business School)*

Bruce has been the CEO of Mpact since 2009. Prior to being appointed CEO, he held various management positions in Mondi, both in South Africa and Europe. Bruce has 30 years' experience in the paper and packaging industry. He currently serves as Chairman of Packaging SA and is a past Chairman of the Paper Manufacturing Association of SA and the South African Manufacturing Circle.



## JOHANNES JACOBUS SNYMAN (HANNES) (43) CFO

**Executive Director**

*BAcc (Honours) (University of Stellenbosch), CA(SA), Executive MBA (Warwick Business School)*

Hannes was appointed as CFO of Mpact in June 2024. He fulfilled the role of Group Corporate Finance Manager of Mpact from May 2014 to December 2021. Since January 2022, he was the Divisional Commercial Manager for Mpact Recycling and an Executive Director of Recycling Consolidated Holdings (Pty) Ltd, a Group subsidiary. Prior to joining Mpact, he worked at PwC in London, Johannesburg and the Channel Islands with his last role being a Senior Manager in the Deals Team.



## ALETHEA BERENICE ANNE CONRAD (LEA) (60)

**Independent Non-executive Director**

C

*BA (Rhodes University), LLB (Rhodes University), Management Advancement Programme (Graduate School of Business, Wits University), International Executive Development Programme (Graduate School of Business, University of Witwatersrand and London Business School)*

Lea was appointed to the Board as an Independent Non-executive Director with effect from 1 September 2022. She was also appointed as a member of the Social and Ethics Committee from the same date. Lea was also appointed as a Trustee of the Mpact Foundation Trust ("the Trust") in September 2022 and the Chair of the Trust in October 2023. Lea is the Managing Director of Conrad Advisory. She is an Independent Non-executive Director of Coronation Fund Managers Limited, YeboYethu RF Limited, YeboYethu Investment Company and is also the Independent Chairman of the Afrimat BEE Trust. Lea is also an Independent Non-executive Director of Ditiro Capital. Lea served as an Executive Director of the Oceana Group Limited from 2007 to 2016. During her 18-year tenure at the Oceana Group, Lea held executive management positions and also served as a director on the boards of various subsidiaries and as Chairman of the Oceana Empowerment Trust. She was formerly the Chair of the Board of African Phoenix Investments Limited.



## FIKILE CONSTANCE FUTWA (FIKILE) (48)

**Independent Non-executive Director**

*BCom Accounting (University of KwaZulu-Natal), Post Graduate Diploma in Accounting (University of KwaZulu-Natal), CA(SA)*

Fikile joined Mpact as an Independent Non-executive Director in May 2024 and is a member of the Audit and Risk Committee. Fikile is the founder of Your Financial Partner, a SAICA registered accounting firm. She has experience in external audit, accounting, payroll, financial management, corporate finance, corporate governance, taxation and B-BBEE regulations. Fikile started her accounting articles at Andersen Incorporated and completed with KPMG Incorporated. Post articles, she worked in corporate finance for Eskom and Anglo-American Corporation Limited and later joined Discovery Limited. She also serves on the Board of Fairvest Limited, where she is a member of the Audit and Risk Committee and Social and Ethics Committee.



## PENUELL CORNWELL SIBUSISO LUTHULI (SBU) (52)

**Lead Independent Director**

C C

*BCom (University of Zululand), Post Graduate Diploma in Accountancy (University of Durban Westville), CA(SA)*

Sbu joined Mpact as an Independent Non-executive Director in December 2018. He is the Lead independent Director since 10 April 2025. He is the interim Chairman of the Audit and Risk Committee from 25 July 2024, a Trustee of the Mpact Share Incentive Scheme and was appointed as Chairman of the Remuneration Committee effective as of 2 June 2022. He is the founder and Chief Executive Officer of Mpande Property Fund Manager, a fund that invests in the unlisted property sector. He is the former Chief Executive and Principal Officer of the Eskom Pension and Provident Fund and one of the founding members and former Deputy Chairman of Batseta, a pension fund industry body. He previously served as Chief Executive Officer of Ithala Bank Limited and Chairman of Cipla Medpro Pharmaceuticals Limited. He currently serves as a Non-executive Director of Telkom SA Limited and is also a former Non-executive Director and Chairman of the Finance, Risk and Compliance Committee of BCX Limited.



## MAYA MAKANJEE (MAYA) (63)

**Independent Non-executive Director**

C

*BA Fine Arts (University of Mumbai), BCom (University of KwaZulu-Natal), MBL (cum laude) (University of South Africa)*

Maya joined Mpact as an Independent Non-executive Director in September 2016 and is the Chair of the Social and Ethics Committee, a member of the Remuneration and Nomination Committee, and a Trustee on the Mpact Foundation Trust. Maya is the Chairman of Datatec Limited and a Non-executive Director of MCB Group, as well as a Trustee on the Board of the Nelson Mandela Foundation. She has gained extensive experience across Africa and in some parts of Asia and has held senior executive/director roles at Telkom, Nestlé, SABMiller, FinMark Trust and Vodacom.



## DONALD GERT WILSON (DON) (68)

**Independent Non-executive Director**

*Bachelor of Commerce and Certificate in the Theory of Accounting (CTA) from Rhodes University, CA(SA)*

Don joined Mpact as an Independent Non-executive Director in January 2022. Don is a member of Mpact's Audit and Risk Committee, as well as a member of Mpact's Remuneration and Nominations Committee, the latter appointment coming into effect as of 1 September 2022. Don was previously Executive Director: Finance of Sappi Limited and Finance Director of Barloworld Limited. He currently serves as a Non-executive Director of Tiger Brands Limited and Zeda Limited.



## SALEH MAYET (69)

**Independent Non-executive Director**

*BCom (University of Durban Westville), BCompt (Hons)(University of South Africa), CA(SA)*

Saleh joined Mpact as an Independent Non-executive Director in April 2025. Saleh is a Chartered Accountant with well over three decades of experience in the Anglo American Group. Prior to his retirement at the end of March 2019, he was an Executive Director of Anglo American South Africa and for the last eleven years of his career held the position of Head of Finance. He was also an integral member of the executive team providing key leadership, direction and strategy to the South African corporate office and region. He has held several listed and unlisted Board positions and brings with him extensive experience across the full spectrum of corporate activities. He currently serves as an Independent Non-executive Director of Astral Foods Limited and Motus Holdings Limited.

## GROUP COMPANY SECRETARY



## DONNA MAREE DICKSON (44)

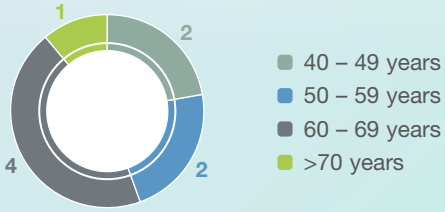
*BCom Law, Professional Post Grad: Governance and Secretarial (CGISA), FCIS, Post Grad: General Management (GIBS, University of Pretoria), MBA (GIBS, University of Pretoria)*

Donna has held the position of Group Company Secretary at Mpact since 1 May 2020. She has more than 15 years' experience in the company secretarial and governance field. She was previously the Group Company Secretary at MultiChoice Group Ltd. Other previous roles include heading the Company Secretarial and Legal departments at Advtech Group Ltd and Clinix Health Group Ltd as well as holding various governance and legal management positions at Telkom SA SOC Ltd.

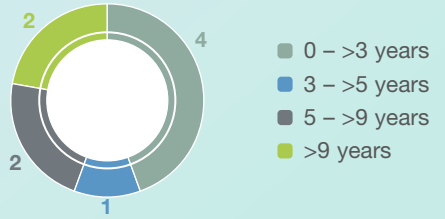
- Lead Independent Director
- Member of the Nomination Committee*
- Member of the Remuneration Committee*
- Member of the Audit and Risk Committee
- Member of the Social and Ethics Committee
- Trustee of the Mpact Foundation Trust
- Trustee of the Mpact Share Incentive Scheme
- C — Indicates Chairman

## BOARD DEMOGRAPHICS (AS AT 25 APRIL 2025)

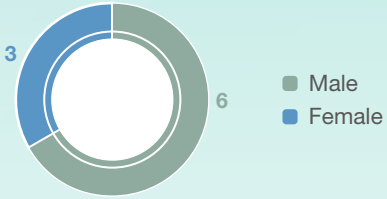
### AGE




### TENURE




### GENDER




### SKILLS



# MANAGEMENT TEAM



## BRUCE WILLIAM STRONG (56)
## CEO
**Executive Director**

*BSc (Eng) (Summa cum laude) (University of KwaZulu-Natal), BCom (Hons) (University of South Africa), AMP (Harvard Business School)*

Bruce has been the CEO of Mpact since 2009. Prior to being appointed CEO, he held various management positions in Mondi, both in South Africa and Europe. Bruce has 30 years' experience in the paper and packaging industry. He currently serves as Chairman of Packaging SA and is a past Chairman of the Paper Manufacturing Association of SA and the South African Manufacturing Circle.



## JOHANNES JACOBUS SNYMAN (43)
## CFO
**Executive Director**

*BAcc (Honours) (University of Stellenbosch), CA (SA), Executive MBA (Warwick Business School)*

Hannes was appointed as CFO of Mpact in June 2024. He fulfilled the role of Group Corporate Finance Manager of Mpact from May 2014 to December 2021. Since January 2022, he was the Divisional Commercial Manager for Mpact Recycling and an Executive Director of Recycling Consolidated Holdings Proprietary Limited, a Group subsidiary. Prior to joining Mpact, he worked at PWC in London, Johannesburg and the Channel Islands with his last role being a Senior Manager in the Deals Team.



## CHRISTOFF BOTHA (51)
## MD: PAPER CONVERTING
**Executive Committee**

*BCom (Honours) University of the Free State, AMP (Harvard Business School)*

Christoff joined Mpact as the Managing Director of Mpact Paper Converting on 1 May 2020. He held various leadership positions in the previous 12 years in Novus Holdings including Divisional MD, Group Executive and Executive Director in the Heatset, Labels and Flexibles Division. He has over 19 years of experience in the print and packaging industry.



## JOHN WILLIAM HUNT (61)
## MD: RECYCLING
**Executive Committee**

*BSc (Eng), MSc (Eng) (University of KwaZulu-Natal)*

John has held the position of Managing Director of the Recycling Division since May 2011. His previous role was as the Business Manager for Technology Optimisation in the Group. He has served as the Executive Director of the Paper Manufacturers Association of South Africa and has over 30 years' experience in the paper industry.



## HUGH MICHAEL THOMPSON (59)
## MD: PAPER MANUFACTURING
**Executive Committee**

*BCompt (Hons) (University of South Africa), CTA (University of South Africa), CA (SA), AMP (Harvard Business School)*

Hugh has been the Managing Director of the Paper Manufacturing Division since October 2009. He fulfilled the role of CFO of Mpact until March 2007 and then the role of Managing Director of the Plastics Division until September 2009. He has more than 15 years' experience in the packaging sector. He was previously Senior Vice President (Corporate Finance) for Anglo American South Africa Limited.



## ZIYAAD CARRIM (44)
## CHIEF INFORMATION OFFICER
**Management Committee**

*AMP (Yale School of Management)*

Ziyaad has held the position of Chief Information Officer since August 2021 and has over 18 years' ICT experience within the Mpact Group. His previous role was as the Infrastructure Manager, and Head of ICT of the Group.



### DONNA MAREE DICKSON (44)
### GROUP COMPANY SECRETARY
**Management Committee**

*BCom Law, Professional Post Grad: Governance and Secretarial (CGISA), FCIS, Post Grad: General Management (GIBS, University of Pretoria), MBA (GIBS, University of Pretoria)*

Donna has held the position of Group Company Secretary at Mpact since 1 May 2020. She has more than 15 years' experience in the company secretarial and governance field. She was previously the Group Company Secretary at MultiChoice Group Ltd. Other previous roles include heading the Company Secretarial and Legal departments at Advtech Group Ltd and Clinix Health Group Ltd as well as holding various governance and legal management positions at Telkom SA SOC Ltd.



### SPURGEON LANGE (61)
### GROUP HR MANAGER
**Management Committee**

*B Soc Sc (Hons) University of Cape Town, FNFM (University of Cape Town Graduate School of Business)*

Spurgeon has held the position of Group HR Manager since August 2021. His previous role was as the Divisional HR Manager for the Paper Converting Division. He has more than 20 years' experience in the print and packaging industry, and prior to that spent 10 years in the metals and engineering industry in various HR leadership roles.



### NOMPUMELELO KUNENE (40)
### GROUP COMMUNICATIONS MANAGER
**Management Committee**

*Bachelor of Technology degree in Journalism (Durban University of Technology), Programme for Management Development (Gordon Institute of Business Science)*

Nompumelelo joined Mpact as Group Communications Manager in January 2025. Prior to joining Mpact, she worked for Anglo American Plc as a Media Specialist looking after the company's reputation, stakeholder and media management for three years. She has also held a role as External Communication Manager at Transnet SOC Ltd for five years and practiced as a business journalist for various publications prior to that.



### GEORGINA SARAH ROBINSON (41)
### GROUP LEGAL COUNSEL
**Management Committee**

*BA LLB, LLM (Taxation), LLM (Commercial Law) (University of Cape Town)*

Gina has held the position of Group Legal Counsel since May 2015. She was previously employed by ENS Africa in its corporate commercial department.

- Executive Directors
- Executive committee
- Management committee

# OUR AWARD-WINNING INNOVATION

Our business is built on innovation. We continue to invest significantly in research and development capabilities and our people's skills to build and maintain a sustainable competitive advantage that focuses on modernisation, research, and technical support to ensure that Mpact and its customers are successful now and in the future.

Matching our customers' requirements with the latest technology and materials enables us to create innovative packaging solutions and new product classes. Developing value-added packaging deepens our long-term strategic relationships with customers by providing products that are not easy to replicate.

Our innovative culture is reflected in the everyday actions of our people, in terms of the materials that we place in the market, and the facilities and systems that we have developed to support the packaging needs of our customers. The Recycling division offers a range of collection and sorting solutions to the market, and our design centres at Mpact Converting (Corrugated and Detpak), Mpact Plastics and Mpact Plastic Containers offer structural and graphic design capabilities to our clients. This allows Mpact to support our customers to develop bespoke packaging solutions, from concept to prototype.

The teams who are based at our innovation, research & development centres, located at Stellenbosch and Springs, follow a structured, science-based approach. This expertise spans more than a decade in key technical fields and has yielded thought leadership in food safety, materials identified for recycling, product life cycle assessments and improved carton performance. Mpact's focus on innovation allows us to develop systems of advantage for our customers across the business.

Mpact has once again been acknowledged by the industry and customers, through the multiple industry awards and nominations achieved in 2024, across our innovative product range. Successful projects such as the intelligently designed paper-based protective packaging for the safe containment of lithium-ion batteries, replacing traditional polystyrene protective packaging, has the potential to expand into many other similar applications, solving an industry challenge sustainably.



*Mpact Research and Development Laboratory*

## Innovation, a cornerstone of our business

***Developing and maintaining systems of sustainable competitive advantage based on innovation, research and technical support, so that Mpact and their customers are successful.***



***Mpact achieved remarkable success at the 2024 Institute of Packaging South Africa (IPSA) Gold Pack Awards, winning six prestigious awards and securing three finalist positions.***

GOLD PACK Awards
THE INSTITUTE OF PACKAGING SA

## PAPER CONVERTING

**Leading the accolades was the innovative packaging for polarium lithium-ion-batteries, co-developed by product owner Nefab Sweden and Mpact Corrugated Epping.**

This cutting-edge packaging safeguards polarium lithium-ion-batteries throughout the post-production value chain. It features corrugated die-cut parts that securely hold the batteries in place while allowing stackable configuration for up to four batteries per pallet. Made from durable corrugated materials, the design ensures both strength and protection during transit.




A Gold Pack Silver Medal was awarded to the **Zlox cardboard component** which provides an interlocking corrugated carton solution, designed and manufactured by Mpact Corrugated. This component improves packaging stability by offering bi-directional interlocking, enhancing durability and resistance to external forces, making it ideal for fruit exports




## PLASTICS

Mpact Plastics' **in-mould polypropylene containers** developed by Vida is Life hair care products also received a Gold Pack Medal Manufactured by Plastics FMCG Pinetown. These containers are water-resistant, scratch-proof, and provide a sleek, modern aesthetic.




The Afristar Silver Medal went to the **industrial syrup concentrate bottle**, which transitioned from virgin PET to 100% locally sourced recycled PET. Manufactured by Plastics FMCG Wadeville, this innovation highlights a commitment to circular economy principles. This product was also named a Gold Pack Award Finalist.




Mpact secured two additional Gold Pack finalist spots for:

- Tiger Brands' **Black Cat peanut butter packaging** which transitioned from glass to lightweight, durable plastic development by Plastics FMCG Wadeville; and
- **Sta-Sof-Fro bottle range** which includes 30% recycled high-density polyethylene.



# OUR AWARD-WINNING INNOVATIONS *(continued)*

***Mpact's commitment to innovation continues to be recognised industry-wide, winning key industry awards***

## PAPER CONVERTING




**Nola Mayonnaise Packaging**
Mpact Corrugated won the Iron Award for the Nola Mayonnaise packaging using the gloss freezer varnish and die-cut finishing.



**Golden Mile Estates fruit carton**
Mpact Corrugated won the Gold Award for the Golden Mile grape carton using polymer plates that is suitable for water-based coatings and food grade inks.

***Making a lasting impression with ink***

## PAPER CONVERTING




Mpact Corrugated was awarded a silver accolade at the prestigious Flexographic Technical Association of South Africa (FTASA) awards for its innovative packaging design for **Phoenix Beer**. Mpact's expertise in delivering high quality, visually striking results, showcased advanced flexographic printing techniques.




Mpact also received special commendation for its work on Nestlé Cremora's 4g sticks.

***Mpact's success at this year's awards underscores its commitment to innovation and technical precision in packaging solutions.***

# CASE STUDY

## SUSTAINABLE PACKAGING FOR LITHIUM-ION BATTERIES

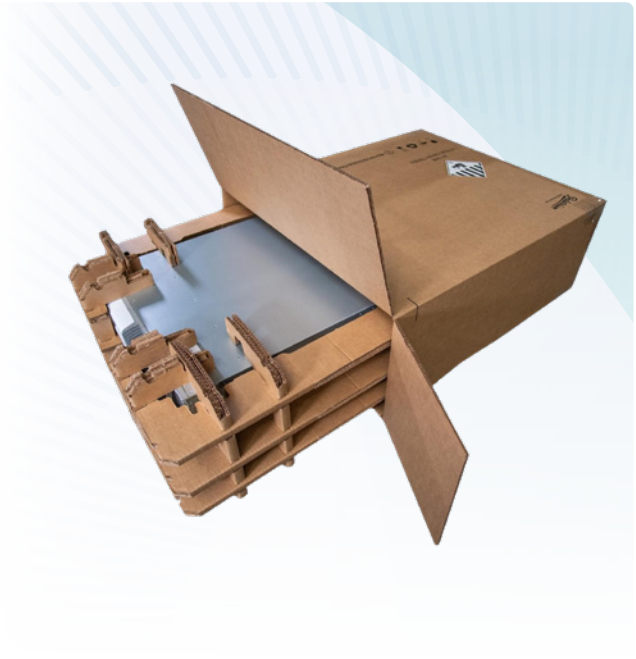
Mpact partnered with Nefab Sweden, a global provider of industrial packaging, to develop a durable paper-based packaging that ensures the safe containment of lithium-ion batteries (LiB) and reduces environmental impact by replacing polystyrene packaging with recyclable corrugated materials.

The LiB product is manufactured by Polarium, a leading energy storage developer. The demand for lithium-ion cells in rechargeable batteries has increased as LiB are lighter and more sustainable than using lead and sulphuric acid as components. Polarium's batteries are manufactured for communication systems with a capacity of 250kVA. Robust packaging of this product is needed to facilitate the protection of the component materials for distribution and transportation into Africa and abroad.

Nefab engineered a packaging concept that requires materials designed to meet rigorous standards, including an ECT (Edge Crush Test) of 13kN/m and certification testing of the assembled fitments and outer case. The packaging produced by Mpact, using corrugated die-cut parts, succeeded on the first drop test (using a 75kg dummy product). The packaging is made from fibre-based materials using virgin FSC (Forestry Stewardship Council) papers from responsible sources. According to GreenCalc, the life cycle analysis tool deployed by Nefab, the substitution of traditional polystyrene with recyclable corrugated materials reduces $CO_2$ emissions by 18% and landfill waste by 12%.

Our product is manufactured at Mpact Corrugated's Epping factory, which has ISO and FSSC (Food Safety System) certifications. The product is supplied in sheet form to a third party to assemble, and the finished packaging is delivered to Polarium's production site in Cape Town.

***In November 2024, this packaging won three gold medals at the Institute of Packaging South Africa (IPSA) Gold Pack Awards. Mpact is exceptionally proud to have worked productively with Nefab to deliver this innovative and sustainable packaging solution to the LiB industry and achieve this level of recognition in our market.***





# 02
# STRATEGIC OVERVIEW


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28 Case study:
**Strategic investment in Africa Tanks**




# STRATEGY AND OBJECTIVES

***Mpact's value-enhancing strategy is designed to 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 on our communities.***

Our practice of investing in innovative, higher-margin, and sustainable products is expected to consistently yield tangible benefits for the business, leading to improved returns for shareholders. We have strategically targeted sectors that are projected to grow in the foreseeable future, and these sectors are also somewhat insulated from South African consumer spending patterns. Some of our key areas of focus include fruit exports, convenience shopping, recycling, and waste management.

The Group's executive team is responsible for developing, updating and implementing the strategy, which is updated regularly for emerging industry trends, regulatory changes, new opportunities and risks as well as other developments relevant to the Group's ability to create long-term value. The strategy is approved by the Board, which oversees its implementation.

Where feasible, we continue to develop multi-site manufacturing in our converting operations to ensure deeper customer focus, to mitigate service delivery failure and other risks, and enhance operational resilience. While there is some trade-off in terms of economies of scale, our ability to provide customers with products timeously is a priority. We continue to expand our solar and back-up power capabilities and implement water provision and management plans for key operations.

Further information regarding Mpact's strategy, and the implementation thereof, are outlined throughout this Integrated Report, but specifically in the Chairman's review (page 25), the Chief Executive Officer's Report (pages 30 to 33) and the Operational review (pages 34 to 44).

## STRATEGIC PILLARS

### Customer focused

- DECENTRALISED STRUCTURE
- INNOVATION AND CAPABILITY
- INTIMATE UNDERSTANDING OF THE VALUE CHAIN

### Leading market position

- SCALE
- CAPABILITY
- PRODUCTS AND GEOGRAPHIES

### Focus on performance

- FINANCIAL RETURNS
- SKILLED AND MOTIVATED PEOPLE
- 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, 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

## OUR MATERIAL MATTERS ARE GROUPED INTO FOUR THEMES

- Sustaining profitable growth
- Being a responsible employer
- Cost competitiveness, as well as anticipating and meeting customer needs
- Being a responsible corporate citizen

Mpact's 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. The Executive Committee and the Board review and agree on the most material matters. The 2023 material matters were reviewed and remained valid in 2024.

**Material matters are identified from a range of sources, including:**

- Issues raised by operations
- Interviews with top management
- Stakeholder concerns raised in informal and formal engagements
- Trends identified in the annual strategy review
- Developments in relevant legislation and regulation
- Governance, sustainability and integrated reporting guidelines and best practice
- Media reviews
- Local and international peer reporting

**These matters are reviewed 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.**

# MATERIAL MATTERS *(continued)*

## 1. SUSTAINING PROFITABLE GROWTH

Our business is affected by global developments that affect the price and demand for recycled fibre and paper, as well as the availability and cost of polymers, other raw materials and capital goods. Our strategy is to deliberately target sectors where we expect sustained growth, and which are also partly shielded from South African consumer spending patterns. These include packaging for export fruit, convenience shopping as well as recycling, and waste management.

The South African macroeconomic environment has an impact on our operations, our customers and the products sold into the local market.

Developing legislation that applies to our industry and operations affects our products and operations directly, or the activities of our customers.

Capital funding and allocation are focus areas to ensure liquidity, access to capital for expansion and effective allocation within the business.

| | | |
|---|---|---|
| **Operating environment**<br>International trends and macroeconomic environment | Chairman's Review<br>Chief Executive Officer's Report<br>Risk management | page 25<br>page 30<br>page 71 |
| **Regulatory environment** | Chairman's Review<br>Chief Executive Officer's Report<br>Risk management<br>Social and Ethics Committee Report<br>Corporate Governance Report | page 25<br>page 30<br>page 71<br>page 52<br>page 59 |
| **Capital funding and allocation** | Chief Executive Officer's Report<br>Chief Financial Officer's Report<br>Chairman's Review | pages 31 to 32<br>page 108<br>page 26 |

## 2. BEING A RESPONSIBLE EMPLOYER

At Mpact, we care about the well-being of our people and as such, the Group places a high priority on their safety, health, skills and development. Our human capital is essential to enable delivery on our strategy and our ongoing investment in this area is both a moral and business imperative. We recognise the value of diversity and are committed to the principle of transformation.

| | | |
|---|---|---|
| **Labour relations** | Stakeholder management<br>Risk management<br>Sustainability Report | page 25<br>page 30<br>page 37 |
| **Health and safety** | Chief Executive Officer's Report<br>Social and Ethics Committee Report<br>Risk management<br>Sustainability Report | pages 32 to 33<br>page 53<br>page 71<br>pages 31 to 34 |
| **Diversity** | Chairman's Review<br>Chief Executive Officer's Report<br>Social and Ethics Committee Report<br>Risk management<br>Sustainability Report<br>Remuneration Report | page 26<br>pages 32 to 33<br>page 53<br>page 71<br>pages 37 to 39<br>page 83 |
| **Training and development** | Social and Ethics Committee Report<br>Chief Executive Officer's Report<br>Sustainability Report<br>Stakeholder management<br>Remuneration Report<br>Mpact Foundation Trust Report | page 53<br>pages 32 to 33<br>page 36<br>page 51<br>page 77<br>pages 55 to 56 |

## 3. COST COMPETITIVENESS AND ANTICIPATING AND MEETING CUSTOMER NEEDS

Investments in capital projects have been critical in improving efficiencies and ensuring that we can continue to anticipate and meet the needs of our customers. We actively manage input costs and efficiencies in our operations to ensure that we continue to produce high quality innovative products and solutions at competitive prices.

Disruptions to operations affect production efficiencies and may result in forced work stoppages. In 2024, production was impacted by planned downtime at the Mkhondo paper mill for the implementation of capital projects, which will benefit the business in future. There were also 27 days of production downtime at the Springs paper mill during 2024 due to water and electricity supply interruptions. In the first half of the year, some operations were also affected by load shedding. The paper mills and some corrugated plants avoided this through load curtailment agreements with their respective power suppliers.

Despite improved global supply chains and related cost inflation declining, consumer demand in South Africa remains subdued.

| | | |
|---|---|---|
| **Managing input cost and availability**<br>• Raw material cost and availability<br>• Energy cost and availability<br>• Water cost, availability and quality<br>• Labour cost | Chief Executive Officer's Report<br>Operating and business model<br>Operations reports<br>Risk management<br>Value-Added Statement | page 30 to 31<br>pages 8 to 9<br>pages 34 to 44<br>page 70<br>page 6 in SR2024 |
| **Innovation** | Chairman's Review<br>Chief Executive Officer's Report<br>Operating and business model<br>Strategy and objectives<br>Case studies | page 26<br>page 31 to 32<br>pages 8 to 9<br>page 20<br>pages 17 and 45 |
| **Customer focus** | Chief Executive Officer's Report<br>Case studies | page 32<br>page 28 |
| **Driving efficiencies**<br>• Production efficiency<br>• Skills | Operations reports<br>Chief Executive Officer's Report<br>Sustainability Report | pages 34 to 44<br>pages 32 to 33<br>page 36 |
| **Implementing capital projects** | Chief Financial Officer's Report<br>Chief Executive Officer's Report<br>Operations reviews | page 108<br>pages 31 to 32<br>pages 38 and 43 |

## 4. BEING A RESPONSIBLE CORPORATE CITIZEN

The Group maintains high standards of corporate governance, demonstrating ethical behaviour and conduct. We manage our social and environmental impacts responsibly and our integrated business model gives effect to a circular economy that reduces waste and GHG. Our CSI programme encourages our operations to identify and support initiatives in their local communities where they will have the most impact.

| | | |
|---|---|---|
| **Environmental**<br>• Climate change<br>• Water<br>• Emissions<br>• Waste<br>• Recycling | Operations reports<br>Social and Ethics Committee Report<br>Sustainability Report<br>Case studies | pages 38 and 43<br>pages 52 and 53<br>pages 25 and 26<br>pages 17 and 45 |
| **Social**<br>• Communities<br>• Health and safety | Social and Ethics Committee Report<br>Sustainability Report<br>Mpact Foundation Trust Report | page 53<br>pages 31 to 34<br>pages 55 and 56 |
| **Governance**<br>• Ethics and human rights<br>• Compliance<br>• Security (physical and ICT) | Social and Ethics Committee Report<br>Corporate Governance Report<br>Risk management | page 52<br>pages 59 to 60<br>page 71 |

# FIVE-YEAR PERFORMANCE HISTORY

| Continuing operations[1] | | 2024 | 2023[2] | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **Profit performance** | | | | | | |
| Revenue | R'm | **13,291** | 12,823 | 12,373 | 11,549 | 10,258 |
| Underlying operating profit | R'm | **923** | 1,210 | 1,164 | 948 | 607 |
| Underlying profit before tax | R'm | **645** | 944 | 1,026 | 816 | 447 |
| Underlying earnings | R'm | **480** | 680 | 663 | 529 | 315 |
| **Financial position[3]** | | | | | | |
| Total assets | R'm | **12,005** | 11,635 | 10,260 | 8,722 | 8,028 |
| Total equity | R'm | **5,866** | 5,468 | 4,868 | 4,240 | 3,913 |
| Total liabilities | R'm | **6,139** | 6,167 | 5,391 | 4,482 | 4,116 |
| Total operating assets | R'm | **10,569** | 10,170 | 9,064 | 7,529 | 7,175 |
| **Cash flow information** | | | | | | |
| Net cash from operations before working capital | R'm | **1,545** | 1,880 | 1,771 | 1,431 | 1,204 |
| Working capital inflows/(outflows) | R'm | **323** | 108 | (754) | (462) | 665 |
| Capital expenditure | R'm | **(1,003)** | (1,536) | (1,006) | (687) | (518) |
| **Ratios and statistics** | | | | | | |
| Underlying operating profit margin | % | **6.9** | 9.4 | 9.4 | 8.2 | 5.9 |
| Basic EPS | cents | **327.1** | 399.9 | 455.7 | 351.5 | 179.6 |
| Underlying EPS | cents | **325.8** | 463.4 | 455.7 | 359.6 | 186.1 |
| Basic HEPS | cents | **323.6** | 461.7 | 430.1 | 343.2 | 181.6 |
| Total dividend per share | cents | **105** | 120 | 115 | 50.0 | – |
| Net asset value per share | cents | **3,576** | 3,363 | 3,024 | 2,638 | 2,204 |
| ROCE | % | **11.7** | 16.6 | 18.5 | 17.8 | 11.4 |
| Current ratio | times | **2.3** | 2.4 | 2.5 | 2.1 | 1.9 |
| Interest cover (underlying EBIT) | times | **3.1** | 4.3 | 6.3 | 6.8 | 3.6 |
| Gearing[4] | % | **28.8** | 32.9 | 32.5 | 29.4 | 26.6 |
| **Stock exchange statistics** | | | | | | |
| Market value per share | | | | | | |
| – at year-end | cents | **2,954** | 2,978 | 2,919 | 3,503 | 1,385 |
| – highest (year to 31 December) | cents | **3,150** | 3,500 | 3,690 | 3,750 | 1,900 |
| – lowest (year to 31 December) | cents | **2,498** | 2,460 | 2,635 | 1,310 | 111 |
| Closing PE ratio | times | **6.6** | 6.7 | 6.8 | 10.2 | 7.1 |
| Market capitalisation – close | R'm | **4,415** | 4,451 | 4,325 | 5,191 | 2,280 |
| Volume traded (year to 31 December) | '000 | **10,120** | 12,438 | 12,728 | 52,549 | 122,473 |
| Weighted number of shares | '000 | **147,365** | 147,583 | 145,416 | 147,264 | 169,322 |
| Issued shares at 31 December | '000 | **149,454** | 149,454 | 148,175 | 148,175 | 164,639 |

*1. Continuing operations (excludes discontinued operations). 2. The Statement of Profit and Loss has been restated to present Versapak, the discontinued operation, on a post-tax basis.*
*3. Includes assets held-for-sale. 4. Calculated as net debt divided by capital employed.*

# CHAIRMAN'S REVIEW



> ***The Group navigated another challenging year layered with pockets of resilience and determination, despite continued economic and operational hurdles, including high interest rates and cost inflation. The executive team was able to consistently implement Mpact's strategy with great personal strength, combined with the dedication of operational management, in overcoming this challenging trading period.***

**Anthony Phillips** | *Chairman*

In addition to a myriad of macroeconomic challenges and operational difficulties, the Plastics FMCG Wadeville business and Paper Converting business in Gauteng negatively impacted Mpact's results for the year ended 31 December 2024. In the first eight to nine months of the year, our production and sales volumes were adversely impacted by the significant reduction in consumer disposable income, that was somewhat alleviated by an improved economic environment in the fourth quarter.

## THE OPERATING ENVIRONMENT

Although the May 2024 election generated positive market sentiment, this optimism did not immediately translate to an improved trading environment in South Africa, as high interest rates and price inflation continued to hinder economic growth. Nevertheless, the Group's performance highlights the tangible benefits of its prudent strategy and its effectiveness in navigating difficult times.

While load shedding came to a halt in March 2024, bringing much needed relief to South African households, power disruptions persisted due to delayed maintenance on failing infrastructure. We have also noted rising frustration around access to water, and more frequent disruptions of supply, marking water provision and sanitation as the next serious national challenge.

Efforts to improve recycling rates are expected to continue, with increased emphasis on public education and infrastructure development. Paper, plastics, glass, and metals are amongst the most commonly recycled materials. The recycling industry continues to face challenges such as inadequate infrastructure, lack of public awareness, and fluctuating market prices for recyclable materials.

The paper manufacturing industry in South Africa is a significant sector, driven by demand for packaging, printing, and tissue paper products. The Felixton mill investment has greatly enhanced Mpact's cost competitiveness, which has resulted in increased exports. Continued innovation in paper manufacturing processes and products distinguish Mpact from its peers. Mpact continues to positively contribute to customers' journey of using more recyclable packaging products by enhancing its product offerings and operational efficiencies.

The plastic industry in South Africa continues to be influenced by various economic, environmental, and regulatory factors. The fluctuation of raw material prices and changes in consumer demand have had a significant impact. An increased focus on sustainability has led to stricter regulations on plastic production and waste management, and initiatives to reduce single-use plastics and increase recycling rates.

Unfortunately, misconceptions about plastics remain a concern, with a customer moving away from a recyclable product to a non-recyclable substrate. However, there are exciting opportunities for growth through innovative products that support Mpact's sustainability journey.

# CHAIRMAN'S REVIEW *(continued)*

## STRATEGIC INVESTMENTS FOR SUSTAINABLE GROWTH

Mpact has made substantial investments in Solar PV installations, across many of its operations, over the past two to three years, including the mills. Additionally, most of Mpact's sites have installed diesel generators as backup power sources. The Group's total Solar PV capacity stands at approximately 16MWp, a significant reduction in reliance on the national grid.

Last year, the Board focused on evaluating and approving capital projects, primarily aimed at ensuring the Group's long-term sustainability and supporting its growth strategy. This year, the focus has shifted to completing most of these projects and monitoring their success. All the major capital projects, including the Mkhondo paper mill upgrade, are expected to be completed by mid-2025.

## SUCCESSION PLANNING

There is a fundamental skills shortage in South Africa, due to the emigration of experienced professionals. To address this challenge, we have dedicated management time and financial resources to develop leadership skills of potential candidates across the business, encouraging their long-term commitment to our organisation. The same level of attention is given to Board succession. Additionally, it is crucial that new Board members align with the values and expectations of their peers. The Board operates as a highly collaborative and cohesive unit, and this alignment is essential for maintaining our effective governance and teamwork.

## MATERIAL MATTERS AND RISKS

This Integrated Report is prepared based on materiality, identifying matters that can significantly impact the Group's ability to create and sustain value in the short, medium, or long term. These material matters, both financial and non-financial, are reviewed and agreed upon by the Exco and the Board.

The Group determines the material matters by reviewing a variety of internal and external sources, including the risk assessment process, engagements with primary stakeholders, operational issues, management interviews, and legislative developments. This process is detailed on page 21. Issues raised through our stakeholder engagement process are evaluated based on the stakeholder's influence, legitimacy, and urgency.

## INNOVATION

Innovation is a central theme in the Board's discussions and a crucial element of Mpact's growth strategy. Our goal is to stay relevant to our customers' needs and actively contribute to the circular economy. This year's Integrated Report features two case studies (pages 17 and 45) that highlight our commitment to innovation, along with the numerous awards we have received for excellence in this area (pages 14 to 16).

The design and manufacture of innovative products are vital not only for assisting our customers in meeting their ESG goals but also for fulfilling our Extended Producer Responsibility (EPR) obligations.

## SUSTAINABILITY AND ESG

As a result of the curtailment of load shedding during the year under review, diesel usage decreased significantly, and I am pleased to report that we remain ahead of our 2027 targets for water usage, energy consumption, and carbon emissions. One of the significant risks the Group will face is potential water infrastructure failures as water is crucial to our operations, particularly for our paper mills. To address this, we are actively investigating and implementing mitigating initiatives to ensure a consistent water supply at our operations, especially in areas where we do not have direct access to a river. Our environmental and social efforts are comprehensively detailed in the Social and Ethics Committee Report, and the Sustainability Report.

Mpact prioritises the safety, health, skills, and development of our people. We are committed to fostering a diverse and representative workforce and ownership structure, recognising that these elements are crucial to our long-term sustainability. As a responsible corporate citizen, we actively contribute to our surrounding communities through proactive CSI and enterprise development initiatives. These efforts reflect our commitment and dedication to the communities in which we operate.

Key performance indicators (KPIs) related to health and safety, water and energy usage, $CO_2$ emissions, and transformation (B-BBEE and employment equity) ensure a strong focus on ESG. This commitment at senior level drives continuous improvement in our performance.

Good corporate governance and adherence to best practices, including King IV™, remain fundamental responsibilities of the Board and its sub-committees, as outlined in the Governance Report.

The Board actively supports and guides the executive team in implementing and executing our strategy, which centres on the circular economy. The Group continues to make significant progress in both the products we manufacture and our overall approach to closing the loop.

## DIVIDENDS

The Board resolved to declare a final gross cash dividend of 75 cents per ordinary share for the financial year ended 31 December 2024 (60 cents per share net of dividend withholding tax), bringing the total dividend for the year to 105 cents per ordinary share (2023: 120 cents per ordinary share).

As a Board, our ongoing commitment is to generate long-term value for our shareholders by wisely allocating capital. We aim to seize growth opportunities while also providing cash returns through dividends and share buybacks.

Earlier this year, Mpact partnered with the Johannesburg Stock Exchange to trace the rightful owners and beneficiaries of unclaimed dividends. This campaign is ongoing.

## BOARD CHANGES

Ms Fikile Futwa was appointed to Mpact's Board of Directors as an Independent Non-executive Director, and as a member of Mpact's Audit and Risk Committee effective 17 May 2024. Ms Futwa was also appointed to the Board and the Audit and Risk Committee of Mpact Operations, a major subsidiary of Mpact.

Mr Brett Clark retired in May 2024 after serving the company for more than 10 years and I would like to thank him for his contribution to the Group.

Mr Hannes Snyman was appointed as Mpact's Group CFO and an Executive Director of Mpact and Mpact Operations with effect from 1 June 2024.

Mr Tim Ross retired at the AGM of Mpact on 6 June 2024 and the Board would like to thank Tim for his valuable contribution, dedication, and commitment to Mpact during his tenure as Board member, Chairman of the Audit and Risk Committee and member of the Remuneration and Nomination Committee.

Mr Sbu Luthuli was appointed as interim Chair of the Audit and Risk Committee of Mpact effective 24 July 2024 and as the Lead Independent Director of Mpact and Mpact Operations with effect from 10 April 2025.

Mr Saleh Mayet was appointed as an Independent Non-executive Director of Mpact and Mpact Operations with effect from 10 April 2025.

## BOARD APPRECIATION

On behalf of the Board, I would like to extend my heartfelt gratitude to Bruce Strong and his executive team, who have navigated a series of challenges and seized opportunities, driving Mpact towards sustainable growth and success. I also want to thank my fellow board members for their dedication and hard work. To all our stakeholders, thank you for your unwavering support and dedication throughout the year. Our achievements are a testament to the hard work and commitment of our employees, the trust and loyalty of our customers, and the steadfast support of our shareholders.

I am particularly proud of the continued sustainability initiatives produced during the year under review, which have become a cornerstone of our strategy. Our collective efforts in promoting environmental stewardship and fostering sustainable practices have not only enhanced our operational efficiency, but also reinforced our commitment to creating a positive impact on the planet. I am confident that with your continued support, we will achieve even greater milestones in the future.

**Anthony Phillips**
*Chairman*

25 April 2025

# CASE STUDY

## STRATEGIC INVESTMENT IN AFRICA TANKS

In April 2024, Mpact acquired an equity stake in Africa Tanks, a water tank manufacturer based in Cullinan, Gauteng. This strategic investment aims to provide Africa Tanks with the necessary capital to achieve economies of scale and expand its business operations to become a key player in the national water tank market.

Established in 2017, Africa Tanks specialises in vertical water tanks for residential, commercial, and agricultural markets. It holds a competitive edge as the sole manufacturer using extrusion blow moulding technology in Southern Africa. Their tanks are triple-layered, featuring a food-grade inner layer, an antibacterial middle layer, and an outer UV-resistant layer.

South Africa is experiencing a significant rise in demand for high-quality water tanks due to prolonged water interruptions and shortages. In 2023, the percentage of households experiencing water shortages lasting more than two days or totalling 15 days, increased from 24.3% in 2012 to 35.8%. Additionally, the decline in water quality in certain areas, due to contamination by sewage and bacteria, exacerbates the need for reliable water storage solutions. Many households in regions without access to piped water rely on periodic water deliveries via tankers. The demand for water storage and rainwater harvesting is expected to increase as challenges with infrastructure and water supply continue.

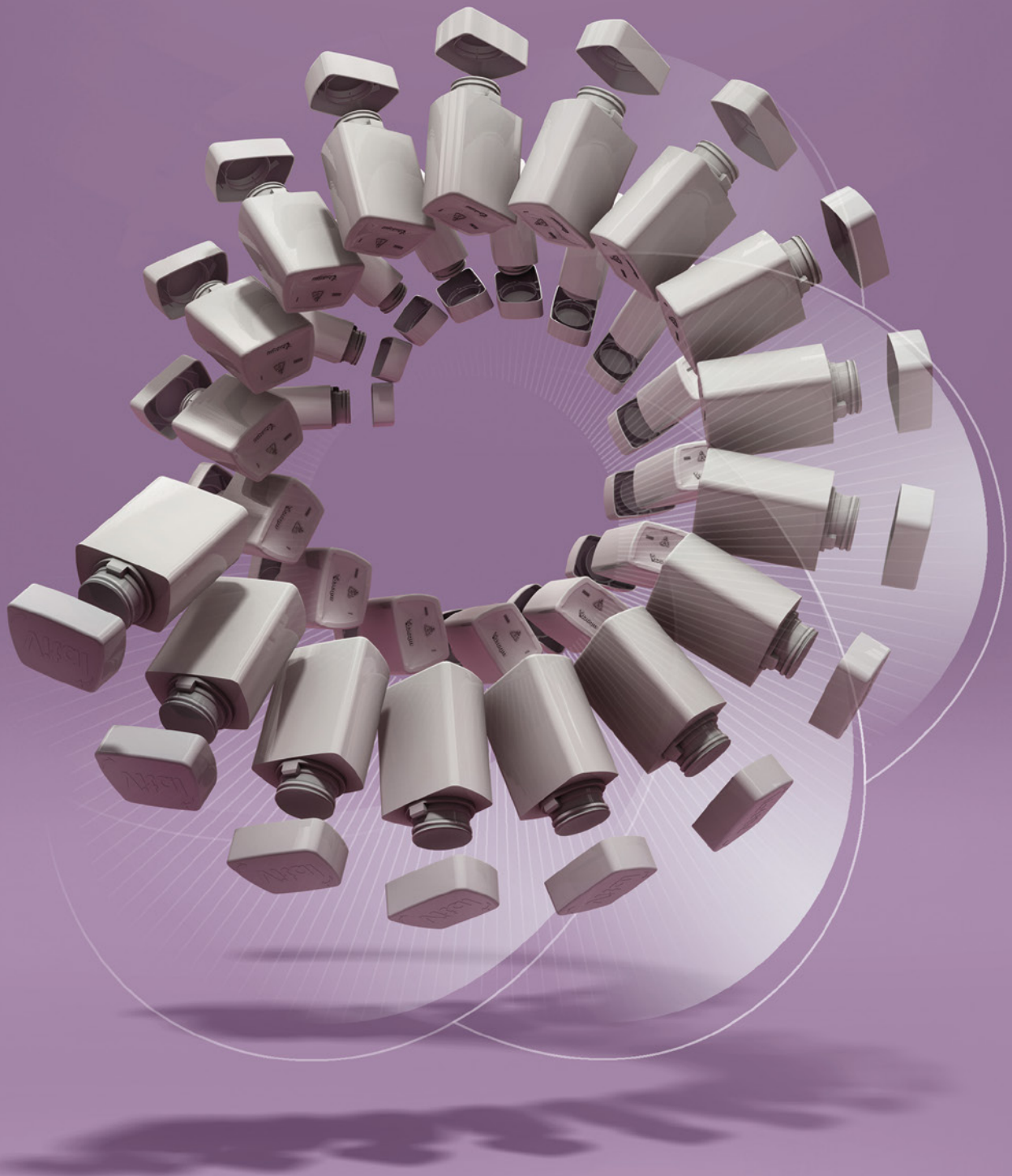
Our investment provides Africa Tanks with additional capital and the opportunity to leverage Mpact's technology, expertise, and national footprint as a leading plastic container supplier. This collaboration aligns with Mpact's vision to build a sustainable business that contributes to society through innovation and strategic investments in high-growth markets while addressing vital societal needs.

With Mpact's support, Africa Tanks has the opportunity to accelerate its growth strategy. This partnership is expected to enhance Africa Tanks' production capabilities, meet the growing demand for water storage solutions, and contribute to addressing water challenges faced by South African households and businesses.









# 03

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# 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



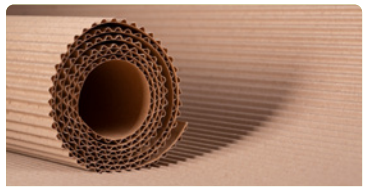
PRE-CONSUMER RECYCLABLES



**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.

**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.

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



Customer use



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.

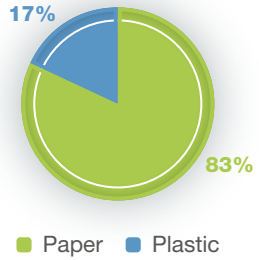
High-graphic print capabilities at our facilities ensure that any customised branding and designs incorporated into the products have visual appeal and support our customers' marketing initiatives. We further aim to provide packaging solutions that protect our customers' goods whilst being transported.

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.

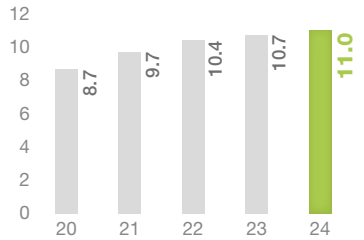
# THE PAPER BUSINESS *(continued)*

## OPERATIONAL PERFORMANCE

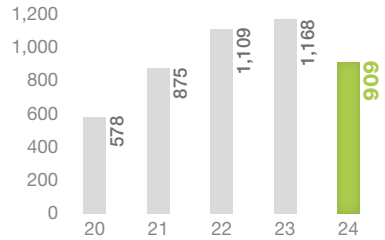
**Group revenue contribution**



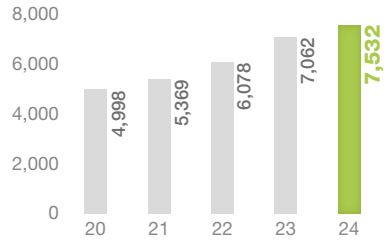

**Segment revenue**
(R'bn)




**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.


*Mpact Paper*

# THE PAPER BUSINESS *(continued)*

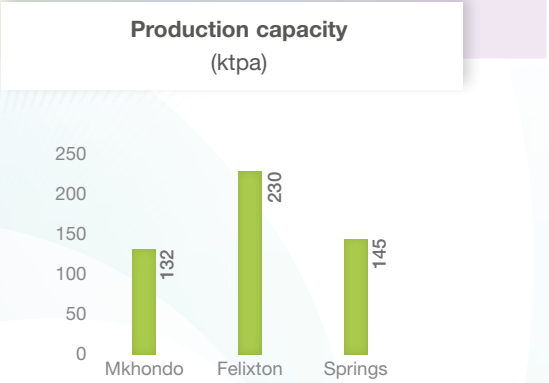
## CAPITAL PROJECTS

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 0.81t$CO_2e$/t of product (2023: 0.80t$CO_2e$/t). The Solar PV installation at the Springs mill contributed to the energy balance for the year.




## 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.<br>• Implement planned load shedding arrangements.<br>• Discussions with water authorities.<br>• Drive to decrease water consumption at all the manufacturing plants.<br>• Interact with agricultural customers to understand the impact of extreme weather events on their crops and the recovery time.<br>• 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.<br>• 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.<br>• 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.<br>• Provide superior product offerings.<br>• 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.<br>• Proactive CSI initiatives.<br>• 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.<br><br>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.<br><br>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.<br>• Mpact also retains experts in, and legal registers of, relevant disciplines supported by rigorous audits.<br>• The Group contributes to the development of legislation by engaging with Government via industry bodies.<br>• 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.<br>• EU Carbon Border Adjustment Mechanism (CBAM) regulations are monitored but do not currently affect Mpact directly.<br>• Mpact is compliant with EPR regulation requirements.<br>• 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.


*Mpact Paper*

# 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





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

PRE-CONSUMER RECYCLABLES







### 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

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)<br>• Castleview (Gauteng)<br>• Atlantis (Western Cape)<br>• Recycling Brits (North West) | • Atlantis (Western Cape)<br>• Pinetown (KZN)<br>• Wadeville (Gauteng) |
| Products manufactured | Manufactures large injection moulded plastic products including:<br>• Jumbo bins for the agricultural market.<br>• Wheelie bins for waste collection.<br>• A range of industrial products, including plastic pallets and crates.<br>• Bottling crates.<br>• Exporting of the abovementioned products.<br>• 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. |

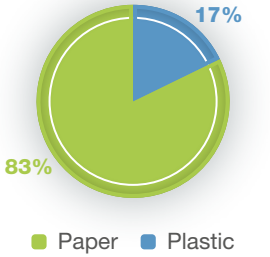


*Mpact Plastics*

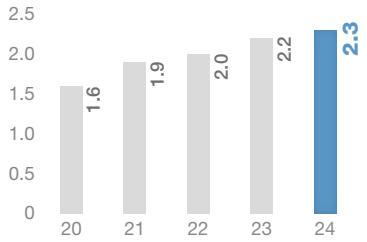
# THE PLASTICS BUSINESS *(continued)*

## OPERATIONAL PERFORMANCE FROM CONTINUING OPERATIONS

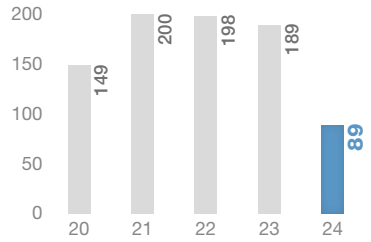
**Group revenue contribution**



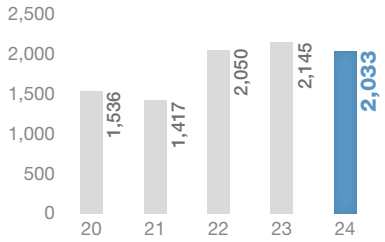

**Segment revenue**
(R'bn)




**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: 0.95t$CO_2e$/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.<br>• Continuous market monitoring and proactive pricing.<br>• Increase polymer recycling capacity. |
| New international and local plastic manufacturers entering the market. | • Provide innovative products to a rapidly changing market.<br>• Develop and market an innovative generic product range.<br>• Increased innovation and R&D support services to our customers.<br>• 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.<br>• 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.<br>• Facilitate access to available funding.<br>• Increase participation in industry forums. |
| Renewal of plastics industry wage agreement. | • Continued employee engagement.<br>• Proactive engagement with unions. |
| Stricter EU regulations on plastic packaging. | • Light-weighting our products to reduce the potential increase in plastic packaging costs.<br>• Pursuing accreditation under EU Regulation 2022/1616 for recycling plastic materials that are approved for food contact. |
| 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.<br>• Install generation capacity to limit the impact of load shedding at some of the plants.<br>• Continued investment in solar.<br>• Maintain a sufficient reserve of spare parts.<br>• Installation of more Uninterruptible Power Supply (UPS) modules to protect the computers.<br>• 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.<br>• 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*

# 04

# SUSTAINABILITY OVERVIEW


47 Our approach

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55 Mpact Foundation Trust Report

Case study:

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# OUR APPROACH

***Our values commit us to being resolute, trustworthy, and responsible in everything we do. The principles of good governance are embedded in the business through our governance framework, and we regard safe working practices and environmental and social sustainability as critical aspects of business excellence. These concepts are integrated into our strategy and approach to doing business and ensure the long-term sustainability of the organisation.***

The Group's performance for the year is outlined in the Social and Ethics Committee Report as well as in our Sustainability Report, available online at www.mpact.co.za.

## OUR APPROACH TO SUSTAINABILITY ENCOMPASSES THE FOLLOWING KEY ELEMENTS:

**Safety and health**

**People development and diversity**

**Social and relationship initiatives**

**Stakeholder management and engagement**

**Our relationship with the environment, including:**

- Sustainability initiatives
- Environmental compliance
- Sustainability targets

## RESPONSIBILITY FOR SUSTAINABILITY

The Board has overall responsibility for the Group's performance as a good and responsible corporate citizen. Monitoring and oversight of sustainability is delegated to the Social and Ethics Committee, while our Code of Ethics and the relevant policies and procedures establish the framework within which the Group manages its overall business and provides guidance for employees, suppliers, and partners to promote a cooperative, coordinated approach. These policies and procedures cover safety, health, environment and energy, transformation, procurement, human resources, financial management and maintenance, amongst others.

# OUR APPROACH *(continued)*

***Sustainable development and continual improvement initiatives across the Group's operations are centrally coordinated. Our approach is guided by the principles of Environment, Social and Governance (ESG) as set out below.***




Mpact's vision is to be a leading packaging business with the highest ethical standards, delivering exceptional value for our customers, employees, communities and shareholders. This is supported by our ESG strategy which encapsulates and operationalises our efforts in this regard.

## ENVIRONMENTAL

Mpact is committed to acting as a responsible corporate citizen, managing our natural resources with care, sensitivity and expertise and complying with environmental laws as a minimum standard.

### CLIMATE AND ENERGY

We set challenging targets for energy and $CO_2e$ reductions. We engage in energy-efficient practices, installing Solar PV systems, and focus on the integration of green electricity.

We have invested extensively in energy use reduction through a range of efficiency projects and initiatives across the Group as well as our ongoing investment in Solar PV installations. Driving this is our 5-year energy management plan in which each operation commits to energy reduction targets. With carbon emissions integrally linked to energy, these also serve as carbon emission reduction plans and form the basis for our Greenhouse Gas Pollution Prevention Plans and Carbon budget, both of which have been approved by Government.

Furthermore, Mpact has drafted a Net Zero vision for 2050 although the fulfilment of the plan will depend on developing green energy technologies and the carbon markets. We have also developed a Climate Change Risk Register that informs our climate adaptation and mitigation plan.

## PROTECTING WATER, AIR AND BIODIVERSITY

Our actions include efficiency measures, utilising rainwater and boreholes and recycling wastewater, where possible. We focus on minimising air emissions, reducing our waste to landfill and fostering biodiversity in the areas where we operate.

Mpact's paper mills account for 95% of the water used in the Group and have a legacy of optimising water use through water recycling and reuse while navigating the impact this has on paper quality. Other operations across the Group have also contributed with significant efforts to reduce water wastage, improve efficiency and developing water recycling and recovery systems as well as rainwater harvesting and boreholes. Our water reduction is driven by 5-year plans that are routinely reviewed by all operations.

Reducing atmospheric emissions from boiler stacks, vehicle exhausts and dust is an ongoing focus within our environmental management plans. Progress is driven by energy reduction programmes.

To contribute to the protection of biodiversity, we purchase raw materials from responsible sources and most of the fibre used in our paper mills is supplied by the Recycling division. Additional virgin pulp comes from responsible sources and our Paper Converting (Corrugated) plants are certified to Forest Stewardship Council (FSC) standards.

## CIRCULAR ECONOMY

Our business model is rooted in the circular economy, from the way our products are designed, to the materials we use and how we manufacture, recover and recycle products.

The Group plays an important part in closing the loop on the circular economy in southern Africa through our position as the largest paper and plastics packaging and recycling company in the region. In 2024, we collected 588,228 tonnes of recyclable paper, glass, beverage cans, plastic, and liquid board packaging, diverting waste that would have ended up in landfill.

An increasing percentage of the high-density polyethylene used in the manufacture of crates, wheelie bins, and pallets in the Bins & Crates unit comes from on site recycling.

## ENVIRONMENTAL INITIATIVES

Our 2027 reduction targets are set across the business, based on five-year targets set by operations for energy (and by implication $CO_2e$) and water reduction. Executive and management KPIs are linked to ESG targets to demonstrate management commitment to Mpact's sustainability.

Mpact sold the Versapak business in 2024 and closed the Wadeville Closures plant in 2023. In order to plan effectively for the future and be more effective in reporting performance we have recalculated our targets with the exclusion of these plants from the baseline year of 2019 through to the target year of 2025. The targets remain the same, with all results reported adjusted to exclude the discontinued operations.

Progress towards meeting our targets in 2027 is set out in the table below:

**Year-on-Year reduction % on a per tonne of product basis**

| | Energy | | Scope 1&2 $CO_2e$ | | Water | |
|---|---|---|---|---|---|---|
| | Target Cumulative | Achieved Cumulative | Target Cumulative | Achieved Cumulative | Target Cumulative | Achieved Cumulative |
| 2020 | 2.60% | 2.37% | 2.60% | 2.01% | 2.83% | 2.92% |
| 2021 | 1.44% | 1.31% | 1.44% | 0.64% | 0.25% | 0.15% |
| 2022 | 2.49% | 6.28% | 2.49% | 5.16% | 0.56% | 6.30% |
| 2023 | 3.74% | 9.04% | 3.74% | 7.92% | 1.01% | 6.86% |
| 2024 | 5.62% | 6.61% | 5.62% | 5.72% | 1.67% | 1.98% |
| 2025 | 8.12% | | 8.12% | | 2.56% | |
| 2026 | 11.25% | | 11.25% | | 3.67% | |
| **2027** | **15.00%** | | **15.00%** | | **5.00%** | |

*Reduction achieved since 2019. All targets are on a per tonne of saleable product basis for manufacturing operations.*

Due to unplanned commercial downtime at the paper mills and product changes at Plastics Wadeville, operational efficiencies were affected leading to increases in water and energy use, and $CO_2e$ emissions, per tonne of product in 2024. Nonetheless, we are still within the plan to meet our 2027 targets.

# SOCIAL

We are dedicated to fostering a safe and supportive workplace where our employees can pursue their aspirations and enhance their lives, while also surpassing customers' expectations for product and service quality, innovation, and cost competitiveness. We collaborate with the communities within which we operate to improve lives where possible.

# OUR APPROACH *(continued)*

## HEALTH AND SAFETY

We are committed to providing a safe and secure working environment in which our employees can fulfil their ambitions and aspire to continually improve their circumstances. Mpact and our customers are supported by our Food Safety research team in Stellenbosch to ensure our products comply to world class standards.

The safety and well-being of our employees and contractors remain a priority as we are committed to targeting "zero incidents." The SHE Management Committee and Social and Ethics Committee review performance against leading indicators, measured across six metrics, and lagging indicators, such as serious injury frequency rate, at their quarterly meetings.

The independently managed Life HS Employee Wellness Programme continues to provide essential health, psychosocial, legal, and financial counsel to employees and their dependants. Clinics at our operations support our efforts to promote safety, health and wellness through annual medical assessments, monitoring of chronic diseases, and providing primary health consultations as well as attending to injuries on duty when they occur during clinic hours.

Occupational hygiene surveys are conducted routinely to ensure that the operations comply with the necessary noise, lighting, dust and other occupational hygiene standards.

## DEVELOPMENT AND TRANSFORMATION

Mpact Operations holds a B-BBEE Level 1 certificate and runs a bursary scheme for young school leavers. We actively engage with several programmes to contribute to the communities in which we operate.

We aim to be an employer of choice by offering a competitive employee value proposition, given that our ability to create value for stakeholders depends on our ability to continue to attract, develop, and retain talent and experience in the business.

We remain committed to transformation and the Group Transformation Philosophy sets transformation goals that are reflected in our vision, core values, culture, and approach to people development at all levels in the business. Our Fair Employment and Promotions Philosophy emphasises that there is a place for all people in Mpact and entrenches merit-based employment equity to address diversity throughout the organisation, especially regarding race, gender, and disabilities. The Mpact Foundation Trust (page 55) serves both as a vehicle for B-BBEE ownership and empowering previously disadvantaged individuals. The Trust established a bursary scheme solely for the benefit of qualifying Mpact employees' dependants.

## EMPLOYMENT OPPORTUNITIES

In 2024, we had a workforce of 4,557 people at our operations, with R2.1 billion allocated towards salaries, wages, and benefits for our staff.

## SKILLS DEVELOPMENT

Mpact invested R26.9 million in 2024 (2023: R37.6 million) in skills development and 56,115 man-hours of training for 2,991 employees. This investment enhances the human and intellectual capital available to the Group as well as the personal growth, career development, and employability of employees. People are encouraged and supported to continue to further their education in job-related fields. Furthermore, the Mpact e-Learning Academy offers internally and externally curated courses in a wide range of topics, including management and leadership, health and safety, wellness, business fundamentals, risk management, energy and environmental management.

## PROMOTING DIVERSITY AND REPRESENTATION OF HISTORICALLY DISADVANTAGED SOUTH AFRICANS

This year, the Group provided 251 skills development and work experience opportunities in total through our apprentice and learnership programmes that aim to better the industry-relevant skills pool. 92% of candidates on these programmes are from previously disadvantaged backgrounds and 34% are Black women. Mpact's transformation initiatives promote diversity and the advancement of historically disadvantaged South Africans.

## SOCIO-ECONOMIC DEVELOPMENT

Community development and engagement are critical aspects of sustainable investment, and as such, our CSI strategy provides financial support for social upliftment projects, to build partnerships with host communities and encourage employee volunteerism. Many of the Group's contributions aim to address some of South Africa's most significant challenges, including socio-economic upliftment in disadvantaged communities, unemployment, education, and environmental sustainability.

During 2024, Mpact invested R10.8 million (2023: R13.6 million) in our initiatives, which have a strong focus on education, health, sports, disaster relief, youth development and gender-based violence (GBV). More information on our CSI initiatives can be found in the Sustainability Report available on the website: **www.mpact.co.za**.

## ENTERPRISE DEVELOPMENT

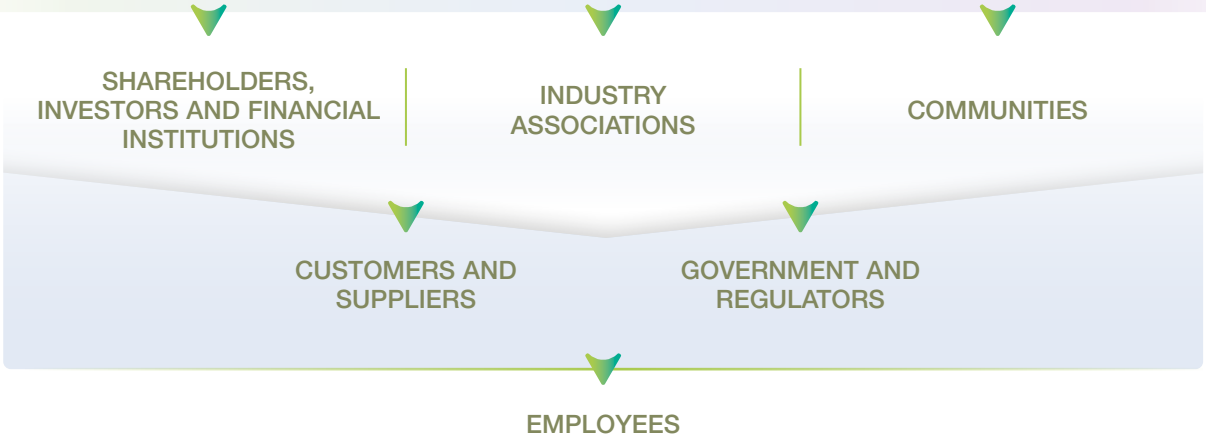
We support economic development by providing opportunities for small businesses through our enterprise development programme and for suppliers in the recycling value chain. Mpact Recycling's 14 sites buy recyclable waste from buy-back centres and small enterprises, promoting local beneficiation of raw materials, supporting the development of SMMEs, and providing indirect job opportunities in the recycling industry.

## STAKEHOLDER ENGAGEMENT

Meeting and exceeding customers' requirements for product and service quality, innovation, as well as cost competitiveness, remains a commitment of our business. Accordingly, we engage with a range of stakeholders including industry bodies such as PAMSA, Fibre Circle, PETCO, Polyco and PlasticsSA.

Regular, transparent, and open dialogue with our stakeholders remains an ongoing element of ensuring our long-term success. We engage regularly with primary stakeholders to understand their key concerns and identify ways to address the social, economic, and environmental challenges they and the Group face. The information from these engagements informs our strategy discussions, strengthens our community programmes, identifies risks, opportunities, and material matters, and ensures compliance with the Companies Act and King IV™.

### MPACT'S PRIMARY STAKEHOLDER GROUPS




The Group's Stakeholder Engagement Policy guides this approach and is reviewed annually, with the Social and Ethics Committee reviewing quarterly reports on our key engagements with stakeholders. The Committee further evaluates our primary stakeholders each year to ensure these stakeholders continue to reflect the key groupings with which we interact. Further information on Mpact's stakeholder engagement is detailed in the Sustainability Report, available on our website.

## SUSTAINABILITY GUIDELINES

Our reporting is primarily based on the GRI standard but also aims to comply with the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. We also continue to align with those UN SDGs we consider applicable to our business and have updated our progress during 2024 accordingly.




Our progress for the financial year ended 31 December 2024 is reported in more detail in the Sustainability Report.

Please also refer to the "About this report" section on page 2 for the full list of guidelines that are adhered to.

# SOCIAL AND ETHICS COMMITTEE REPORT



***"The role of the Social and Ethics Committee is to guide, monitor and review the Group's environmental and social performance, as well as its impact on natural resources, in compliance with legal and legislative requirements. We promote adherence to ethical and principled conduct with respect to transformation, health and safety and caring for the environment, and oversee CSI engagement with local communities."***

**Maya Makanjee** | *Social and Ethics Committee Chair*

The committee performs its duties in terms of regulation 43 of the Companies Act, the guidance provided by King IV™ and its Terms of Reference. The Terms of Reference are reviewed annually, and updated to ensure they remain aligned with statutory and legal requirements, as well as the changing needs of the organisation.

In the period reported, the committee comprised two Independent Non-executive Directors and one Executive Director. The committee reports to the Board every quarter as well as to shareholders at the AGM. Four meetings were held during the year (shown on page 63); key senior managers attended meetings by invitation. There were no incidents of material non-compliance with environmental and health and safety regulations during 2024.

## COMMITMENT TO ESG

Mpact's commitment to ESG is fulfilled in the following ways:

- Acting as a responsible employer and corporate citizen and managing natural resources with care, sensitivity and expertise.
- Providing a safe and secure working environment in which employees can fulfil their ambitions and aspire to continually improve their circumstances.
- Providing our customers with innovative sustainable packaging while giving effect to the circular economy through our integrated business model.
- Making a difference in the communities in which we operate.
- Adherence to a range of local and international standards in the areas of quality, environment, food safety, and employee health and safety.

The committee reviews quarterly reports from management on key aspects of ESG including, environmental, energy and carbon emissions, health and safety, development and transformation, corporate social investment, and stakeholder engagement. The committee also reviews ESG-related risks and provides input to management's key controls and risk ratings, as profiled in the Group Risk Register. These risks include, among others, consideration of climate change, energy, water supply, social cohesion, employee well-being, legislative compliance, and reputation. Sustainability issues are assessed to ensure that these accurately represent the most material potential impacts on Mpact's ability to create value.

Our Sustainability Report, published separately to support the Integrated Report, sets out our approach to ESG in more detail.

## ENVIRONMENTAL RESPONSIBILITY

Mpact's Environmental Management Standard (EMS), which complies with ISO14001 requirements, guides operations in driving continual improvement. Integral to this standard are the five-year plans in which each operation commits to reductions in energy and $CO_2e$ as well as water use and wastewater disposal; our energy plan also informs the mandatory Greenhouse Gas Pollution Prevention Plan and Carbon Budget. I am pleased to report that the Group has not exceeded the energy, $CO_2e$ and water targets that were set for 2027, nor received any environmental adverse findings. A Net

Zero vision has been drafted for 2050 and a detailed Climate Change risk register is in place to inform our approach to climate adaptation and transition.

We continue to seek alternative ways to manage energy and water supply as service delivery challenges prevail across the country. Mpact has installed 16MWp of Solar PV with a target of 25MWp by 2027. This is supplemented by 22.6MW of diesel generation capacity to alleviate outages at key operations. We are in the process of conducting a feasibility study to install a 66MWp Solar PV plant at our Mkhondo Mill from which we would be able to wheel power to other operations and the independent energy market. Boreholes and rainwater harvesting facilities have been installed at several operations to provide water when services fail. We are also considering large scale storage to support operations through water outages, especially in Gauteng where water supply has become challenging.

As the leading plastic and paper recycling and packaging manufacturer in southern Africa, we ensure valuable recyclable materials remain in the eco-system and are converted into new products through our integrated business model. Our circular economy focus is becoming increasingly important in addressing the multiple challenges of landfill space, litter, resource constraints and the recycling ethic.

## PRIORITISING HEALTH AND SAFETY

The committee oversees the health and safety of employees and assesses the processes that are in place to create a safe working environment.

The SIFR, which includes RWC, lost time injuries, and fatalities, increased to 0.50 (2023: 0.40) and LTIFR increased to 0.40 (2023: 0.29). The number of lost time injuries increased to 29 (2023: 22) and RWCs decreased to 7 (2023: 8). It is with deep sadness that we report the loss of Emma Makobela in a work-related accident at our Pretoria recycling plant. Emma was contracted by the third-party company that runs operations at this site.

The Employee Wellness Programme provides support to employees and their households for health, psychosocial, and financial advice, as well as legal support. 341 employees and their family members consulted the EWP in 2024. Employees also have access to primary health and chronic disease consultations at onsite clinics and all employees undergo annual occupational health medical examinations.

## COMMITMENT TO TRANSFORMATION

The committee has undertaken deep dives to support transformation across the Group. Focus areas include procurement, where we support enterprise and supplier development (ESD), and skills development.

Our preferential procurement programme fosters entrepreneurship and promotes transformation across the supply chain by supporting the development of small Black-owned and Black woman-owned businesses. This serves to reduce their costs and create a more inclusive value chain, whilst supporting the development of small businesses. Substantial prepayments are offered to small-scale suppliers to secure their working capital for raw materials, thereby enabling these businesses to expand and contribute to a more robust and diverse supply chain.

Within skills development, we prioritise initiatives that support the advancement of previously disadvantaged employees and those excluded from the job market. Mpact offers training and work experience opportunities on an ongoing basis through our apprentice and learnership programmes which are NQF-aligned. More than 92% of candidates in these programmes are from previously disadvantaged backgrounds and over 34% are Black women. Our e-Learning Academy, launched in 2021, has proved to be a valuable resource to facilitate basic training courses across the workforce.

We continue to monitor progress against Mpact's Employment Equity targets and the amended Forest Sector Code. Mpact Operations maintained a Level 1 B-BBEE rating in 2024 with Black ownership at 33.7% (2023: 28.6%) and Black female ownership at 18.6% (2023: 17.4%).

## SUPPORTING COMMUNITY DEVELOPMENT

Our operating divisions continue to proactively engage with local communities through CSI initiatives, and encourage employee participation. Mpact's financial contribution to CSI supports projects in the areas of education, health, sports, disaster relief, youth development and gender-based violence (GBV). We are proud of the commitment that is shown by our operating divisions, and the positive impact this has had in uplifting the lives of the beneficiaries who they touch.

## GOVERNANCE AND ETHICS

The Group's Code of Ethics is the basis upon which we engage with our stakeholders, internally and externally and encompasses our approach to human rights, gifts and entertainment, fraud, bribery and corruption. Employees are encouraged to report improper conduct or unethical behaviour to management, as a protected disclosure in accordance with the provisions of the Protected Disclosures Act No. 26 of 2000, and also have access to a whistle-blowing facility that is independently administered by Deloitte.

# SOCIAL AND ETHICS COMMITTEE REPORT *(continued)*

## FOCUS FOR 2025

Stakeholder engagement is critical to our success and helps us to identify risks and opportunities, as well as any potential material issues. We will maintain our focus on health, safety and environmental sustainability and promote the Group's ability to create and add value through the circular economy at an operational level with responsible leadership. I am most grateful to the members of the committee for their contribution over the past year.

The committee is adequately structured in accordance with these requirements as follows:

| | |
|---|---|
| M Makanjee | Chairman, Independent Non-executive Director |
| ABA Conrad | Member, Independent Non-executive Director |
| BW Strong | Member, Executive Director |

The Social and Ethics Committee met four times during the financial year. The table below sets out the attendance by the committee members:

| Director | 5 March 2024 | 4 June 2024 | 30 July 2024 | 5 November 2024 |
|---|---|---|---|---|
| M Makanjee | ✓ | ✓ | ✓ | ✓ |
| ABA Conrad | ✓ | ✓ | ✓ | ✓ |
| BW Strong | ✓ | ✓ | ✓ | ✓ |

On behalf of the Social and Ethics Committee

**Maya Makanjee**
*Social and Ethics Committee Chair*

25 April 2025




*Mpact Paper, Gqeberha*

# MPACT FOUNDATION TRUST REPORT



*"I believe that access to education unlocks opportunities for individuals that may have remained closed. It fosters both creative and critical thinking, which are vital as we navigate an unpredictable and ever-evolving world."*

**Lea Conrad** | *Mpact Foundation Trust Chair*

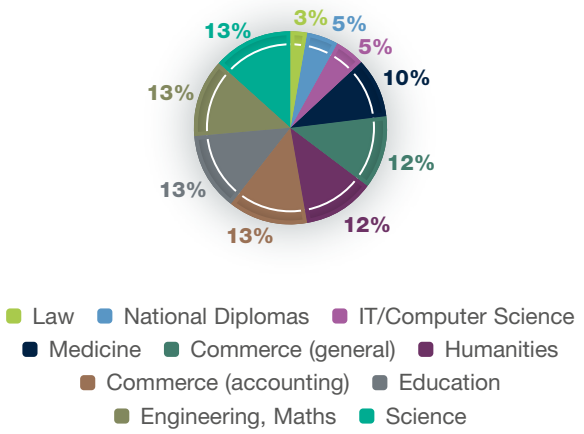
The Mpact Foundation Trust (Trust) was established in 2015 with the principal objectives of pursuing the empowerment of previously disadvantaged stakeholders with a focus on funding broad-based initiatives or activities, and to create a sustainable funding structure. These objectives are fulfilled in compliance with the B-BBEE requirements that are applicable to the Trust and the Company. All scholarships, bursaries, loans or awards granted by the Trust to an individual must be bona fide, and awarded on the grounds of merit or need.

The Trustees established a bursary scheme solely for the benefit of the dependants of qualifying Mpact employees. Successful candidates receive comprehensive academic bursaries enabling them to study at higher education institutions. The bursaries are available to students from historically disadvantaged groups, with a strong focus on supporting Black women. The Trustees currently include two Independent Non-executive Directors of Mpact, Lea Conrad (the Chair) and Maya Makanjee, and the Group Company Secretary, Donna Dickson. The appointment of Hannes Snyman, Mpact's Chief Financial Officer, is pending at the Master's office. An independent third party monitors the academic performance of all candidates to report their progress and potential issues to the trustees to provide additional support, as required.

Since 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.

Since the launch of the bursary scheme, numerous students have successfully graduated in fields such as medicine, accounting, logistics, psychology, and social sciences, reflecting the Trust's approach of not stipulating fields of study. Additionally, two students have continued their education with postgraduate studies, and one student has been accepted into a postgraduate doctoral programme.

**Mpact Foundation Trust (studies undertaken by beneficiaries)**



# MPACT FOUNDATION TRUST REPORT
*(continued)*

We are inspired by our students' academic performance and anticipate that an additional three students are likely to graduate in the year ahead.

All beneficiaries of the bursary scheme are dependants of Mpact employees, in the Paterson C graded band and below, ensuring that those most in need have access to the programme. The beneficiaries include matriculants and tertiary students who demonstrate the ability to work hard and succeed academically.

Each application is reviewed by the trustees and evaluated against the following criteria:

- the eligibility of the parent, who must be an employee of Mpact at an appropriate level within the Group;
- the candidate, who must be student or matriculant and a dependant of the employee as defined by the scheme;
- the academic record of the candidate;
- a letter of admission from an accredited public tertiary institution based in South Africa;
- the race and gender of the candidate;
- geographical location, taking into account the Mpact operations; and
- an interview with the candidate.

The bursaries include payment for full boarding and tuition, an allowance per semester, as well as stationery and prescribed books. Students are invited to pursue paid work experience opportunities at one of Mpact's operations in their mid-year holidays. This provides practical experience to enable graduates to be work-ready, and obtain a foundational understanding of essential workplace requirements including punctuality, health, safety, ethics and professionalism. During the year, 17 students participated in the mid-year intern programme which also serves to promote the bursary scheme within the Company.

A 12-month internship programme was initiated at the end of 2021 to assist graduates without employment to gain formal work experience, as there are limited employment opportunities available to young graduates. Mpact provides this internship for current and former graduates to provide them with practical work experience. The interns' degrees are taken into account in placing them to provide the opportunity to gain experience in their relevant field of study, where feasible.

The Trust also funds training to upskill beneficiaries to improve their employability and preparedness to enter the job market. This training includes developing career strategies, emotional intelligence, financial literacy, and wellness, understanding corporate culture, building a personal brand, understanding of the working environment and career management. The training is offered online and in-person with beneficiaries required to choose three topics to complete during the year.

A Mindful Resilience programme was introduced in 2023, to provide students with tools to develop resilience and a focus on lifelong learning. This initiative has been well received and participants reported an improvement in their focus and concentration. As trustees, we recognise the intense daily pressure that students face and we will continue to think of ways that we can provide our beneficiaries with pragmatic support.

The bursary scheme is publicised internally with the HR team playing an instrumental role in sharing important information with employees. In addition, the scheme and requirements for potential beneficiaries are promoted through internal communication channels, and successful graduates are profiled in the employee newsletter as an example to others of what can be achieved. The annual Company-wide Imbizos are a forum where Mpact's CEO, Bruce Strong, is able to engage directly with interns, graduates and employees to highlight the benefits of the programme.

During this year we started tracking the progress of graduates to measure the Trust's impact and identify areas of improvement, which is a project that will continue. We have also increased support for candidates to prepare and submit their applications.

In closing, I would like to thank the trustees who share and support my belief that better education is essential to address South Africa's societal challenges by improving the skills and prospects of the Trust's beneficiaries. I congratulate our students on their superb efforts during the year and extend my best wishes to our incoming students for a successful and fulfilling academic year in 2025.

On behalf of the Mpact Foundation Trust:

**Lea Conrad**
*Mpact Foundation Trust Chair*

25 April 2025



*Mpact Foundation Trust*

# CASE STUDY

## BRIDGING THE GAP – MPACT'S LEARNERSHIP INITIATIVE

Mpact partnered with Innovative Shared Services (ISS) and Smollan to offer learnership opportunities to 20 participants with disabilities and/or were previously disadvantaged. ISS is a registered and accredited training and consultancy company; Smollan is a company that specialises in sales and marketing services with the aim of upskilling people for employment opportunities.

Each of the participants completed a Wholesale and Retail Operations NQF 3 learnership over the course of one year, based at stores in Gauteng, with the objective of bridging the gap between education and employment. The programme combined theoretical learning with practical experience that allowed participants to develop to the best of their abilities in a structured and supportive workplace environment. Training covered communication, problem solving, team work and technical knowledge such as FIFO (first in, first out principle), stock receipt and product handling and fit for purpose packaging.

This approach to learning greatly enhanced the confidence and personal development of participants. Improvements were noted in accountability, time keeping, preparation and planning of activities and the ability to engage constructively with difficult customers.

The feedback shared was positive. Participants appreciated the comprehensive training and a forum where they could contribute in a productive way. Many acknowledged that this was a unique opportunity to build personal confidence, gain skills and experience and develop their understanding of marketing, manufacturing and sales.

Several individuals who completed the training have found permanent employment, and those that are seeking opportunities have broadened their skill set and potential to work within a competitive job market. Support has been extended to candidates who have informal businesses or wish to start entrepreneurial projects.



# 05
# GOVERNANCE


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68 Risk Management

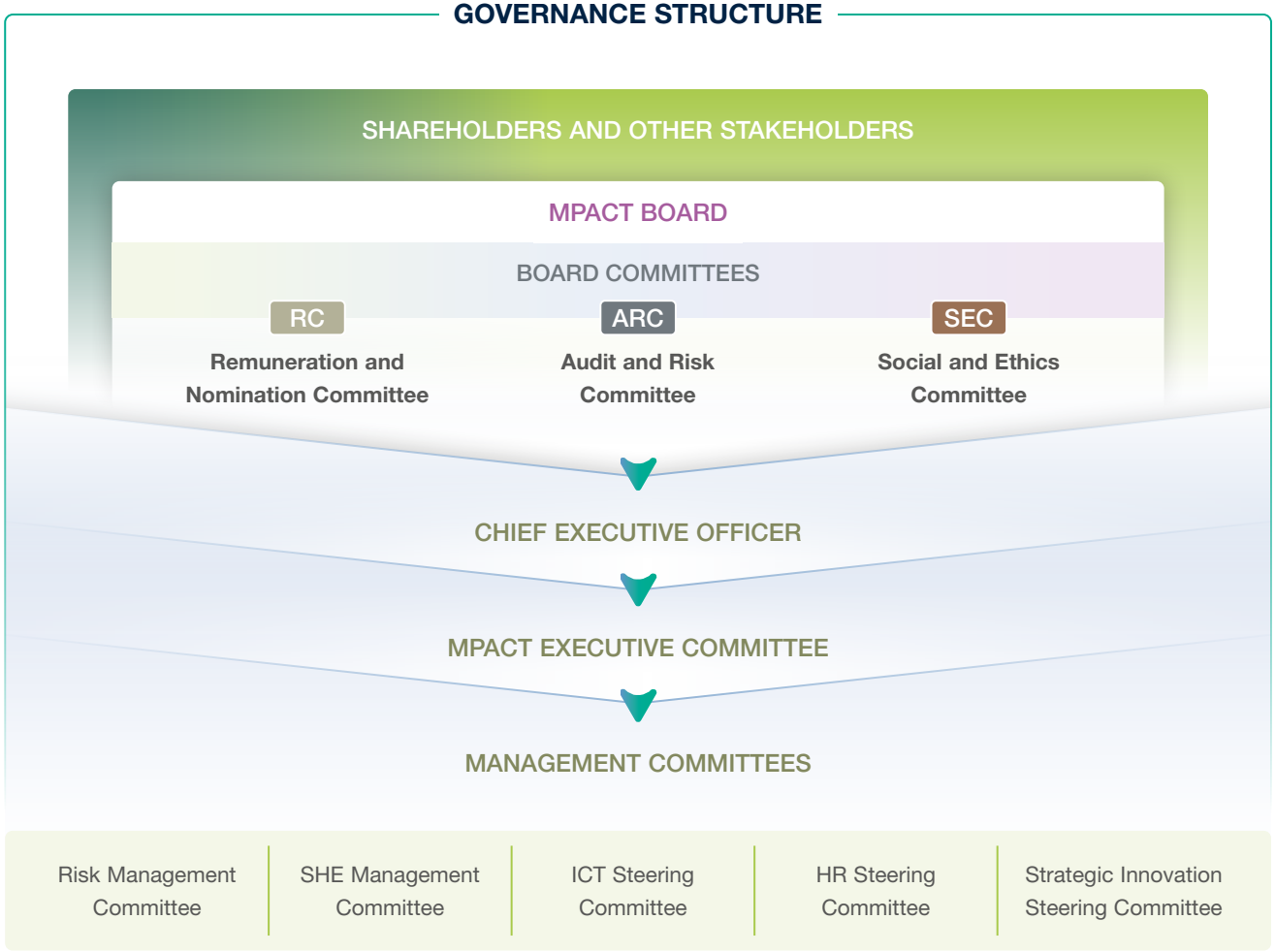
75 Remuneration Committee Report




# CORPORATE GOVERNANCE REPORT

Mpact is committed to maintaining the highest standards of good governance in order to promote quality decision-making and ensure the execution of decisions within a disciplined framework of policies, procedures and defined delegations of authority.

## GOVERNANCE STRUCTURE




## COMMITMENT AND APPROACH TO CORPORATE GOVERNANCE

The Board embraces its responsibility to ensure that the principles of sound corporate governance are observed and incorporated into the leadership and management of the Group. The Board confirms that the Group has complied with all its statutory obligations as prescribed by the Company's MOI, the Companies Act, the JSE Listings Requirements, A2X rules and all other regulatory requirements. The Group under the stewardship of the Board accepts responsibility for the application of good corporate practices to ensure that business is managed ethically and within acceptable risk parameters. In discharging this responsibility, the Group is guided by its Terms of Reference and Policies and further ensures that effective corporate governance is practiced consistently throughout the Group.

## ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Board has set values to which the Group adheres, and these are incorporated into the Group's Code of Ethics. The Code of Ethics includes our ethical values and our behavioural standards. This foundation remains the Board's platform to lead Mpact sincerely and honestly.

The Group's standards of integrity and ethics in dealing with its stakeholders at large are included in the Code of Ethics. Integrity is fundamental to how the Group conducts its business and is expressed in its values and principles and guides interactions with primary stakeholders. Every employee is expected to adhere to these principles and values to deliver exceptional value to our stakeholders by cultivating the habits of being resolute, trustworthy and responsible. This is not merely a matter of knowing the "rules", but of repeatedly

# CORPORATE GOVERNANCE REPORT *(continued)*

exercising moral thinking and applying the guidelines outlined in the Group's Code of Ethics. The Code of Ethics is reviewed by the Board periodically to ensure that Mpact has the requisite values and principles to remain differentiated by people who are resolute, trustworthy and responsible.

The Social and Ethics Committee assists the Board to monitor the Group's corporate citizenship responsibilities. The committee monitors progress against transformation targets and the Group's employment equity plan, fair remuneration, health and safety, as well as the external verification of the Group's empowerment activities.

## KING IV™ APPLICATION

The Board is committed to achieving the highest standards of governance, business integrity and ethical conduct across all its activities. This is achieved by effective and ethical leadership through continuously reassessing the Group's internal controls, policies, Terms of Reference, procedures and processes, while considering the recommendations contained in King IV™ and making relevant changes when appropriate. The Group remains committed to managing its operations in accordance with the highest ethical standards.

The Group conducts qualitative assessments of the level of application of King IV™ principles to fully achieve the four governance outcomes of:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

The Board is satisfied that every effort has been made to apply material aspects of King IV™.

## GOVERNANCE FRAMEWORK

The power and authority to lead, control, manage and conduct business, including the power and authority to delegate, is vested with the Board to ensure that Mpact remains a sustainable and viable business. This responsibility is facilitated by a well-developed governance structure. The Governance Framework of the Group defines reporting lines between the divisional level and the Board to ensure that the divisions' approach to corporate governance remains in line with Mpact's policies.

The Board determines, prioritises and provides guidance for achieving Group objectives. The ultimate responsibility for ensuring full and effective control of the Group's businesses rests with the Board. In discharging its responsibilities, the Board is supported by Board sub-committees and senior management. The Board has several sub-committees in which Non-executive Directors play a pivotal role. With guidance from the Board, the day-to-day responsibility for ensuring that the Group's businesses are managed appropriately, rests with the CEO. The CEO may delegate day-to-day duties to divisional management as and when required.

The responsibilities delegated to the committees of the Board are formally documented in the Terms of Reference for each committee, which have been approved by the Board and are reviewed annually to keep abreast of developments in law and best practices in governance. Recommendations and feedback on key activities addressed by the committees are provided at Board meetings, ensuring transparency and full disclosure of the committees' activities.

Each Board committee meets at least four times a year. The composition and responsibilities of each Board committee are further elaborated on in this report. The Board has, through an approved delegation of authority, delegated the implementation and execution of the approved strategy to executive leadership via the CEO.

The Company's main operating subsidiary is Mpact Operations (Pty) Ltd ("Mpact Operations"), which conducts much of the business and affairs of the broader Mpact Group. The company's Non-executive Directors were appointed to the Board of Mpact Operations with effect from 23 September 2022 in which capacity they attend to the governance of Mpact Operations and its subsidiaries. An Audit and Risk Committee, a Remuneration and Nomination Committee and a Social and Ethics Committee were also established for Mpact Operations with effect from the same date. The composition of the committees for Mpact Operations replicates the composition of the committees of the company.

## ROLE AND FUNCTION OF THE BOARD

The Board is a unitary body that is effective in leading and controlling the Group. Its mission is to ensure Mpact's continued success and sustainability by collectively directing the Group's affairs with effective and responsible leadership within the industries and markets in which Mpact operates, while meeting the appropriate interests of its relevant stakeholders.

## ROLE AND FUNCTION OF THE EXECUTIVE COMMITTEE (EXCO)

The Exco is responsible for making recommendations to the Board regarding the Group's policies and strategies and for monitoring their implementation in accordance with the Board's directives. The Exco meets five times a year and is responsible for the Group's operational activities, developing strategy and policy proposals for consideration by the Board, and implementing the Board's directives. The committee has a properly constituted mandate and Terms of Reference.

Other responsibilities include:

- leading the executive, management and staff of the Group;
- developing the annual budget and business plans for approval by the Board;
- developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels;
- monitoring and enforcing good corporate governance practices and the application of the Code of Ethics, as defined and adopted by the Board;
- guiding and controlling the overall direction and control of Mpact, and acting as a medium of communication between business units, subsidiaries and the Board;
- ensuring appropriate coordination between Mpact, its subsidiaries and the various business units; and
- ensuring the adequacy of the Group's reporting arrangements.

The Exco has specific key performance areas and targets which are set in line with the approved strategy and monitored by the Board with the assistance of the Remuneration and Nomination Committee.

## RESPONSIBILITIES OF THE BOARD

The Board serves as the focal point and custodian of corporate governance of the Group and acknowledges its responsibility for ensuring that the principles of sound corporate governance are observed and incorporated into the leadership of the organisation. Sound governance practices based on accountability, responsibility, transparency, ethical management and fairness, are entrenched across the business. The Board recognises that good governance, achieved through an ethical culture, competitive performance, effective control and legitimacy can create sustainable value and enhance long-term equity performance.

The Directors, collectively and individually, acknowledge their responsibilities in terms of King IV™, the Companies Act and the JSE Listings Requirements.

The Board's Terms of Reference requires each Director to regularly attend meetings of the Board and its committees. The purpose of this Terms of Reference is to set out the mission, duties and responsibilities of the Board, as well as the requirements for its composition and meeting procedures.

A summary of the duties of the Board as outlined in the Board's Terms of Reference include:

- providing leadership based on an ethical foundation and ensuring that the Group's ethics are effectively managed;
- appreciating that strategy, risk, performance and sustainability are inseparable;
- acting as the focal point for, and custodian of, corporate governance;
- having a responsibility to all stakeholders, which includes present and potential beneficiaries of the Group's products and services, clients and employees, to achieve continuing prosperity for the Group;
- reviewing and approving financial objectives, plans and actions, including cost allocations and expenditures;
- ensuring that the Group is a responsible citizen by having regard to not only the financial aspects of the business, but also the impact that the business operations may have socially and environmentally;
- ensuring that the Group complies with applicable laws and considers adherence to non-binding rules and standards; and
- being responsible for the governance of risk, including IT.

## BOARD PRACTICES

The Board is ultimately responsible for the Group's business, approval of the strategy and key policies and is the focal point and custodian of corporate governance at Mpact. It is also responsible for approving the Group's strategy, financial objectives and targets. The roles of the Chairman and CEO are separate and not held by the same person.

The Board is led by an Independent Non-executive Chairman elected by the Board, while the operational management of the Group is the responsibility of the CEO. The CEO is appointed by the Board. The Board recognises the necessity for Directors to occasionally seek independent professional advice at the Group's expense. In this regard, the Board has adopted a Board Policy on the procedure for taking professional advice.

A minimum of four Board meetings are scheduled per financial year, while additional meetings may be convened when necessary. A strategy session is held annually.

Well-structured Board agendas and comprehensive papers are circulated electronically to Board members on a timely basis, ensuring that the members are well informed, and that debate and decisions are constructive and robust at the Board meetings.

## BOARD COMPOSITION

The Board comprised eight Directors, two of whom are Executive Directors, for the financial year ended 31 December 2024. The remaining six Directors, three of whom are women, are all Independent Non-executive Directors. The two Executive Directors include a CEO and CFO in accordance with the JSE Listings Requirements, to ensure, among others, that the Board has more than one point of direct interaction with management.

The Non-executive Directors are not involved in the day-to-day management of the business and are not full-time salaried employees of the Company and/or any of its subsidiaries.

# CORPORATE GOVERNANCE REPORT *(continued)*

Non-executive Directors bring an independent view to the Board's decision-making and have a significant influence at Board meetings.

As a collective, the Board is well-balanced with a wide range of knowledge, skills and industry experience. This diversity of skills and other attributes allows the collective, and each individual Director, to bring significant influence to bear on Board and committee deliberations, while the large component of Independent Non-executive Directors on the Board ensures unbiased decision-making.

There is a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision-making.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

The independence of Directors is determined holistically, and on a substance-over-form basis in accordance with the indicators provided in section 94(4)(a) and (b) of the Companies Act and the King Code.

The Nomination Committee reviews the independence of all Non-executive Directors using the guidelines recommended by the King Code, JSE Listings Requirements and the Companies Act and further undertakes a vigorous process to assess the independence of the Non-executive Directors who have served on the Board for a period longer than nine years. The Nomination Committee found that these Directors, through their actual conduct at Board and committee meetings, have displayed an independence of mind in their decision-making, that they are independent in character and judgement and that there are no relationships or circumstances which have affected, or could appear to affect, their independence.

As at the date of this Report, the only Non-executive Director on the Board who has served in an independent capacity for longer than nine years is AJ Phillips. The knowledge, competencies and capabilities of AJ Phillips has contributed to the history and affairs of the Group and has assisted the Board in shaping the Group's growth and strategy.

After careful consideration, the Board remains satisfied that all Board members demonstrate independence of mind and that there are no interests, positions, associations or relationships which are likely to unduly influence or cause a bias in decision-making. The Board is satisfied that all Directors continue to act in the best interest of Mpact and continue to perform their duties impartially and with the highest integrity.

## BOARD MEETING ATTENDANCE

The Board held four scheduled meetings during the financial year as well as a two-day strategy session. Meetings are conducted according to a formal agenda, ensuring that the Board properly addresses and follows up on all substantive matters and, over a 12-month period, covers all the agenda items on the Board's forward plan. The table below sets out the attendance by the Directors:

| Director | 7 March 2024 | 6 June 2024 | 1 August 2024 | 18 September 2024[2] | 19 September 2024[2] | 7 November 2024 |
|---|---|---|---|---|---|---|
| AJ Phillips[1] | ✓ | ✓ | × | ✓ | ✓ | ✓ |
| ABA Conrad[1] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| PCS Luthuli[1] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| M Makanjee[1] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| DG Wilson[1] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| FC Futwa[1,3] | – | ✓ | ✓ | ✓ | ✓ | ✓ |
| BW Strong | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| JJ Snyman[4] | – | ✓ | × | ✓ | ✓ | ✓ |
| TDA Ross[5] | ✓ | ✓ | – | – | – | – |
| BDV Clark[6] | ✓ | – | – | – | – | – |

1. *Independent Non-executive Directors.*
2. *Strategy session.*
3. *FC Futwa was appointed effective 17 May 2024.*
4. *JJ Snyman was appointed effective 1 June 2024.*
5. *TDA Ross retired by rotation at the AGM held on 6 June 2024.*
6. *BDV Clark retired effective 31 May 2024.*

During the year under review, four special meetings were held in addition to the scheduled meetings. No Board fees were paid to the Board members as a result of the 2024 AGM voting results.

## COMMITTEES

The Board has delegated some of its responsibilities to its committees to assist in the execution of its duties. The Board has established three committees to assist it in fulfilling its duties and responsibilities more effectively.

In accordance with the recommended practice of King IV™, several Directors serve on multiple committees. The Board is satisfied that there is appropriate cross-membership among its committees to promote effective communication between committees, to minimise fragmented functioning and to ensure a balanced distribution of power across committees, so that no single individual has unfettered control or the ability to dominate decision-making, and that no undue reliance is placed on any single individual.

### 1. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee consists of entirely Independent Non-executive Directors as envisaged in the Companies Act, King IV™ and the JSE Listings Requirements. The members of the Audit and Risk Committee are appointed at each AGM of the Company, in accordance with and subject to the requirements and criteria as set out in section 94(2). All the members of the Audit and Risk Committee have the prescribed academic qualifications and experience. The committee is adequately structured in accordance with these requirements as follows:

| | | |
|---|---|---|
| PCS Luthuli | Interim Chairman, Independent Non-executive Director | CA(SA) |
| DG Wilson | Member, Independent Non-executive Director | CA(SA) |
| FC Futwa | Member, Independent Non-executive Director | CA(SA) |

#### AUDIT AND RISK COMMITTEE

The Chairman of the Board is not a member of the committee and attends only via invitation.

The Audit and Risk Committee held four structured, formal committee meetings during the financial year. The table below sets out the attendance by the committee members:

| Director | 5 March 2024 | 4 June 2024 | 30 July 2024 | 5 November 2024 |
|---|---|---|---|---|
| PCS Luthuli | ✓ | ✓ | ✓ | ✓ |
| DG Wilson | ✓ | ✓ | ✓ | ✓ |
| FC Futwa[1] | – | ✓ | ✓ | ✓ |
| TDA Ross[2] | ✓ | ✓ | – | – |

*1. FC Futwa was appointed effective 17 May 2024.*
*2. TDA Ross retired by rotation at the AGM held on 6 June 2024.*

### 2. SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is a statutory committee of the Board appointed in terms of section 72(9A) of the Companies Amendment Act, 2024. The role of the Social and Ethics Committee is to assist the Board with the oversight of social and ethical matters relating to the Group. The composition of the committee satisfies the requirements of the Section 72(7A) of the Companies Amendment Act and, in addition, meets the requirements of King IV™, namely that the majority of members must be directors who are not involved in the day-to-day management of the business of the Company and must not have been so involved at any time during the previous three financial years. The committee is adequately structured in accordance with these requirements as follows:

| | |
|---|---|
| M Makanjee | Chairman, Independent Non-executive Director |
| ABA Conrad | Member, Independent Non-executive Director |
| BW Strong | Member, Executive Director |

#### SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee met four times during the financial year. The table below sets out the attendance by the committee members:

| Director | 5 March 2024 | 4 June 2024 | 30 July 2024 | 5 November 2024 |
|---|---|---|---|---|
| M Makanjee | ✓ | ✓ | ✓ | ✓ |
| ABA Conrad | ✓ | ✓ | ✓ | ✓ |
| BW Strong | ✓ | ✓ | ✓ | ✓ |

### 3. REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists entirely of Independent Non-executive Directors as shown below.

| | |
|---|---|
| PCS Luthuli | Chairman, Independent Non-executive Director (Remuneration) |
| AJ Phillips | Chairman, Independent Non-executive Director (Nomination) |
| M Makanjee | Member, Independent Non-executive Director |
| DG Wilson | Member, Independent Non-executive Director |

# CORPORATE GOVERNANCE REPORT *(continued)*

## REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee held four formal, structured meetings during the financial year. The table below sets out the attendance by the committee members:

| Director | 5 March 2024 | 4 June 2024 | 30 July 2024 | 5 November 2024 |
|---|---|---|---|---|
| PCS Luthuli | ✓ | ✓ | ✓ | ✓ |
| AJ Phillips | ✓ | ✓ | × | ✓ |
| M Makanjee | ✓ | ✓ | ✓ | ✓ |
| DG Wilson | v | ✓ | ✓ | ✓ |
| TDA Ross* | ✓ | ✓ | – | – |

* *Retired by rotation at the AGM held on 6 June 2024.*

## APPOINTMENTS TO THE BOARD

Directors are appointed through a formal and transparent process, which includes the screening and identification of suitable candidates as well as performance and background checks and interviews. Directors are nominated based on their calibre, knowledge, experience and the impact they are expected to have, as well as the time and attention they can devote to their roles. Proposals for election/re-election to the Board are recommended by the Nomination Committee and are considered by the Board as a whole, subject to the approval/ratification thereof by the shareholders at the first subsequent general meeting or the AGM following their appointment to the Board. Director appointments are formalised through an agreed contract of service between the company and the Director. The Nomination Committee regularly reviews the balance of skills and experience of the Board and its committees.

New Directors are taken through a formal induction programme and are provided with all the necessary background and information to familiarise them with issues affecting the Board and the Group. Non-executive Directors are invited to visit Mpact facilities to assist in fast-tracking their orientation process. Non-executive Directors are required to dedicate sufficient time to Mpact Board matters. They may serve on other boards, provided that such other appointments do not create a conflict of interest or interfere with their duties to the Mpact Board, but rather afford the ability to add value by bringing a broader perspective to Board deliberations.

## BOARD DIVERSITY

The Board recognises the benefits arising from diversifying, including a broader pool of high-quality Directors and accessing different perspectives and ideas from all available talent. In accordance with the JSE Listings Requirements, the Board approved a Diversity and Inclusivity Policy, which proclaims the Board's values and principles, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. A breakdown of these diversity attributes is depicted on page 11. Accordingly, when Board vacancies arise, potential candidates are considered on merit against objective criteria and with due regard for the benefits of gender and race diversity, as well as levels of skill, acumen, qualifications, age, culture, experience, ethical behaviours and actual or potential contributions to the Group to ensure that the composition of the Board and its committees are appropriately balanced and diverse.

The Board has maintained its objective of one-third women on the Board and increased its race representation of Black people on the Board to 50%. The Board remains committed to promoting and maintaining diversity in its membership. The Nomination Committee will continue to monitor performance in relation to this target and will recommend any changes to this target to the Board for approval, as and when required.

## SUCCESSION PLANNING

The Nomination Committee reviews the succession plan for the CEO, Exco and other senior managers during the year and reports its recommendations to the Board. The Board further reviews the status of the Non-executive Directors' succession plan to ensure that it considers the challenges of a constantly evolving business environment.

## ROTATION OF DIRECTORS

In terms of the Memorandum of Incorporation, at least one-third of the Directors (other than the Executive Directors) retire by rotation and, if eligible, their names are submitted for re-election at the AGM, accompanied by appropriate biographical details set out in the report to shareholders.

The Board upon the recommendation from the Nomination Committee, considered the independence and performance of each Director due for election and re-election at the AGM and makes an appropriate recommendation to shareholders in this regard.

## BOARD AND COMMITTEE EFFECTIVENESS EVALUATION

An external evaluation of the Board and its sub-committees was completed in March 2025. Drivers of Board effectiveness include Board composition, Board dynamics and culture, Board Chairman effectiveness and efficiency of core Board processes, as well as the performance of the Board committees and the Group Company Secretary.

All areas of improvement were incorporated in the Board's and committees' forward plans.

The Executive Directors' performance, in relation to key performance areas, are assessed annually in accordance with the Group's standard performance assessment.

## STRATEGIC PLANNING

The Directors who are also members of the Exco, namely BW Strong and JJ Snyman, are involved in the day-to-day business activities of the Group. The Board defines the Group's level of authority, reserving powers for the Board while delegating others to management. The Exco formulates a strategy, which is reviewed and approved by the Board. The Board monitors the implementation of the strategy and is responsible to the shareholders and other stakeholders for setting the strategic direction of the Group. The Board meets with management at least annually to debate and agree on the proposed strategy and to consider long-term issues facing the Group as well as the changing environment in which it operates.

## CONFLICT OF INTEREST

The Board, subsidiary Directors and prescribed officers are required to disclose their personal financial interests and interests in contracts in terms of section 75(4) of the Companies Act. The Group ensures that Directors and prescribed officers are free of any conflicts between the obligations they have to the Company and their private interests. Directors are required to disclose any potential conflicts at quarterly meetings and as and when necessary to the Group Company Secretary. Directors do not vote on any matter in which they have an interest, and they are recused from any meeting and/or decision when such matters are discussed.

## SHARE DEALINGS

The Group has adopted a share dealing policy requiring all Directors, management and the Group Company Secretary to obtain prior written clearance through the Group Company Secretary from either the Chairman or the CEO to deal in the Company's shares. Closed periods (as defined in the JSE Listings Requirements) are observed as required. During these periods, the Directors, management and employees are not permitted to deal in the Company's securities. Additional closed periods are enforced when the Group commences with a corporate activity and where a cautionary announcement (as defined in the JSE Listings Requirements) is published.

## LEGAL COMPLIANCE

The Board oversees compliance with its approved framework to support an effective control environment, in accordance with good governance. The compliance framework has been incorporated into Mpact's Enterprise Risk Management Framework. The Audit and Risk Committee is responsible for continual monitoring of the regulatory environment and appropriate responses to changes and developments that impact the Group and reporting on any significant changes to the Board. The Group Company Secretary, together with the internal audit function, the Group Legal Advisor and the risk management function, assist the Board in ensuring that there are appropriate processes in place with respect to legal compliance.

The Group subscribes to various legal registers which cover all essential components of applicable laws, adopted industry rules, codes and standards. Significant legal and corporate governance developments affecting Mpact are monitored and reviewed by the Audit and Risk Committee and the Board. There were no material or repeated regulatory penalties, sanctions or fines for contraventions of statutory obligations in the 2024 financial year.

## TAXATION

Mpact aims to manage its tax affairs in accordance with applicable national legislative provisions and within the guidelines set out by the Organisation for Economic Co-operation and Development (OECD).

The business structures its operations tax efficiently and takes advantage of available incentives provided by governments for eligible capital investments, R&D and similar expenditure.

We have a dedicated and centralised Group Tax function that takes day-to-day responsibility for management of the Group's tax affairs. In addition, we seek regular professional advice to ensure compliance with tax legislation, disclosure requirements and best practice.

Tax risks are monitored on a continuous basis and are formally reviewed on a half-yearly basis by the Audit and Risk Committee as part of our half-yearly reporting process. The Board formally reviews tax management activities on an annual basis.

The Group is subject to routine tax audits and reviews. Where necessary, provision is made for known issues and the expected outcomes of any negotiations or settlements.

## GROUP COMPANY SECRETARY

The Directors have access to the professional advice and services of the Group Company Secretary, Donna Maree Dickson. The Group Company Secretary provides the Directors of Mpact, both collectively and individually, with guidance on their duties, responsibilities and powers, and provides guidance and advice to the Board on matters of ethics and good corporate governance. The Group Company Secretary plays a pivotal role in ensuring that Board procedures are both followed and regularly reviewed, and ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and the Company are properly administered. The Chairman and the Board look to the Group Company Secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject, and how these responsibilities should be discharged.

# CORPORATE GOVERNANCE REPORT *(continued)*

The Group Company Secretary is independent and has unrestricted access to the Board. She is not a member of the Mpact Board but attends Board meetings to discharge her duties and maintains an arm's-length relationship at all times. The Board is satisfied that the Group Company Secretary is fit and proper, and has the necessary qualifications, skills and level of competence to effectively discharge her responsibilities.

## INTERNAL CONTROL SYSTEMS

Mpact's internal controls encompass a set of rules, policies and procedures that are implemented to provide reliable financial and operational reports and to ensure that the Group's activities comply with applicable laws and regulations. The control environment sets the foundation and provides the discipline and structure upon which Mpact operates.

These controls are designed to address significant risks and material matters effectively. Internal Audit supports the Mpact Board and management to execute their mandate by providing independent objective assurance of these controls to enhance governance processes. The Audit and Risk Committee receives regular reports on any identified control weaknesses.

The Chief Audit Executive of the internal audit function provided an assessment of the internal controls for the financial year ending 31 December 2024 based on the reviews completed for 2024. The following was considered in the assessment of the internal control environment:

- the extent of the approved coverage within the ambit of the organisation's entire assurance universe;
- the scope of work, the approach followed, representations and information provided by management and the results reported, subject to the limitations of coverage and sampling; and
- the actions taken by management to address findings reported.

Based on the results of the Internal Audit work performed, subject to the limitations of coverage, scope areas and sampling, Internal Audit concluded that overall, the internal controls are acceptable.

## STAKEHOLDERS

Mpact promotes an inclusive approach to governance and takes account of the impact of the company's operations on internal and external stakeholders. The Group's approach to corporate governance is based on good communication and is integrated into every aspect of the business. Mpact's primary stakeholders as well as the engagement with them are detailed on **pages 13 to 15** of the Sustainability Report.

## SUSTAINABILITY

The Group's approach to sustainability and assessing its influence and impact on the environment, and the communities in which it operates, are foremost in mind when conducting business and considering and making investments. Managing a sustainable business requires the integration of the business capitals. Mpact's operating and business model, together with the inputs and outputs of each of the capitals, are illustrated on **pages 8 and 9** of this Integrated Report.

The Group remains committed to sustainable development in each of its businesses and adopts leading industry health and safety standards; obtains responsibly sourced raw materials; and ensures the businesses constantly seek to reduce their environmental impact. Safety, Health and Environmental performance targets have been set as described in the Sustainability Report.

Mpact's Sustainability Report is available on the website: **www.mpact.co.za**.

## FRAUD AND ILLEGAL ACTS

The Group does not tolerate fraudulent behaviour and illegal acts. An anonymous whistle-blowing facility administered by Deloitte is in place. The Audit and Risk Committee records, monitors and investigates incidents reported on the facility on a confidential basis and all material matters are escalated. The Code of Ethics, as well as the Supplier Code of Conduct, outline Mpact's norms and expected behaviours when dealing with fraud. The Group and its employees are committed to the highest ethical standards of conduct. The code is available on the company's website.

## INFORMATION AND COMMUNICATION TECHNOLOGY GOVERNANCE

The Board has approved an ICT governance policy and ensures adherence to the King IV™ ICT governance principles. The ICT Steering Committee, chaired by the CEO, provides assurance to the Board on ICT governance-related matters. The committee is governed by an effective charter, which gives

guidance to the ICT management team and ensures effective and efficient management of all ICT resources.

The IT governance framework, with all relevant structures, processes and mechanisms enable ICT to deliver value to the business and mitigate ICT risks. ICT risks have been identified and incorporated into the organisational risk register.

An external ICT advisor provides the Board with assurance on the effectiveness of ICT internal controls including outsourced ICT services. In addition, the ICT advisor is required to attend the ICT Steering Committee to give guidance on the alignment of the ICT strategy with the business strategy.

This includes but is not limited to, expressing an opinion on emerging technology trends and their rate of adoption and implementation by various business sectors. ICT maturity assessments are concluded by the advisor periodically to determine improvement and opportunities for further development in ICT. This is reported on by the advisor to the Audit and Risk Committee.

The ICT Steering Committee is satisfied that the resources within the ICT function are adequate to provide the necessary support to Mpact. In making these assessments, the committee has obtained feedback from the external and internal auditors.

Key actions in place to mitigate the risks include:

- an increased focus on information and technology risk management;
- the Group ICT department working closely alongside our business clusters to deliver on our technology journey;
- strengthening our second line of defence oversight on IT risks and performing Group internal audits as a third line of defence; and
- performing reviews and monitoring to ensure appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a Group basis (e.g., cyber threats, and other regulatory risks).

## AGM

All the necessary information and facilities are made available to shareholders to enable them to attend the AGM, submit forms of proxy and receive announcements and circulars in accordance with the JSE Listings Requirements. The Chairman of the Board, Chairs of the committees and the external auditor are available to answer questions at the AGM, which will be held on 5 June 2025.

# RISK MANAGEMENT

**Risk management is crucial for our governance framework and supports the continued ability of the Group to create value and sustainable benefits for all stakeholders. The Board considers the material business risks when approving strategies and budgets. The Risk Management Committee identifies and evaluates strategic and operational risks faced by the business.**

Mpact has policies and procedures in place to manage its governance, operations and information systems regarding the:

- reliability, security and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of people and assets;
- reduction of our environmental footprint; and
- compliance with laws, regulations and contracts.

In these, ESG considerations, including climate change, are addressed in the risk register.

Risk assurance is considered at managerial (level 1), corporate function (level 2) and external (level 3) levels by both the Risk Management Committee and the Audit and Risk Committee for reporting to the Board. Risks are reviewed and updated regularly, with our principal risks outlined in the table on pages 68 to 75.

## ENTERPRISE RISK MANAGEMENT POLICY AND FRAMEWORK

Mpact has a well-defined Risk Management Framework accompanied by the Risk Management Guideline that sets out the approach to risk and aligns with the principles of King IV™ and the ISO 35000 Risk Management Standard. This structure is also addressed in the Governance section of the Integrated Report on pages 59 to 67. This provides a structured and systematic approach to managing our most material risks and addressing the material interests of our stakeholders.

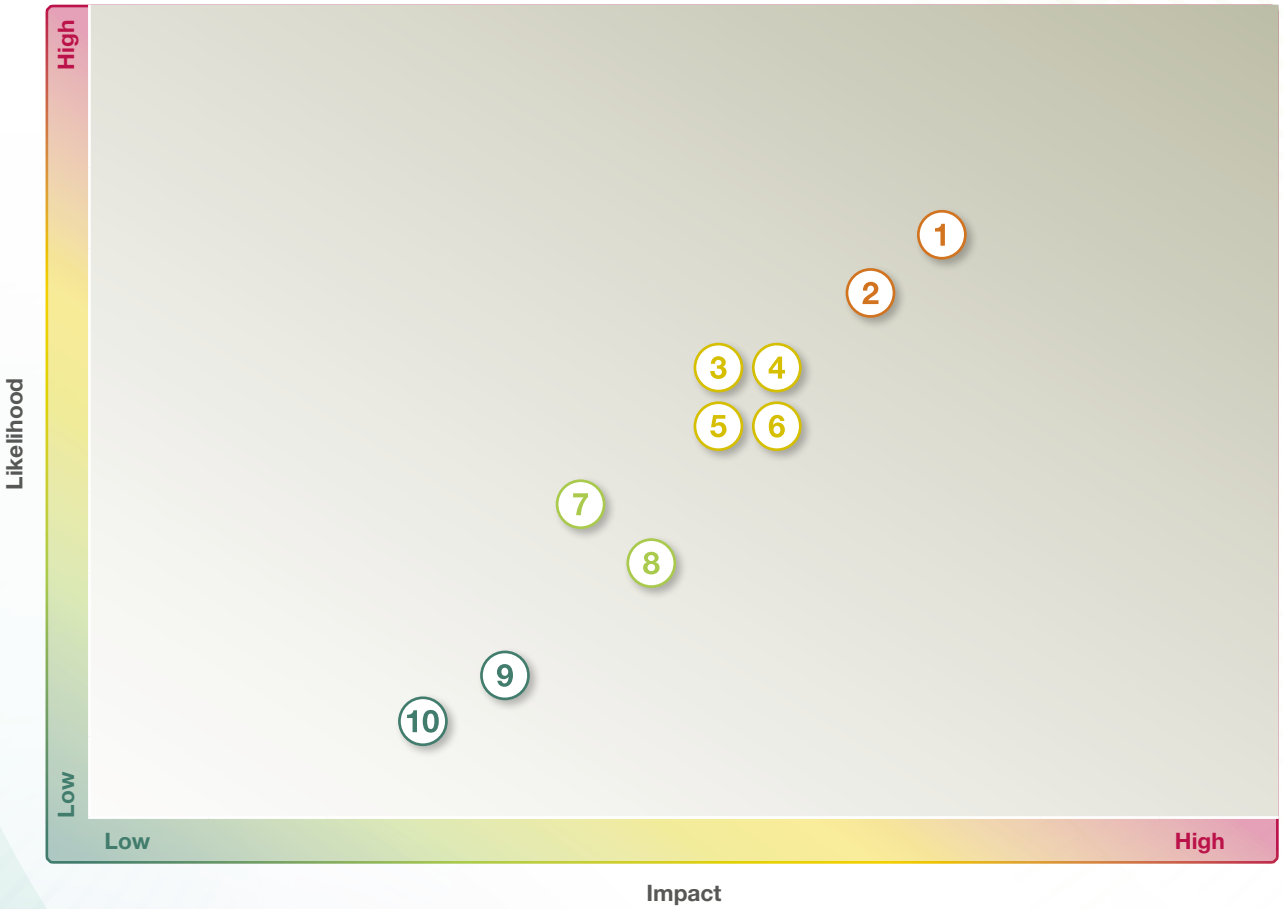
In line with our decentralised structures, risk assessment and management processes enable each business within the Group to take responsibility for managing its own risks – this also encourages proactive action by the business units when faced with risks and opportunities. Divisional Risk Registers have been developed and the risk parameters are escalated to the Group Risk Register as appropriate considering the Group appetite and tolerance levels.

The Executive Committee, through the Risk Management Committee, is accountable to the Audit and Risk Committee, for risk management. The Audit and Risk Committee advises the Board, which retains fiduciary oversight of risk management.

## OUR PRINCIPAL RISKS

Ten principal risks, and their mitigation plans, have been identified by the Group. These risks were considered by the Audit and Risk Committee on 4 March 2025. Opportunities arising from risks, as well as emerging risks are also discussed below.

Risks, including opportunities, relating specifically to the Paper and Plastics businesses are discussed on pages 38 and 44 of this Report.

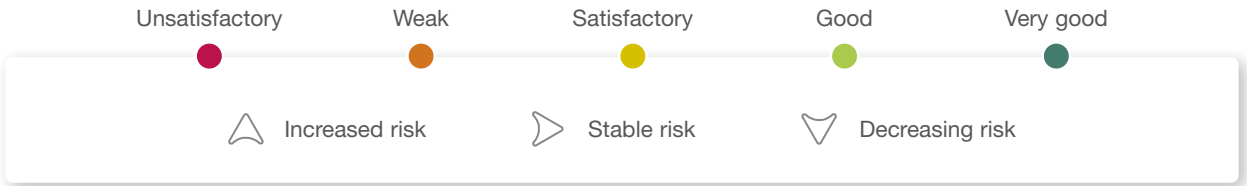



## RISK HEAT MAP OF MATERIAL RESIDUAL RISKS

1. Service delivery interruptions
2. Social polarity leading to unrest
3. Trading environment
4. Workforce cost and stability
5. Compliance with increasing legislation
6. Public resistance to the use of plastics
7. Safety in the workplace
8. System failures
9. Climate change risks
10. Reputational damage

# RISK MANAGEMENT *(continued)*

| 2023/2024 | PROPOSED RISK STATEMENT | PROPOSED MITIGATION STATEMENT |
|---|---|---|
| **No** | **Rating** | **Risk** | **Mitigation** |
| 1. | ● ▷ ● | **Service delivery interruptions**<br>Unreliable supply and rising costs of energy, as experienced through load shedding and municipal infrastructure failure, leading to a loss of production and increased costs.<br><br>Sasol has announced that natural gas supplies will end in July 2027.<br><br>Unreliable supply and deteriorating quality of water could lead to a loss of production and disease outbreaks.<br><br>Logistics interruptions due to rail, ports and trucking inefficiencies and disruptions resulting in increasing business interruptions and costs.<br><br>Protest action interfering with service provision. | • Mpact has installed 16MWp of Solar PV with a further 10.6MWp in the development pipeline. There is also 22.6MW of generator capacity.<br>• Mpact wheels some green electricity from a sugar mill and is negotiating to wheel solar and wind green energy to Mpact plants.<br>• Mpact continues to monitor the impact of the ongoing international conflicts on energy prices and supply.<br>• Mpact is engaged with various bodies to find alternative natural gas supplies.<br>• There is ongoing communication with Eskom and municipalities to keep abreast of electricity distribution issues.<br>• A national electricity blackout response plan is in place.<br>• Mpact can recover increased energy costs except for products competing with international suppliers.<br>• Reduction in water consumption is a key performance indicator and investment driver in our manufacturing operations.<br>• Mpact liaises closely with the trucking industry and monitors the railways and ports. |
| 2. | ● ▷ ● | **Social polarity leading to unrest**<br>High unemployment rates, socio-political and economic uncertainty, as well as service delivery protests that could lead to outbreaks of violence pose a threat to the business both physically and economically. | • Mpact has implemented various policies such as the Group Transformation Policy, Diversity and Inclusivity Policy, Code of Ethics, Fair Employment Policy and Promotions Philosophy to ensure equitable and transparent employment practices.<br>• Other activities include community engagement, CSI programmes, and small business and entrepreneurship development.<br>• Mpact actively engages with unions and the communities in areas in which we operate.<br>• Mpact has security and emergency response standards in place.<br>• Mpact has both SASRIA and Riot Wrap insurance to cover damages and business interruption losses due to unrest. |



| 2023/2024 | | PROPOSED RISK STATEMENT | PROPOSED MITIGATION STATEMENT |
|---|---|---|---|
| No | Rating | Risk | Mitigation |
| 3. | ● ▷ ● | **Trading environment**<br>Subdued economic growth and increasing competition mean that Mpact operates in an uncertain and highly competitive and a volatile trading environment, which could lead to reduced sales and profits.<br><br>The grey-listing of South Africa by the Financial Action Task Force, as well as the Government's foreign policy stance, may negatively impact South Africa's international trading potential.<br><br>Prolonged shortages, and increased costs of key raw materials could lead to loss of production, changes to product offerings and/or higher costs. | • Maintaining our leading market position by supplying quality products and services through:<br>– Innovative developments in research, product design, product diversification, vertical integration, market development and continuous improvement in equipment and processing.<br>– Long-term agreements with key customers and suppliers supported by active customer service.<br>– Proactive management of costs.<br>– Product assurance, against international standards for quality, environment and food safety.<br>• The Group actively manages supply chain logistics to contain costs.<br>• Mpact has retained its market position as the leading paper recycler in South Africa and preferred buyer of recovered paper.<br>• The Group engages with national and local government to influence policy and secure access to recyclable paper and plastic.<br>• Mpact has rolled out Solar PV and generator capacity and pursues other alternative energy and water sources to reduce the impact of costs and supply uncertainties. |
| 4. | ● ▷ ● | **Workforce cost and stability**<br>Strikes and labour cost increases above inflation could lead to a loss of productivity and competitiveness.<br><br>Loss of key skills and institutional knowledge due to emigration and employees seeking better prospects elsewhere. | • Mpact upholds fair labour practices for employment equity, recruitment, labour interactions, training, bursaries for employees and their children, skills retention and succession planning, as well as adherence to excellent health and safety standards.<br>• Incentive programmes are in place to retain key staff.<br>• Internships are offered in various fields across the business to attract and retain young talent. |
| 5. | ● ▷ ● | **Compliance with increasing legislation**<br>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.<br><br>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.<br>• Mpact also retains experts in, and legal registers of, relevant disciplines supported by rigorous audits.<br>• The Group contributes to the development of legislation by engaging with Government via industry bodies.<br>• 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 Act.<br>• Mpact Operations achieved a Level 1 B-BBEE certification.<br>• The impact of the Sugar Tax and Carbon Tax are understood, and mitigations are in place.<br>• EU Carbon Border Adjustment Mechanism (CBAM) regulations are monitored but do not currently affect Mpact directly.<br>• Mpact is compliant with EPR regulation requirements.<br>• The Group is investing capital to reduce its environmental footprint and ensure compliance. |

# RISK MANAGEMENT *(continued)*

| 2023/2024 | | PROPOSED RISK STATEMENT | PROPOSED MITIGATION STATEMENT |
|---|---|---|---|
| No | Rating | Risk | Mitigation |
| 6. |  | **Public resistance to the use of plastics**<br>Public concern related to food safety and plastic pollution poses a risk to our FMCG businesses. | • Mpact is well structured to demonstrate circular economy principles by recycling both paper and plastic materials and actively generating customer and public awareness of our capabilities.<br>• Our Paper Converting business manufactures a variety of paper products, such as shopping bags, disposable cup lids, grape bags and cardboard trays to replace plastic products.<br>• Mpact has sold the Versapak business, as it does not align with the Group's strategy. |
| 7. |  | **Safety in the workplace**<br>Injuries from workplace accidents could affect the well-being of employees and contractors leading to a loss of skills, reduced production, lower morale and reputational damage.<br><br>Current global and national uncertainties are a concern as stress is a known contributor to safety incidents. | • Senior management demonstrates a primary focus on safety through the CEO's Safety Philosophy and the SHE Policy and gives direction through the quarterly SHE Management Committee meetings.<br>• Operational management reinforces this by ensuring effective safety standards and procedures are in place.<br>• The Group drives safety through various physical, procedural and behavioural interventions and programmes.<br>• The Safety Culture Leadership programme is rolling out across the business emphasising a leadership-driven, people centric approach to safety.<br>• Since 2018, Mpact has engaged Life Health Solutions to provide an Employee Wellness Programme through a 24/7 call centre and counselling service to assist employees dealing with high-stress factors in their lives. |
| 8. |  | **System failures**<br>Catastrophic systems failure, fires, floods, bad debts, ICT system failure and breaches of ICT security or plant perimeter security could lead to prolonged production and distribution interruptions, as well as increased costs of working and capital replacement costs. | • The Mpact Risk Control Standards provide guidelines to all operations on safety, fire protection, security, emergency preparedness and environmental management.<br>• Security, safety, fire and emergency response standards have been extensively reviewed.<br>• Mpact is improving the modernisation and standardisation of security measures such as camera systems with facial recognition and artificial intelligence.<br>• The Group adopts the most appropriate ICT security standards guided by a cyber-security consultant.<br>• Business continuity plans are in place at various levels across the Group.<br>• Debtors and bad debt as well as loan facility provisions, working capital and cash flows are managed and reviewed proactively.<br>• Mpact has a comprehensive suite of insurance to cover plant damages and business interruption due to fire and other catastrophic events. |

| 2023/2024 | | PROPOSED RISK STATEMENT | PROPOSED MITIGATION STATEMENT |
|---|---|---|---|
| No | Rating | Risk | Mitigation |
| 8. | | **System failures** *(continued)*<br>This includes systems to manage major capital projects. In 2023, Mpact embarked on a R1.3 billion investment at the Mkhondo paper mill.<br><br>Major failure/breakdown of critical equipment could cause prolonged loss of production and increased costs. | • A comprehensive risk management process is in place, including consideration of exchange rate fluctuations, market demand and price, local community engagement, legislative requirements such as EIAs, and technical risks.<br>• Operations have formal planned maintenance programmes.<br>• The Group has machinery breakdown insurance cover on critical plant and equipment.<br>• A programme of plant and equipment upgrades has improved the overall reliability of operations.<br>• Independent machinery maintenance audits form part of our suite of insurance-related reviews. |
| 9. | ● ▷ ● | **Climate change risks**<br>Climate change leading to extreme weather events and changing temperature and rainfall patterns could affect Mpact's operations directly and impact our customers, mainly in the agricultural sector, and supply chains. | • Mpact has an active programme in place to reduce energy consumption and thereby Scope 1 and Scope 2 $CO_2e$ emissions.<br>• Business continuity plans are in place at various levels across the Group.<br>• Mpact liaises closely with customers and customer industry bodies regarding the impact of climate on agriculture and the adaptations farmers will need to develop to prepare for climate change.<br>• Mpact has developed innovation capacity to adapt to meet customers' changing needs and seek access to alternative markets.<br>• Mpact has also prepared for new growth in the Eastern Cape and Mpumalanga in fruit markets through rebuilds at the Paper Converting Gqeberha and Mbombela plants.<br>• The Group engages with the fruit industry at a top level regarding the effect of drought and floods. |
| 10. | ● ▷ ● | **Reputational damage**<br>Damage to Mpact's reputation could arise from public perceptions regarding certain products, false news, or ethical issues arising within the Group. | • Mpact monitors public opinion regarding its products, and responds with accurate information.<br>• Mpact has focused on incorporating circular economy principles in its business model and is the largest recycler in South Africa.<br>• A comprehensive Code of Ethics guides ethical standards in Mpact.<br>• Sites that supply food contact packaging are certificated to international food safety standards; Mpact also operates a highly skilled and equipped food safety research laboratory.<br>• Mpact works closely with industry bodies to align with best practices.<br>• Mpact has developed a legal Compliance Risk Control Framework. |

# RISK MANAGEMENT *(continued)*

## COMPETITION COMPLIANCE

As advised to shareholders on 26 May 2016, the Company was subject to a Competition Commission investigation pertaining to alleged anti-competitive conduct between Mpact and New Era. Mpact co-operated with the Competition Commission and dealt with the issues identified transparently through applying for corporate leniency in respect of the Competition Commission's investigations. The Competition Commission has concluded a consent agreement with New Era Packaging regarding the historic investigations, which have been settled by New Era without any admission of liability. Mpact is pleased to note that, as the Competition Commission has settled with New Era, this historic matter has now been finalised. Mpact and the Competition Commission have also concluded a settlement agreement relating to Mpact's historic acquisition of minority interests in certain sheet plants for an amount of R7.0 million.

## RISKS ARISING FROM OTHER MATTERS

At the AGM of the shareholders of Mpact held on 6 June 2024, all ordinary resolutions were adopted, however, none of the special resolutions or the non-binding advisory votes 1 and 2 obtained the requisite number of votes.

The steps taken by the Company in this regard are described below:

### NON-EXECUTIVE DIRECTORS' REMUNERATION

At the 2024 AGM, special resolution 3 regarding Non-executive Directors' remuneration was not adopted as it did not receive the required 75% approval. The Group has therefore continued with the following governance arrangements that were previously put in place.

In order to enable Mpact's Board to continue functioning to ensure effective management and good governance, as well as ongoing compliance with the JSE Listings Requirements, Mpact's Non-executive Directors agreed to remain as Non-executive Directors of Mpact Limited.

The Company's main operating subsidiary is Mpact Operations, which conducts the vast majority of the business and affairs of the broader Mpact Group. The Non-executive Directors continued to serve as directors on the Board of Directors of Mpact Operations, in which capacity they continue to attend to the governance of Mpact Operations and its subsidiaries. In their capacity as Non-executive Directors of Mpact Operations, they are remunerated for services rendered to Mpact Operations. However, they do not receive any remuneration in respect of their ongoing services to Mpact Limited.

The appointments are in no way a circumvention of the shareholder's vote at the AGM, nor do they disregard the governance requirements of the Companies Act, because the Non-executive Directors are not paid for their services rendered to Mpact Limited.

The Non-executive Directors are remunerated for services legitimately required by Mpact Operations. Details of their remuneration are disclosed on **pages 92 to 104**, from which it will be clear that Non-executive Director remuneration from Mpact Operations is less than the remuneration that was proposed in special resolution 3 at the AGM.

These governance arrangements have enabled the maintenance of good governance within the broader Mpact Group, to protect the interests of Mpact and all of its shareholders.

### GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO SUBSIDIARIES AND OTHER RELATED AND INTER-RELATED ENTITIES

At the 2024 AGM, shareholders opposed special resolution 2, which sought to renew Mpact's general authority to provide financial assistance to its subsidiaries and other related and inter-related entities in terms of sections 44 and 45 of the Companies Act.

While shareholders voted against this resolution, as a result of the amendments to the Companies Act which became effective in December 2024, the giving of financial assistance to, or for the benefit of, a company's South African subsidiary is now excluded from the requirements of section 45. As a consequence of these changes to the Companies Act, Mpact Limited may therefore provide financial assistance to its South African subsidiaries without the need for a special resolution of Mpact's shareholders.

## EMERGING RISKS

Mpact, faces a complex and evolving risk landscape in 2025. Key risks stem from geopolitical tensions, domestic economic instability, policy changes, and operational challenges in logistics and energy supply. Most of these risks are captured in the risk register while emerging risks that could impact Mpact's operations and strategic outlook are being monitored. These include:

1. **Geopolitical and Trade Risks**
    a. US Trade Policy, AGOA uncertainty and risk of increased tariffs: The Trump administration's review of the African Growth and Opportunity Act (AGOA) puts South African exports at risk. If South Africa is excluded, Mpact's packaging products

serving export-oriented industries (e.g. agriculture and automotive) could face decreased demand. Furthermore, increased tariffs from the US on South Africa may risk straining trade relations and reducing export competitiveness.

b. US-China Trade Tensions: Increased tariffs on Chinese imports could impact global trade flows, indirectly affecting raw material costs and market access for South African manufacturers.

c. Regional Instability in Africa: Increased protests and coups in Africa could disrupt cross-border trade and increase operational risks in export markets.

2. **Domestic Economic and Political Risks**
   a. Expropriation Act and Property Rights: The recently signed Expropriation Act introduces uncertainty regarding property rights, which could deter long-term investments in Mpact's facilities and infrastructure.
   b. Government of National Unity (GNU) Uncertainty: Internal conflicts within the ANC and potential GNU instability may lead to unpredictable regulatory and economic policies.

3. **Logistics and Infrastructure Risks**
   a. Transnet's Performance Issues: Despite some improvements, inefficiencies in South Africa's rail and port networks continue to hamper supply chain reliability. This impacts Mpact's ability to receive raw materials and export finished goods.
   b. Steel Industry Decline: The closure of ArcelorMittal South Africa's long steel plants may affect the cost of capital investment projects.

With these challenges emerging in 2025, Mpact is committed to proactive risk management, strategic adaptation, and investment in resilience-building initiatives that are critical to sustaining long-term growth and operational stability.

# REMUNERATION COMMITTEE REPORT



***"On behalf of the Committee, I am pleased to present this report for the financial year ended 31 December 2024."***

**Sibusiso Luthuli** | *Remuneration Committee Chairman*

In accordance with the requirements of King IV™, the Remuneration Report is divided into three parts consisting of:

## PART 1: BACKGROUND STATEMENT

This section provides insight around how remuneration decisions were influenced by the performance of the Group.

## PART 2: THE REMUNERATION POLICY

This section is forward-looking, providing an overview of our remuneration philosophy and the Remuneration Policy that will be applicable for 2025.

## PART 3: THE IMPLEMENTATION POLICY

This section is backward-looking, focusing on executive remuneration and performance outcomes based on the Remuneration Policy for 2024.

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 1: BACKGROUND STATEMENT *(continued)*

Mpact's Remuneration Policy has a direct impact on operational expenditure, company culture, employee behaviour and ultimately, with correct strategic alignment, on the company's sustainability. As such it is clearly defined, monitored and managed to ensure sustained validity and effectiveness. Remuneration is a business issue, not only a human resources issue. In addition, given the growth potential of our business, we also need to ensure our reward practices are aligned with the delivery of desired results and value creation over time.

Responsibility for the Remuneration Policy rests with the Remuneration Committee appointed annually by the Mpact Board of Directors.

| | Remuneration Committee |
|---|---|
| Chairman | Sibusiso Luthuli |
| Members | Tony Phillips, Maja Makanjee, and Donald Wilson |
| Independence | All committee members are Independent Non-executive Directors |
| Role and function | The committee considers the Remuneration Policy of the Group with the assistance and guidance of independent experts, if required, and makes recommendations to the Board on all aspects of remuneration. The committee further ensures that the Executive Directors, Prescribed Officers and senior managers are fairly rewarded for their individual contributions to the Group's overall performance. The committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Group and the individual's performance, share awards and certain other employee benefits and schemes. No remuneration of any nature shall be paid, increased or varied to any Director without the prior approval of the members of the committee. |
| Responsibilities | • Assisting the Board by setting and administering remuneration policies in the Group's long-term interests, and ensuring, through an ongoing review of the Remuneration Policy for both appropriateness and relevance, the Group remunerates fairly and responsibly.<br>• Being especially concerned with and providing recommendations regarding the remuneration of both Executive and Non-executive Directors, with due regard to applicable legal and regulatory requirements.<br>• Determining, within the terms of the agreed policy, the total individual remuneration package of the Executive Directors, Prescribed Officers and senior managers and any other executive whose total remuneration is comparable to, or higher than, that of an Exco member.<br>• Ensuring that individuals are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to Mpact's success.<br>• Approving the design of and determining targets for any performance-related pay schemes in which the Executive Directors, Prescribed Officers and senior managers and other members of the senior management population participate.<br>• Determining the design of and targets for such schemes by taking into account all factors it deems necessary, including performance-related pay schemes, and regularly reviewing incentive schemes to ensure the continued contribution to shareholder value.<br>• Reviewing the design of all executive and all employee share plans for approval by the Board and shareholders, if required.<br>• Being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.<br>• Ensuring, in determining Remuneration Policy, specifically the contractual terms on termination of Executive Directors, Prescribed Officers and senior managers, and any payments made, are fair to the individual and Mpact. |
| Assurance | The committee is governed by formal Terms of Reference. The committee confirmed that they diligently exercised their duties of care and skill and they have taken reasonable steps to ensure that their duties were performed in accordance with their mandate. |

## MEETINGS HELD DURING 2024

| Committee members | 5 March 2024 | 4 June 2024 | 30 July 2024 | 5 November 2024 |
|---|---|---|---|---|
| Sibusiso Luthuli | ✓ | ✓ | ✓ | ✓ |
| Maja Makanjee | ✓ | ✓ | ✓ | ✓ |
| Donald Wilson | ✓ | ✓ | ✓ | ✓ |
| Tony Phillips | ✓ | ✓ | ✓ | ✓ |
| Tim Ross* | ✓ | ✓ | – | – |

* *Retired at the AGM on 6 June 2024.*

*In attendance: DM Dickson, Group Company Secretary.*

The CEO, Group HR Manager, Group Financial Controller and external remuneration experts were invited to the meetings by the committee only in the event they were requested by the committee to present specific items, and were excused thereafter.

## ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

The committee reviewed and approved:

- the remuneration packages and structure of Executive Directors, Prescribed Officers and senior management to ensure that they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy;
- the Exco's achievement against agreed key performance areas (KPAs) and STI targets for 2023;
- the Exco's KPAs and STI targets for 2024, considering prevailing market conditions and the company's strategic objectives, among other factors;
- the 2024 LTI awards and related conditions for vesting in March 2027;
- the vesting of the conditional 2021 LTI awards which vested in qualifying participants on 31 March 2024;
- mandates for wage negotiations and salary increases, taking the prevailing economic conditions and Group performance into consideration. Both mandates were recommended to and approved by the Board; and
- the Non-executive Directors' fees tabled for approval at the 2024 AGM.

RemChannel benchmarked the Total Guaranteed Cost of Employment (TGCOE) packages in 2021 in respect of Mpact's Executive Directors, Prescribed Officers and senior management. The conclusion of the exercise was that the Executive Directors, Prescribed Officers and senior management team of Mpact are positioned fairly, with a few exceptions due primarily to length of service. BDO Corporate Finance (Pty) Ltd verified that the correct number of shares vested in March 2025 in respect of the LTI awards granted in 2022 in terms of Mpact's Bonus Share Plan (BSP) and Performance Share Plan (PSP).

Other key activities undertaken during the year included:

- a detailed review of the Remuneration Policy to ensure that the policy is aligned to developments in best practice, legal and regulatory requirements, as well as being competitive, and aligned to shareholder returns and other stakeholder interests. Several updates to the Remuneration Policy, particularly in respect of variable pay, were identified and included in the 2025 Remuneration Policy Section of this report;
- a comprehensive benchmarking and review of the Mpact Incentive Scheme by Bowmans, who are external remuneration experts, with a view to aligning with industry best practice and addressing shareholder concerns. The committee is of the opinion that the remuneration advice was independent and objective;
- oversight of the activities of the Mpact Incentive Scheme Trust on behalf of the Board, including reviewing the financial aspects of the Trust to ensure Mpact governance standards were adhered to;
- reviewing the senior leadership development programme which aims to empower executives with management expertise and cross-functional perspective to drive performance across domains, industries and borders;
- ensuring employees have opportunities to develop themselves through a combination of structured development centres, accredited management development programmes, access to study assistance as well as in-house and external training programmes; and
- conducting a comprehensive gender and pay parity review, considering reporting standards, appropriate ratios and co-efficients, current disclosure, and national and global best practice.

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 1: BACKGROUND STATEMENT *(continued)*

The Remuneration Policy and Implementation Report were tabled for separate non-binding advisory votes by shareholders at the company's AGM held on 6 June 2024. More than 25% of Mpact's shareholders present at the AGM voted against the policy and the report ("dissenting shareholders"). The voting results for the past two years are indicated in the table below:

| Percentage of "Yes" votes | 6 June 2024 | 1 June 2023 |
|---|---|---|
| Non-binding advisory vote on Remuneration Policy | **48.82%** | **58.29%** |
| Non-binding vote on implementation of Remuneration Policy | **48.82%** | **58.29%** |

### SHAREHOLDER CONSULTATIONS

The Board invited shareholders to engage with the Board by forwarding their concerns/questions on the Remuneration Policy and the Implementation Report. No requests to engage were received.

Shareholders' engagements prior to the AGM were held as follows:

| Shareholder | Method of engagement |
|---|---|
| M & G Investments | **Email communication** |
| Camissa | **Email communication** |
| Bateleur Capital | **Email communication** |
| Aeon Investment Management | **Email communication** |

Concerns raised by shareholders, including those received by the Board prior to the AGM, were considered by the committee and reviewed and addressed by the Board at the recommendation of the committee.

The concerns raised and the responses from Mpact were as follows:

| Concerns raised | Response and action taken by Mpact |
|---|---|
| **1.** Non-financial targets form 40% of the STI, which is a significant component in the STI, especially given that we don't have full view on how these targets are measured. We would prefer a reduced weighting to the non-financial targets. Additionally, there are no ESG-related KPIs such as water intensity or carbon emissions. | Non-financial targets have been reduced to 30% for the 2025 STI, whereas financial targets will comprise the balance of the STI, being 70%. In terms of the non-financial STI targets for 2025, 15% will be allocated to measurable ESG targets, including items such as health & safety, carbon emission reductions, water usage and B-BBEE targets. The other 15% will be allocated to individual KPAs and leadership competencies, such as growing the business, building partnerships, delivering results and self-management.<br><br>Water and $CO_2e$ savings are disclosed on page 19 of the 2024 Sustainability Report, where progress is tracked against set targets.<br><br>As set out on **pages 87 and 88** of this report, the weightings of financial targets for the CEO and CFO amount to 80% and 79%, respectively, of maximum achievable variable pay (long and short term). Non-financial targets therefore only constitute 20% and 21% of the maximum variable pay for the CEO and CFO, respectively. The Board considers this weighting to be appropriate given the need for management to also attend to elements other than financial performance to ensure Mpact's sustainability, such as ESG matters. |

## PART 1: BACKGROUND STATEMENT *(continued)*

| Concerns raised | Response and action taken by Mpact |
|---|---|
| **2.** EBITDA is an inappropriate measure of performance as it ignores the capital cost of growth. HEPS/EBIT or free cash flow is a better metric for measurement, especially considering the capex-led growth strategy currently being implemented. We would encourage the board to consider incorporating a cash generation/free cash flow measure as one of the targets in the Long-Term Incentives together with ROCE and HEPS growth. | The Board has included HEPS growth as a performance measure for the 2025 STI awards.<br><br>The Board is of the view that EBITDA, HEPS, ROCE and working capital are effective measures of management's performance when used in combination, as is the case for Mpact. The weightings of each measure in the maximum variable pay are set out on pages 87 and 88 of this report. In determining incentive targets, the Remuneration Committee aims to ensure that the targets are aligned with shareholder interests, achievable, take into account current economic conditions and encourage value enhancing investments, even if such investments may reduce cash flow, ROCE, EBITDA and HEPS in the early years. Management's interests are further aligned to shareholders through deferred and performance share awards, which reflect the Mpact share price performance during the three years between award and vesting. |
| **3.** Regarding long-term incentives (LTIs), the ROCE bands are too low, considering the company WACC at 14%. How are impairments considered when calculating ROCE? | The ROCE target for the 2025 LTI awards have been set at 16% for entry and 18% for maximum achievement. These targets were set taking into account the long-term WACC of the company.<br><br>When calculating the ROCE achievement against 2023 targets, ROCE was recalculated to exclude the impact of any impairments which occurred during the performance period. The ROCE calculations were presented at the Remuneration Committee meeting for their discussion and approval. |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 1: BACKGROUND STATEMENT *(continued)*

| Concerns raised | Response and action taken by Mpact |
|---|---|
| **4.** There is a lack of transparency regarding pay disparities, including pay ratios and gender pay gaps, as well as the remuneration comparator. We as you are aware have raised the pay ratio and gender ratio disclosure for about three years. Richemont has recently issued an Equal Salary certificate by an independent organisation. The board may want to investigate the feasibility of getting such a certificate. | As reported on page 84 of this report, RemChannel benchmarked the Total Guaranteed Cost of Employment (TGCOE) packages in 2021 in respect of Mpact's Executive Directors, Prescribed Officers and senior management. The conclusion of the exercise was that the Executive Directors, Prescribed Officers and senior management team are positioned fairly, with a few exceptions due primarily to length of service.<br><br>Regarding pay ratios and gender pay gaps, a comprehensive gender and pay parity review was conducted during 2023 considering reporting standards, appropriate ratios and co-efficients, current disclosure, and national and global best practices. A key focus area for 2024, amongst others, was the individual review of verified anomalies identified in the pay parity review and proposing appropriate and achievable timelines for corrective action.<br><br>Mpact is aware of the additional reporting requirements prescribed by the South African Companies Amendment Act 16 of 2024 (Act) which was signed into law by the South African President on 30 July 2024. The sections of the Act applicable to remuneration governance and reporting have not yet been implemented, but greater visibility will be required on the issue of pay differentials, specifically:<br>1. the total remuneration received by each director and prescribed officer;<br>2. the total remuneration of the highest remunerated employee;<br>3. the total remuneration of the lowest remunerated employee; and<br>4. the average total remuneration of all employees, median remuneration of all employees and the remuneration gap reflecting the ratio between the total remuneration of the top 5% highest paid employees and bottom 5% lowest paid employees<br><br>Lastly, the Board will give due consideration to a pay parity audit via an external verification or certification agency. |
| **5.** We note that the Remuneration Policy still contains reference to Share Appreciation Rights, while these have not been in use since 2011. As a matter of principle, we prefer the use of Performance Shares over share appreciation rights, so would recommend the removal of the SARs from the policy altogether. | While we have no intention to issue Share Appreciation Rights at this stage, a scenario may arise in the future where such rights will be issued, and to change the policy would be premature. Performance shares are already a key component of our remuneration policy. |
| **6.** Have there been any engagements with the shareholders who have voted against the NED fees and any plan of the way forward? | The Board invited all shareholders to engage after the AGM last year, and again in May 2024. Engagements are on-going with shareholders who voted against the NED fees with the aim of resolving the impasse. |

## PART 1: BACKGROUND STATEMENT *(continued)*

| Concerns raised | Response and action taken by Mpact |
|---|---|
| **7.** We have noticed over the last few years that in April, several related party transactions have taken place between the Share Trust and directors and Prescribed Officers whereby the Trust purchases shares from said persons. It is not explicitly stated as such in the SENS announcements but is our interpretation based on the filings and the volumes traded on the day.<br><br>Correspondence with Mpact in the prior year indicated that the transactions were required to satisfy the obligations of the Trust and deal with PAYE on the share awards. This is not the case in 2024 where the full share awards to key directors have been sold (2021 share award).<br><br>This raises two issues for discussion:<br>Firstly, carrying out this transaction in the current manner precludes other shareholders from participating in this liquidity event. In addition, it removes the impact of the illiquid nature of Mpact shares on key executives; potentially distorts the price they receive; and provides them no incentive to improve the overall liquidity of the counter.<br><br>Secondly, key directors exiting their entire awards at the first available opportunity does not convey confidence that the current share price is undervalued which we find concerning. | Consistent with past practice, there were various dealings by the Trust, directors and Prescribed Officers in Mpact shares in April 2024 following the vesting of the 2021 share awards, which dealings were fully disclosed on SENS in accordance with the JSE Listings Requirements. These dealings were authorised and executed in accordance with the rules of the Share Plan and in full compliance with all legal requirements, as confirmed by Mpact's legal advisers at that time.<br><br>As noted in the 2023 Integrated Report, the Mpact Board has approved the introduction of minimum shareholding requirements (MSR) for all members of the Mpact Group Exco with effect from 1 January 2024. The adopted MSR policy sets out minimum shareholding requirements for key executives, the time period in which compliance should be achieved, and the consequences for not achieving the requirement.<br><br>The aggregate beneficial holdings as at 31 December 2024 and 31 December 2023 of the Executive Directors and prescribed officers of Mpact in the issued ordinary shares of Mpact are detailed on page 118 of this report. |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 1: BACKGROUND STATEMENT *(continued)*

### KEY AREAS OF FOCUS FOR THE COMING YEAR

The committee has identified the following areas of focus for the coming year:

- remuneration packages and structure of Executive Directors, Prescribed Officers and senior management to ensure they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy;
- implementation of the recommendations by the external consultants relating to the Incentive Scheme in order to achieve best practice and address shareholder concerns;
- Exco's 2025 KPAs and STI targets as well as the performance conditions for new LTI awards, considering prevailing market conditions and the company's strategic objectives, among other factors. KPAs will include specific reference to ESG matters;
- continued review of progress achieved toward correcting verified anomalies identified in the pay parity review in 2023; and
- monitoring and review of progress towards compliance with the Minimum Shareholding Requirement policy for Executive Directors and Prescribed Officers introduced in 2024.

The committee is satisfied that the Remuneration Policy achieved its objectives in 2024.

## PART 2: THE REMUNERATION POLICY

### OBJECTIVES OF THE POLICY

The objectives of the Remuneration Policy are to enable the business to:

- Provide a framework to fairly and responsibly reward all employees based on their experience, skillset and company contribution;
- Within reasonable parameters and based on the company's operational requirements:
  - retain competent employees who enhance business performance;
  - reward, recognise and confer appreciation for superior performance; and
  - recruit high-performing, skilled individuals from a shrinking pool of talent.
- Establish a remuneration philosophy that:
  - directs employees' energies and activities towards key business goals; and
  - achieves the most effective returns (employee productivity) for total employee spend.

To achieve this, Mpact rewards its employees in a way that reflects the dynamics of the market and the context in which it operates. All components of this Remuneration Policy, including the fixed pay and variable pay for performance, are aligned to the strategic direction of the business and business-specific value drivers.

The Remuneration Policy is reviewed periodically by the committee considering, among other factors, the business strategy, latest trends, best practice and feedback from shareholders.

The Remuneration Policy will be subject to a non-binding advisory vote by shareholders at the AGM on 5 June 2025.

### KEY PRINCIPLES

The Remuneration Policy has been set with the objective of attracting, motivating and retaining experienced and high calibre directors, managers and employees in a manner that is consistent with best practice and aligned with the interests of Mpact's shareholders.

The Remuneration Policy for employees is framed around the following key principles:

- remuneration packages should be set at levels that are competitive in the relevant market and address unjustified pay differentials;
- the structure of remuneration packages and, in particular, the design of performance-based remuneration schemes, should be aligned with shareholders' interests and should support the achievement of the Group's business strategy and the management of risk;
- a significant proportion of the remuneration of Exco members should be performance-based;
- the performance-based element of remuneration should be appropriately balanced between the achievement of short-term objectives and longer-term objectives;
- the remuneration of Exco members and other employees should be set taking appropriate account of remuneration and employment conditions elsewhere in the Group;
- appropriate measures may be utilised to attract and retain employees with scarce skills;
- compliance with, and due regard to, relevant collective bargaining processes and agreements.

### TOTAL REMUNERATION OF EXECUTIVE MANAGEMENT

The total remuneration of the executive management comprises the following:

- guaranteed pay; and
- variable pay for performance comprising:
  - short-term incentives (STI); and
  - long-term incentives (LTI).

The company's targeted pay mix aims to align the incentives of employees with the interests of shareholders. The targeted pay mix is set out on page 90.

### GUARANTEED PAY

Mpact aims to establish and maintain a logical pay scale with pay levels that ensure that the company is able to remain competitive, while managing costs.

Guaranteed pay is expressed in terms of total guaranteed cost of employment (TGCOE) which consists of basic salary, travel allowance, medical scheme contributions and retirement funding contributions.

### ANNUAL TGCOE REVIEW

The TGCOE for employees is reviewed annually, normally with effect from 1 January. Factors taken into consideration during the review include business performance and the individual's performance, contribution and experience in the role. General affordability and the company's general financial position and operational requirements will play an important role in salary reviews:

- Salaries are reviewed annually and are targeted broadly at the median position in the relevant market. Due regard is also had to bargaining arrangements within industries or

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 2: THE REMUNERATION POLICY *(continued)*

sectors, and collective bargaining agreements applicable to bargaining unit employees, as negotiated at national or enterprise level.

- In respect of management employees, the company periodically benchmarks its remuneration practices and policy using reputable management reward surveys conducted independently. The benchmark used is the median total guaranteed cost of employment for similar positions in similarly sized listed companies.
- The committee has regard principally to companies in the South African market which have a similar size, complexity and scope to the company. The committee also considers business performance, salary practices prevailing for other employees in the company and, when setting individual salaries, the individual's performance, contribution and experience in the role. Salary practices prevailing for other employees in the Group are taken into account through the consideration of data provided to the committee annually.

In respect of Executive Directors, Prescribed Officers and senior management, the company periodically benchmarks its remuneration practices and policy using reputable management reward surveys conducted independently. The benchmark used is the median total guaranteed cost of employment for similar positions in similarly sized listed companies.

A benchmarking exercise of the TGCOE packages of Mpact's Executive Directors, Prescribed Officers and senior management was conducted by RemChannel in 2021. The conclusion of the exercise was that the Executive Directors, Prescribed Officers and senior management of Mpact are positioned fairly, with a few exceptions due primarily to length of service.

Mpact had an average company-ratio of 105.8% against the 50th percentile of the national all-industries market, and 98.3% against the manufacturing industry, when benchmarked against the RemChannel matched jobs in 2021.

### MEDICAL AID

Medical aid benefits are offered through the Anglo Medical Scheme (AMS), administered by Discovery. AMS is a restricted medical scheme. The scheme offers three plans aimed at addressing the healthcare needs of its members. The plans include: Managed Care, a top tier plan comprising comprehensive unlimited cover for hospitalisation and most non-discretionary healthcare services; Standard Care, a traditional medical plan with defined benefits; and Value Care, an option which provides primary healthcare through a national network of Prime Cure facilities and providers.

### RETIREMENT FUND

Retirement and risk benefits are provided through the Mondi Mpact Group Fund (MMGF) which has both a Pension and Provident section. The employer contributes to the Provident section and the employee contributes to either the Provident section or the Pension section. The MMGF has three investment categories, being Moderate, Dynamic and Conservative portfolios.

### VARIABLE PAY

#### SHORT-TERM INCENTIVES (STI)

The annual STI award is based on a combination of financial and non-financial performance criteria for the year ended 31 December and comprises a cash portion, usually paid in full in March the following year, and for a limited number of key employees, a deferred portion. The deferred portion is awarded in order to retain, motivate and reward key personnel, such as those who are vital to the Group's success and/or have scarce skills. The deferred portion is in the form of either deferred bonus shares or a deferred cash plan (DCP). Both vest after three years subject to continued employment. In respect of DCP awards, interest accrues monthly at the JIBAR rate and is paid out with the deferred cash bonus at the time of vesting. Deferred bonus share awards prior to 2025 were made in terms of the Bonus Share Plan (BSP). On BSP vesting, all dividends declared between the award date and the vesting date are paid out to the employee as a dividend equivalent bonus. From 2025, the deferred portion will be awarded as Deferred Share awards (DSA), as further detailed in the section below on changes to the share award policy for 2025.

The maximum achievable short-term incentive awards for Executive Directors and Prescribed Officers are detailed below as values on the award date:

| Level | Cash portion as % of TGCOE | Deferred portion (DSA) as % of TGCOE |
|---|---|---|
| CEO | 80% | 45% |
| CFO | 80% | 45% |
| PO | 80% | 45% |

## 2025 STI KEY PERFORMANCE INDICATOR (KPI) WEIGHTING

The determination of the STI award is based on the assessment of various KPIs. For the 2025 financial year, these metrics and their relative weightings are indicated in the table below. Non-financial key performance areas include the following:

- Leadership competencies: grow the business; deliver results; build partnerships and self-management;
- ESG safety; and
- ESG other, including items such as water usage, carbon emission reduction and B-BBEE targets.

| | Weighting (% of max) | |
|---|---|---|
| **STI key performance indicator** | **CEO and CFO** | **PO** |
| **Financial** | **70%** | **70%** |
| ROCE[1] | **30%** | **10%** |
| HEPS[2] | **15%** | **15%** |
| EBITDA[3] | **25%** | **25%** |
| Trade working capital[4] measured as cash conversion cycle (days) | | **20%** |
| **Non-financial** | **30%** | **30%** |
| ESG safety | **10%** | **10%** |
| ESG other | **5%** | **5%** |
| Individual KPAs and leadership competencies | **15%** | **15%** |
| Total | **100%** | **100%** |

1. *ROCE: Actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed (excluding expansionary capital work-in-progress.*
2. *HEPS: Actual headline earnings per share for the year.*
3. *EBITDA: Actual underlying EBITDA for the year before special items.*
4. *Trade working capital: Actual cash conversion cycle measured in days as at June and December.*

## LONG-TERM INCENTIVES (LTI) FOR THE 2025 FINANCIAL YEAR

Long-term incentives, in the form of Performance Shares may be awarded annually to selected employees ("eligible employees"), in Mpact's sole discretion. The combined, weighted implementation of the STIs and LTIs allows Mpact to be competitive in annual and share based incentives, reward long-term sustainable company performance aligned with shareholder interests, act as a retention tool, and ensure that Executive Committee members share a significant level of personal risk with the company's shareholders.

Performance Share awards prior to 2025 were made in terms of the Performance Share Plan (PSP). From 2025, Performance Share awards (PSA) will be made as detailed in the section below on changes to the share award policy for 2025.

Performance shares will vest on the third anniversary of their award, to the extent that the company has met specified performance criteria over the intervening period. Dividends declared between the award date and the vesting date will accrue to participants, but will only be settled when and to the extent that the underlying award vests.

PSA awards are weighted 90% towards financial performance and 10% towards non-financial performance.

The face value of PSAs is determined as a proportion of an employee's TGCOE. The number of shares conditionally awarded is based on the face value of the award divided by the volume weighted average share price (VWAP) of Mpact Limited for the 20 trading days prior to the date on which the award is made. The proportion of shares ultimately vesting is dependent on the level of achievement of the performance criteria over the vesting period which can range from 0% to 100%. The value at vesting will be the number of shares vested multiplied by the share price at vesting and may be higher than the award values below due to share price movements.

The maximum achievable long-term incentive awards for Executive Directors and Prescribed Officers are detailed below as values on the award date:

| Level | Maximum value of awards as % of TGCOE |
|---|---|
| CEO | **133%** |
| CFO | **100%** |
| PO | **100%** |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 2: THE REMUNERATION POLICY *(continued)*

### SHARE AWARD POLICY UPDATES FOR THE 2025 FINANCIAL YEAR

1. Following the review of the remuneration policy described in the Background Statement of this report, the share award policy has been updated to optimise its effectiveness as a competitive remuneration element, to align with best practice, legal and regulatory requirements, shareholder returns and other stakeholder requirements. The share award policy includes Performance Share awards (PSA), as described in the LTI section above, and Deferred Share awards (DSA), as described in the STI section above.
2. Forfeitable Shares have been included in the policy to complement the conditional shares currently used. DSAs and PSAs can be delivered in the form of either forfeitable or conditional shares. Forfeitable shares are similar to conditional shares, except that they are acquired as soon as possible after the award, and are held by an escrow agent for the benefit of the participant until they vest. They are restricted and may not be disposed of until they vest or are forfeited in the case that applicable performance conditions or employment conditions are not met. Forfeitable shares are used by many large, well governed South African listed companies as an effective share award instrument because they are naturally hedged, provide an effective means of including dividends into share awards to fully align management with shareholder returns, and are better appreciated by employees who feel more like shareholders from day one.
3. Deferred Share awards (DSAs) will replace the BSP to implement the deferred portion of the annual STI, as well as to provide for sign-on awards for new employees to replace awards forfeited at their previous employer, and to make awards to a limited number of key employees below the executive committee level based on their performance and employee contribution appropriate for their roles.
4. The settlement method for the DSA and PSA awards will be limited to purchasing shares in the market, and neither treasury shares, nor issue of new shares will be used. This is to address dilution of shareholder interests and to ensure that share awards are funded from the operations of the company. This award is therefore non-dilutionary and does not require shareholder approval.
5. Dividends are paid on DSAs, when declared, because the applicable performance conditions have already been met before the award, and they are now only subject to continued employment in good standing, and to the malus and clawback policy. Dividends on unvested Performance Shares (PSA) will only be settled when and to the extent that the underlying award vests. This is to address the shareholder concern that dividends on share awards should not be paid to participants on performance awards until, and to the extent that performance has been delivered and measured.
6. In the case of fault terminations of employment (resignation, retirement before normal age and dismissal for disciplinary reasons), all unvested Deferred and Performance shares are forfeited, unless the Board determines otherwise.
7. In the case of no-fault termination of employment (retirement at normal age, death, disability, retrenchment or other appropriate reasons as approved by the remuneration committee) unvested Deferred and Performance shares will not be accelerated, and will vest on the original dates, with the Performance Shares subject to the original performance conditions. This is to require continued exposure to shareholder returns post-employment to encourage focus on sustainability and succession.
8. In the case of change of control or delisting, a time-prorated portion of the unvested awards will be accelerated to the transaction date, where this portion reflects the time served of the applicable employment period(s) and impact of applicable performance conditions. The balance of the unvested awards which do not vest early will continue in force under the original conditions, or may be replaced by awards of similar value and vesting conditions.
9. The minimum shareholding target levels will remain unchanged from the 2024 levels, however, the required shareholding may also be achieved by committing to hold DSAs and PSAs before they plan vest for a further period.
10. The performance conditions will remain aligned with the above policy commitments and further enhancements in response to shareholder concerns noted in the applicable sections.
11. The achievable variable pay, as a percentage of TGCOE, including cash STI, deferred STI and Performance Shares will remain the same as the 2024 levels, as disclosed in the following section.

**Maximum achievable variable pay as %TGCOE**

The following tables summarise the weighting of key performance indicators and maximum potential awards for all incentives for Executive Directors and Prescribed Officers:

## CHIEF EXECUTIVE OFFICER

| | Total for all incentives | | Short-term incentive | | | | Long-term incentive | |
|---|---|---|---|---|---|---|---|---|
| | | | Cash portion | | Deferred portion | | Performance shares (PSA) | |
| | | | Paid in cash annually | | Issued as deferred shares (DSA) from 2025, vesting after three years subject to continued employment | | Vesting after three years subject to performance conditions | |
| **Key performance indicator** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **%TGCOE** |
| **Financial** | **80%** | **207%** | 70% | 56% | 70% | 32% | 90% | 120% |
| ROCE | **40%** | **104%** | 30% | 24% | 30% | 14% | 50% | 67% |
| HEPS | **28%** | **72%** | 15% | 12% | 15% | 7% | 40% | 53% |
| EBITDA | **12%** | **31%** | 25% | 20% | 25% | 11% | 0% | 0% |
| **Non-financial** | **20%** | **51%** | 30% | 24% | 30% | 14% | 10% | 13% |
| ESG – safety | **5%** | **13%** | 10% | 8% | 10% | 5% | 0% | 0% |
| ESG – other | **8%** | **20%** | 5% | 4% | 5% | 2% | 10% | 13% |
| Individual KPAs and leadership competencies | **7%** | **19%** | 15% | 12% | 15% | 7% | 0% | 0% |
| **Total** | **100%** | **258%** | **100%** | **80%** | **100%** | **45%** | **100%** | **133%** |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 2: THE REMUNERATION POLICY *(continued)*

### CHIEF FINANCIAL OFFICER

| | Total for all incentives | | Short-term incentive | | | | Long-term incentive | |
|---|---|---|---|---|---|---|---|---|
| | | | Cash portion | | Deferred portion | | Performance shares (PSA) | |
| | | | Paid in cash annually | | Issued as Deferred Shares (DSA) from 2025, vesting after three years subject to continued employment | | Vesting after three years subject to performance conditions | |
| **Key performance indicator** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **%TGCOE** |
| **Financial** | **79%** | **178%** | 70% | 56% | 70% | 32% | 90% | 90% |
| ROCE | **39%** | **88%** | 30% | 24% | 30% | 14% | 50% | 50% |
| HEPS | **26%** | **59%** | 15% | 12% | 15% | 7% | 40% | 40% |
| EBITDA | **14%** | **31%** | 25% | 20% | 25% | 11% | 0% | 0% |
| **Non-financial** | **21%** | **48%** | 30% | 24% | 30% | 14% | 10% | 10% |
| ESG – safety | **6%** | **13%** | 10% | 8% | 10% | 5% | 0% | 0% |
| ESG – other | **7%** | **16%** | 5% | 4% | 5% | 2% | 10% | 10% |
| Individual KPAs and leadership competencies | **8%** | **19%** | 15% | 12% | 15% | 7% | 0% | 0% |
| **Total** | **100%** | **225%** | **100%** | **80%** | **100%** | **45%** | **100%** | **100%** |

## PRESCRIBED OFFICERS

| | Total for all incentives | | Short-term incentive | | | | Long-term incentive | |
|---|---|---|---|---|---|---|---|---|
| | | | Cash portion | | Deferred portion | | Performance shares (PSA) | |
| | | | Paid in cash annually | | Issued as Deferred Shares (DSA) from 2025, vesting after three years subject to continued employment | | Vesting after three years subject to performance conditions | |
| **Key performance indicator** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **% TGCOE** | **Weighting** | **%TGCOE** |
| **Financial** | **79%** | **178%** | 70% | 56% | 70% | 32% | 90% | 90% |
| ROCE | **28%** | **63%** | 10% | 8% | 10% | 5% | 50% | 50% |
| Trade working capital measured as cash conversion cycle (days) | **11%** | **25%** | 20% | 16% | 20% | 9% | 0% | 0% |
| HEPS | **26%** | **59%** | 15% | 12% | 15% | 7% | 40% | 40% |
| EBITDA | **14%** | **31%** | 25% | 20% | 25% | 11% | 0% | 0% |
| **Non-financial** | **21%** | **48%** | 30% | 24% | 30% | 14% | 10% | 10% |
| ESG – safety | **6%** | **13%** | 10% | 8% | 10% | 5% | 0% | 0% |
| ESG – other | **7%** | **16%** | 5% | 4% | 5% | 2% | 10% | 10% |
| Individual KPAs and leadership competencies | **8%** | **19%** | 15% | 12% | 15% | 7% | 0% | 0% |
| **Total** | **100%** | **225%** | **100%** | **80%** | **100%** | **45%** | **100%** | **100%** |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 2: THE REMUNERATION POLICY *(continued)*

The KPI measurement period for STIs is the financial year, and for LTIs, the three financial years from the beginning of the year of the award to the end of the year before vesting.

| Measurement and period | Short-term incentive (STI) Cash and Deferred shares (DSA) portion | Long-term incentive (LTI) Performance shares (PSA) |
|---|---|---|
| **Financial** | | |
| ROCE | Actual at period end, calculated as the underlying EBIT plus the share of profit from associates over the performance period, divided by the average capital employed. Capital employed is Mpact's total invested capital minus expansion capital work-in-progress plus net debt minus specific categories of debt | Calculated as per the STI, but using averages over the three-year vesting period |
| Cash conversion cycle (days) | Actual at period end | n/a |
| HEPS | Actual for the year | Actual over three-year vesting period |
| EBITDA | Actual for the year | n/a |
| **Non-financial** | | |
| ESG – safety | Actual for the year | n/a |
| ESG – other | Actual for the year | Actual over three-year vesting period |
| Individual/ leadership | Actual for the year | n/a |

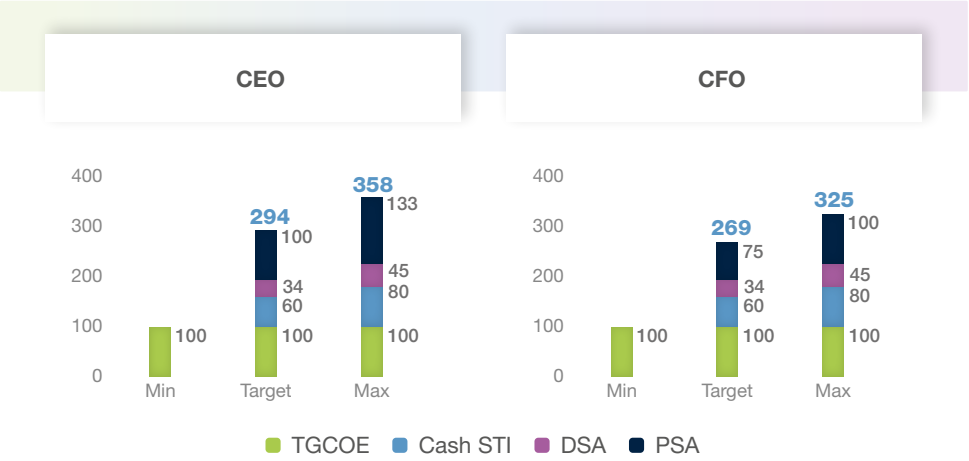
## PAY MIX

Using the components of total remuneration described previously, the following graphs illustrate the potential outcomes between minimum and maximum remuneration for the CEO, CFO and Prescribed Officers.

The pay-mix indicated in the charts below depicts the Minimum, Maximum and Target remuneration expressed as a percentage of TGCOE. The Target pay mix assumes that participants achieve 75% of the maximum STI, DSA and PSA awards respectively.

The charts show PSA and DSA awards separately. Dividends received on shares awarded are, however, not indicated since the actual dividends received vary based on actual dividend declarations in each year.

When comparing the pay-mix range shown to actual remuneration outcomes in the single figure reporting under Part 3, it should be noted that these figures are based on the face value at award, whereas the single figure reporting on remuneration paid to Executive Directors and Prescribed Officers in respect of the current and preceding years, includes actual value at vesting for the share awards, which reflects the share price at that time.



## EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' POLICY ON LOSS OF OFFICE AND EXISTING SERVICE CONTRACTS

### SERVICE CONTRACTS FOR NEW APPOINTMENTS

Executive Directors' service contracts provide for a maximum of six months' notice by either party. Employment contracts for Prescribed Officers provide for a maximum of three months' notice by either party. Service contracts for senior executives contain pay in lieu of notice provisions which may be invoked at the discretion of the committee if the company terminates the service contract. No discretionary incentives are paid to any employees where such employees are at fault/bad leavers.

Where appropriate, new appointments will be required to sign restraint of trade agreements on engagement.

### EXISTING SERVICE CONTRACTS

Notice periods for executive management currently in office are indicated in the table below:

| Role | Notice period |
|---|---|
| CEO | **Twelve months** |
| CFO | **Three months** |
| PO | **Between three and six months** |

In the event of termination of employment, no executive managers have special termination benefits or balloon payment provisions in their employment contracts.

Upon termination of employment, the company may elect to make payment in lieu of notice.

Where a member of executive management has acquired an unconditional contractual right to remuneration and/or a specific incentive, it will be paid out on termination of employment. The payment of discretionary benefits will be considered on a case-by-case basis, in Mpact's discretion and in accordance with the rules applicable to the incentive concerned. Furthermore, it is noted that no discretionary incentives are paid to any employees where such employees are designated as ineligible employees.

## MALUS AND CLAWBACK

Malus and clawback provisions apply to both the cash and share-based elements of both short-term and long-term incentive awards, for a period of three years from the date of settlement of an award in the case of clawback and at any time prior to vesting or settlement, in the case of malus.

The malus provisions may be applied by the Board where any of the following trigger events have occurred: material misstatement of financial results; information or the assessment of any performance condition(s) used to determine an award was based on a materially erroneous or inaccurate or fraudulent information; misstatement of performance; serious reputational damage; censure of Mpact by a regulatory authority; gross or serious misconduct; or a material failure of risk management. The clawback provisions may be applied where any of the following trigger events have occurred: material misstatement of financial results; or where information or the assessment of any performance condition(s) used to determine an award was based on a materially erroneous or inaccurate or fraudulent information.

## MINIMUM SHAREHOLDING REQUIREMENTS (MSR)

The members of the executive committee are subject to a minimum shareholding requirements (MSR) policy, where they are required to build up unencumbered holdings of company shares to the value of:

| | |
|---|---|
| Chief Executive Officer | **2 x TGCOE** |
| Executive Directors and Prescribed Officers | **1.5 x TGCOE** |
| All other members of Mpact Exco | **1 x TGCOE** |

Executives to whom this policy applies will have 5 years from the later of (i) 1 January 2024, or (ii) appointment date to the executive committee, in order to achieve compliance. Provided that in the case of (ii) compliance will be required by 31 December in the 6th (sixth) year following appointment to the Exco. The Compliance Period may be extended at the discretion of the RemCom should circumstances warrant such extension.

The executives may build up these holdings from shares held personally or for their sole economic benefit, or from share awards that they commit to hold for a further period after plan vesting. Unvested Performance Shares, that have not been committed nor performance measured, are not considered for this purpose, but unvested BSPs and Deferred Shares (DSAs) are included. The share price used to assess the value of the holdings will be the closing price on 31 December of the measurement year. The annual TGCOE on 31 December will also be used to assess compliance with the policy.

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 2: THE REMUNERATION POLICY *(continued)*

### NON-EXECUTIVE DIRECTORS' FEES

The fee structure for Non-executive Directors was designed to ensure that we attract, retain and appropriately compensate a diverse and experienced Board of Non-executive Directors.

Mpact engaged Vasdex Associates (Pty) Ltd in the first quarter of 2024 to conduct a benchmarking exercise to inform a review of its Non-Executive Directors' fees in 2024. The benchmarking was conducted by means of a peer group comparison, with 14 companies selected based on organisation size and nature of operation (similarity of industry).

The benchmarking exercise indicated that Mpact's Non-executive Directors were fairly remunerated and generally aligned to the median of the market for companies of comparative size, industry sector and market capitalisation.

More than 25% of Mpact's shareholders present at the 2024 AGM voted against the Non-executive Director fees. As a result, the Non-executive Directors could not be paid any fees for their service as an Mpact Limited Non-executive Director since 2 June 2022.

The company still requires that the Board continues to function to ensure effective management and good governance, as well as ongoing compliance with the JSE Listings Requirements. The Non-Executive Directors have therefore agreed to remain as directors of Mpact Limited for the time being. The composition and working of the existing Board committees will not be affected. This is despite the fact that the Non-Executive Directors will not be remunerated for their services to Mpact Limited until such remuneration is approved by a special resolution of Mpact Limited shareholders.

The company's main operating subsidiary is Mpact Operations Proprietary Limited (1998/004341/07) ("Mpact Operations"), which conducts the vast majority of the business and affairs of the broader Mpact Group. The NEDs have therefore been appointed to the Board of Mpact Operations with effect from 23 September 2022 in which capacity they will continue to attend to the governance of Mpact Operations and its subsidiaries. In their capacity as Non-Executive Directors of Mpact Operations, they will be remunerated for services rendered to Mpact Operations.

The Board regards these steps as necessary to discharge its duties to maintain good governance within the broader Mpact Group, and to protect the interests of the company and all of its shareholders. The Board has engaged the JSE, along with its sponsor, and has taken legal advice regarding these steps taken.

### FAIR AND RESPONSIBLE REMUNERATION

King IV™ emphasises executive remuneration which is fair and responsible "in context of the overall employee remuneration" and part of this responsibility is addressing the gap between the remuneration of executives and the employees at the lower end of the pay scale. The committee regards this as an important objective. Steps taken include:

Lower mandated increase for executives compared to employees at the lower end of the pay scale.

Ensuring total remuneration for executives comprises a higher variable pay based on performance.

### VOTING STATEMENTS (NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY)

This Remuneration Policy is subject to an advisory vote by shareholders at the AGM on 5 June 2025. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this Remuneration Report, as it appears above.

## PART 3: THE IMPLEMENTATION POLICY

### GUARANTEED PACKAGE APPROVED

The approved annual TGCOE increase for the executive management was between 5.25% and 6.00% effective 1 January 2024. This is to be compared to the mandated increase granted to other employees of up to 7% on average (2023: 6.2% on average).

| TGCOE approved | 2024 | 2023 | % increase |
|---|---|---|---|
| **Executive Directors** | | | |
| BW Strong | **6,850,057** | 6,508,365 | 5.25% |
| JJ Snyman[1] | **3,576,208** | 0 | |
| BDV Clark[2] | **2,169,543** | 4,947,176 | 5.25% |
| **Prescribed officers** | | | |
| HM Thompson | **5,625,135** | 5,344,546 | 5.25% |
| JW Hunt | **4,229,672** | 3,990,257 | 6.00% |
| N Naidoo[3] | **0** | 4,244,493 | |
| CM Botha | **4,502,388** | 4,247,536 | 6.00% |

1. *Appointed on 1 June 2024. Of the total TGCOE amount, R2,626,400 was paid as director of Mpact Limited and R949,808 was paid as a divisional commercial manager of Recycling Consolidated Holdings Proprietary Limited*
2. *Retired on 31 May 2024.*
3. *Retired on 31 December 2023.*

### SHORT-TERM INCENTIVE BONUS ACHIEVEMENTS

For the year ended 31 December 2024, the annual bonus performance outcome for the Executive Directors was as follows:

| | Weighting | Threshold at 25% | Maximum at 100% | Actual | % achieved | Weighting outcome |
|---|---|---|---|---|---|---|
| **Financial** | **60%** | | | | **0%** | **0** |
| EBITDA | **35%** | **R1,771 million** | **R2,058 million** | **R1,501 million** | **0%** | **0** |
| ROCE | **25%** | **14.0%** | **19.0%** | **11.7%** | **0%** | **0** |

| | Weighting | Threshold at 0% | Maximum at 100% | Actual | % achieved | Weighting outcome |
|---|---|---|---|---|---|---|
| **Non-financial** | | | | | | |
| SIFR | **5%** | **0,75** | **0,55** | **0,49** | **100%** | **5.0** |
| Leading safety indicators | **5%** | **80%** | **95%** | **90,8%** | **72%** | **3.6** |
| Fatality penalty | | **1 fatality occurred at an operation** | | | | **(2.5)** |
| Individual key performance areas[1] | **30%** | **Average actual outcome of 72.3%** | | | | **21.7** |
| **Total** | **100%** | **Average total weighting outcome** | | | | **27.8** |

1. *Individual key performance assessment and the total average weighting outcome includes the assessment for BDV Clark who resigned in May 2024.*

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### LONG-TERM INCENTIVES OUTCOMES

Awards and grants made on 1 April 2022 vested on 31 March 2025. The vesting outcome applicable to both the BSP and the PSP is calculated as set out below:

#### BONUS SHARE PLAN

Bonus shares granted in 2022 were released to participants still employed by Mpact at the vesting date which was 31 March 2025. There are no other performance conditions linked to the BSP.

#### PERFORMANCE SHARE PLAN

The level of achievement against the performance criteria for the performance shares awarded in 2022 and vested in March 2025, based on three years' financial performance to the year ended 31 December 2024, was 39.9% determined as follows:

| | Weighting | 0% | Threshold 30% vesting | Maximum 100% vesting | Actual | % achieved |
|---|---|---|---|---|---|---|
| ROCE% | 50% | <12% | 12% | 18% | 16.3% | 79.8% |
| | ROCE % calculation is based on an average three-year achievement for the financial years ended 31 December 2022, 2023 and 2024 | | | | | |
| HEPS growth | 50% | No vesting below 30% | Mpact HEPS for the final year of the performance period (Final HEPS) exceeds Reference HEPS by a factor of CPI plus GDP growth over the performance period | Mpact Final HEPS must be higher than the Reference HEPS by a factor of CPI plus GDP growth over the performance period plus 5% | For the performance period 1 January 2022 to 31 December 2024, Mpact's Final HEPS for the year ended 31 December 2024 was 323.6 cents per share, compared to the Reference HEPS plus CPI and GDP growth plus 5% of 445 cents per share. Therefore 0% of the award based on HEPS growth will vest | 0% |

## EXECUTIVE DIRECTORS' FIVE-YEAR REMUNERATION, STI AND LTI

| | CEO | | CFO[1] | | % of face value of share awards realised at date of vesting | | |
|---|---|---|---|---|---|---|---|
| Year | TGCOE | Actual STI score as % of maximum possible | TGCOE | Actual STI score as % of maximum possible | BSP | PSP | |
| 2020 | 5,330,120 | 72% | 4,346,219 | 71% | 27% | 7% | 26% of the PSP shares awarded in 2017 vested.<br>Share price depreciated from R29.69 per share at date of award to R8.08 at date of vesting. |
| 2021 | 5,851,018 | 94% | 4,447,508 | 93% | 69% | 44% | 63% of the PSP shares awarded in 2018 vested.<br>Share price depreciated from R28.89 per share at date of award to R20.03 at date of vesting. |
| 2022 | 6,198,445 | 91% | 4,711,596 | 90% | 141% | 116% | 82% of the PSP shares awarded in 2019 vested.<br>Share price appreciated from R23.45 per share at date of award to R33.00 at date of vesting. |
| 2023 | 6,508,365 | 67% | 4,947,176 | 60% | 278% | 266% | 96% of the PSP shares awarded in 2020 vested<br>Share price appreciated from R10.52 per share at date of award to R29.20 at date of vesting. |
| **2024** | **6,850,057** | **31.2%** | **2,626,400** | **32.1%** | **132%** | **132%** | **100% of the PSP shares awarded in 2021 vested.<br>Share price appreciated from R20.44 per share at date of award to R27.00 at date of vesting.** |

*1. Values for 2020 to 2023 are in respect of BDV Clark who retired as CFO on 31 May 2024. The 2024 values are in respect of JJ Snyman, who was appointed from 1 June 2024.*

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### REMUNERATION OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

31 DECEMBER 2024

| Rs | Guaranteed package (TGCOE)[1] | Short-term incentive – cash portion bonus[2] | Other[3] | Cash-based remuneration | Short-term deferred portion (grant value)[4] | Long-term incentive – intrinsic value[5] | Total remuneration |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| BW Strong | **6,850,057** | **1,709,774** | **178,902** | **8,738,733** | **961,748** | **3,055,474** | **12,755,955** |
| JJ Snyman[6] | **3,576,208** | **750,682** | **1,818** | **4,328,708** | **455,606** | **0** | **4,784,314** |
| BDV Clark[7] | **2,169,543** | **348,863** | **142,483** | **2,606,889** | **0** | **1,741,945** | **4,402,834** |
| **Total** | **12,595,808** | **2,809,319** | **323,203** | **15,728,330** | **1,417,354** | **4,797,419** | **21,943,103** |
| **Prescribed officers** | | | | | | | |
| HM Thompson | **5,625,135** | **1,980,048** | **164,252** | **7,769,435** | **1,113,777** | **1,881,862** | **10,765,074** |
| JW Hunt | **4,229,672** | **1,387,332** | **119,445** | **5,736,449** | **780,374** | **1,391,752** | **7,908,575** |
| CM Botha | **4,502,388** | **1,505,599** | **82,051** | **6,090,038** | **846,899** | **1,481,481** | **8,418,418** |
| **Total** | **14,357,195** | **4,872,979** | **365,748** | **19,595,922** | **2,741,050** | **4,755,095** | **27,092,067** |

1. *Guaranteed package (TGCOE) paid for the 12 months of the financial year.*
2. *Short-term incentive (STI) cash portion earned on 2024 performance, paid in March 2025.*
3. *Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2024 and other cash benefits.*
4. *Value of the deferred shares to be granted (56.25% of STI) in 2025 based on 2024 performance and vesting in March 2028.*
5. *Intrinsic value is calculated by taking the number of PSP shares expected to vest in March 2025 based on performance over the three-year period ended 31 December 2024, multiplied by the closing Mpact share price of R29.54 at 31 December 2024.*
6. *Appointed on 1 June 2024. Of the total TGCOE amount, R2,626,400 was paid as director of Mpact Limited and R949,808 was paid as a divisional commercial manager of Recycling Consolidated Holdings Proprietary Limited.*
7. *Retired on 31 May 2024.*

## REMUNERATION OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

31 DECEMBER 2023

| Rs | Guaranteed package (TGCOE)[1] | Short-term incentive – cash portion bonus[2] | Other[3] | Cash-based remuneration | Short-term deferred portion (grant value)[4] | Long-term incentive – intrinsic value[5] | Total remuneration |
|---|---|---|---|---|---|---|---|
| **Executive Directors** | | | | | | | |
| BW Strong | 6,508,365 | 3,571,791 | 238,085 | 10,318,241 | 2,009,132 | 11,296,805 | 23,624,178 |
| BDV Clark | 4,947,176 | 2,382,560 | 182,775 | 7,512,511 | 1,340,190 | 6,440,401 | 15,293,102 |
| **Total** | 11,455,541 | 5,954,351 | 420,860 | 17,830,752 | 3,349,322 | 17,737,206 | 38,917,280 |
| **Prescribed officers** | | | | | | | |
| HM Thompson | 5,344,546 | 2,963,016 | 202,971 | 8,510,533 | 1,666,697 | 6,957,710 | 17,134,940 |
| JW Hunt | 3,990,257 | 2,119,625 | 137,658 | 3,247,540 | 1,192,289 | 5,133,298 | 12,573,127 |
| N Naidoo* | 4,244,493 | 2,570,465 | 147,103 | 6,962,061 | 1,445,887 | 5,460,371 | 13,868,319 |
| C Botha | 4,247,536 | 2,225,709 | – | 6,473,245 | 1,251,961 | 5,464,273 | 13,189,470 |
| **Total** | 17,826,832 | 9,878,815 | 487,732 | 28,193,379 | 5,556,834 | 23,015,652 | 56,765,864 |

1. *Guaranteed package (TGCOE) paid for the 12 months of the financial year.*
2. *Short-term incentive (STI) cash portion earned on 2023 performance, paid in March 2024.*
3. *Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2023 and other cash benefits.*
4. *Value of the bonus shares to be granted (56.25% of STI) in 2024 based on 2023 performance and vesting in March 2027.*
5. *Intrinsic value is calculated by taking the number of PSP shares expected to vest in March 2025 based on performance over the three-year period ended 31 December 2023, multiplied by the closing Mpact share price of R35.03 at 31 December 2023.*

* *Retired effective 31 December 2023.*

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### NUMBER AND MARKET VALUE OF SHARE AWARDS GRANTED TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The following tables set out the number and market value of share awards granted, exercised and lapsed to the Executive Directors and prescribed officers during the year:

#### 2024 – EXECUTIVE DIRECTORS

**BW Strong**

**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December 2024 |
|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | Mar-24 | 84,031 | – | 84,031 | – | – |
| PSP | Apr-21 | Mar-24 | 379,342 | – | 379,342 | – | – |
| BSP | Apr-22 | Mar-25 | 77,532 | – | – | – | 77,532 |
| PSP | Apr-22 | Mar-25 | 259,171 | – | – | 155,736 | 103,435 |
| BSP | Apr-23 | Mar-26 | 86,392 | – | – | – | 86,392 |
| PSP | Apr-23 | Mar-26 | 296,328 | – | – | 74,082 | 222,246 |
| BSP | Apr-24 | Mar-27 | – | 73,256 | – | – | 73,256 |
| PSP | Apr-24 | Mar-27 | – | 333,013 | – | 133,205 | 199,808 |
| **Total number of shares** | | | 1,182,796 | 406,269 | 463,373 | 363,023 | 762,669 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | 20.44 | 1,717,594 | – | 551,243 | 2,268,837 | – | – |
| PSP | Apr-21 | 20.44 | 7,753,750 | – | 2,488,484 | 10,242,234 | – | – |
| BSP | Apr-22 | 31.89 | 2,472,317 | – | (182,022) | – | – | 2,290,295 |
| PSP | Apr-22 | 31.89 | 8,264,367 | – | (608,456) | – | 4,600,437 | 3,055,474 |
| BSP | Apr-23 | 29.28 | 2,529,886 | – | 22,134 | – | – | 2,552,020 |
| PSP | Apr-23 | 29.28 | 8,677,610 | – | 75,919 | – | 2,188,382[8] | 6,565,147 |
| BSP | Apr-24 | 27.43 | – | 2,009,104 | 154,878 | – | – | 2,163,982 |
| PSP | Apr-24 | 27.43 | – | 9,133,148 | 704,056 | – | 3,934,882[8] | 5,902,322 |
| **Total market value of shares** | | | 31,415,524 | 11,142,252 | 3,206,236 | 12,511,071 | 10,723,701 | 22,529,240 |

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### EXECUTIVE DIRECTORS

**JJ Snyman**

**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|
| BSP | Apr-23 | Mar-26 | 13,521 | – | – | – | 13,521 |
| BSP | Apr-24 | Mar-27 | – | 16,193 | – | – | 16,193 |
| PSP | Jun-24 | Mar-27 | – | 164,166 | – | 65,666 | 98,500 |
| **Total number of shares** | | | 13,521 | 180,359 | – | 65,666 | 128,214 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-23 | 29.28 | 395,946 | – | 3,464 | – | – | 399,410 |
| BSP | Apr-24 | 27.43 | – | 444,106 | 34,235 | – | – | 478,341 |
| PSP | Jun-24 | 27.43 | – | 4,502,384 | 347,080 | – | 1,939,785 | 2,909,678 |
| **Total market value of shares** | | | 395,946 | 4,946,490 | 384,779 | – | 1,939,785 | 3,787,430 |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### EXECUTIVE DIRECTORS

**BDV Clark**

**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December |
|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | Mar-24 | 67,849 | – | 67,849 | – | – |
| PSP | Apr-21 | Mar-24 | 216,266 | – | 216,266 | – | – |
| BSP | Apr-22 | Mar-25 | 58,432 | – | – | – | 58,432 |
| PSP | Apr-22 | Mar-25 | 147,755 | – | – | 88,786 | 58,969 |
| BSP | Apr-23 | Mar-26 | 65,379 | – | – | – | 65,379 |
| PSP | Apr-23 | Mar-26 | 168,939 | – | – | 42,235 | 126,704 |
| BSP | Apr-24 | Mar-27 | – | 48,865 | – | – | 48,865 |
| **Total number of shares** | | | 724,620 | 48,865 | 284,115 | 131,021 | 358,349 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | 20.44 | 1,386,834 | – | 445,089 | 1,831,923 | – | – |
| PSP | Apr-21 | 20.44 | 4,420,477 | – | 1,418,705 | 5,839,182 | – | – |
| BSP | Apr-22 | 31.89 | 1,863,262 | – | (137,181) | – | – | 1,726,081 |
| PSP | Apr-22 | 31.89 | 4,711,567 | – | (346,884) | – | 2,622,738[8] | 1,741,945 |
| BSP | Apr-23 | 29.28 | 1,914,546 | – | 16,750 | – | – | 1,931,296 |
| PSP | Apr-23 | 29.28 | 4,947,176 | – | 43,282 | – | 1,247,615[8] | 3,742,844 |
| BSP | Apr-24 | 27.43 | – | 1,340,162 | 103,310 | – | – | 1,443,472 |
| **Total market value of shares** | | | 19,243,861 | 1,340,162 | 1,543,072 | 7,671,106 | 3,870,353 | 10,585,637 |

## 2024 – PRESCRIBED OFFICERS

**HM Thompson**

**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December |
|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | Mar-24 | 78,158 | – | 78,158 | – | – |
| PSP | Apr-21 | Mar-24 | 233,637 | – | 233,637 | – | – |
| BSP | Apr-22 | Mar-25 | 63,939 | – | – | – | 63,939 |
| PSP | Apr-22 | Mar-25 | 159,623 | – | – | 95,917 | 63,706 |
| BSP | Apr-23 | Mar-26 | 60,540 | – | – | – | 60,540 |
| PSP | Apr-23 | Mar-26 | 182,508 | – | – | 45,627 | 136,881 |
| BSP | Apr-24 | Mar-27 | – | 60,771 | – | – | 60,771 |
| PSP | Apr-24 | Mar-27 | – | 205,103 | – | 82,041 | 123,062 |
| **Total number of shares** | | | 778,405 | 265,874 | 311,795 | 223,585 | 508,899 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | 20.44 | 1,597,550 | – | 512,716 | 2,110,266 | – | – |
| PSP | Apr-21 | 20.44 | 4,775,540 | – | 1,532,659 | 6,308,199 | – | – |
| BSP | Apr-22 | 31.89 | 2,038,868 | – | (150,110) | – | – | 1,888,758 |
| PSP | Apr-22 | 31.89 | 5,090,010 | – | (374,747) | – | 2,833,402 | 1,881,861 |
| BSP | Apr-23 | 29.28 | 1,772,841 | – | 15,510 | – | – | 1,788,352 |
| PSP | Apr-23 | 29.28 | 5,344,528 | – | 46,759 | – | 1,347,822[8] | 4,043,465 |
| BSP | Apr-24 | 27.43 | – | 1,666,693 | 128,482 | – | – | 1,795,175 |
| PSP | Apr-24 | 27.43 | – | 5,625,114 | 433,629 | – | 2,423,497[8] | 3,635,246 |
| **Total market value of shares** | | | 20,619,337 | 7,291,807 | 2,144,898 | 8,418,465 | 6,604,721 | 15,032,857 |

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

**JW Hunt**
**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December |
|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | Mar-24 | 54,811 | – | 54,811 | – | – |
| PSP | Apr-21 | Mar-24 | 172,374 | – | 172,374 | – | – |
| BSP | Apr-22 | Mar-25 | 46,523 | – | – | – | 46,523 |
| PSP | Apr-22 | Mar-25 | 118,051 | – | – | 70,937 | 47,114 |
| BSP | Apr-23 | Mar-26 | 42,922 | – | – | – | 42,922 |
| PSP | Apr-23 | Mar-26 | 136,261 | – | – | 34,065 | 102,196 |
| BSP | Apr-24 | Mar-27 | – | 43,473 | – | – | 43,473 |
| PSP | Apr-24 | Mar-27 | – | 154,222 | – | 61,689 | 92,533 |
| **Total number of shares** | | | 570,942 | 197,695 | 227,185 | 166,691 | 374,761 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | 20.44 | 1,120,337 | – | 359,560 | 1,479,897 | – | – |
| PSP | Apr-21 | 20.44 | 3,523,325 | – | 1,130,773 | 4,654,098 | – | – |
| BSP | Apr-22 | 31.89 | 1,483,511 | – | (109,222) | – | – | 1,374,289 |
| PSP | Apr-22 | 31.89 | 3,764,375 | – | (277,148) | – | 2,095,474 | 1,391,753 |
| BSP | Apr-23 | 29.28 | 1,256,919 | – | 10,997 | – | – | 1,267,916 |
| PSP | Apr-23 | 29.28 | 3,990,240 | – | 34,910 | – | 1,006,287[8] | 3,018,862 |
| BSP | Apr-24 | 27.43 | - | 1,192,282 | 91,911 | – | – | 1,284,192 |
| PSP | Apr-24 | 27.43 | - | 4,229,662 | 326,056 | – | 1,822,287[8] | 2,733,431 |
| **Total market value of shares** | | | 15,138,707 | 5,421,944 | 1,567,837 | 6,133,995 | 4,924,048 | 11,070,445 |

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

**CM Botha**
**Number of shares**

| Type of awards[1,2] | Date of award/grant | Release date | Number of shares awarded/ granted in prior years | Number of shares awarded/ granted during the year | Number of shares vested during the year | Number of shares lapsed or expected to lapse at vesting | Number of shares as at 31 December |
|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | Mar-24 | 39,072 | – | 39,072 | – | – |
| PSP | Apr-21 | Mar-24 | 183,488 | – | 183,488 | – | – |
| BSP | Apr-22 | Mar-25 | 50,108 | – | – | – | 50,108 |
| PSP | Apr-22 | Mar-25 | 125,662 | – | – | 75,510 | 50,152 |
| BSP | Apr-23 | Mar-26 | 45,874 | – | – | – | 45,874 |
| PSP | Apr-23 | Mar-26 | 145,047 | – | – | 36,262 | 108,785 |
| BSP | Apr-24 | Mar-27 | – | 45,648 | – | – | 45,648 |
| PSP | Apr-24 | Mar-27 | – | 164,165 | – | 65,666 | 98,499 |
| **Total number of shares** | | | 589,251 | 209,813 | 222,560 | 177,438 | 399,066 |

**Value of shares (Rs)**

| Type of awards[1,2] | Date of award/grant | Award/grant price (Rands)[9] | Face value of shares awarded/ granted in prior years[3] | Face value of shares awarded/ granted during year[4] | Cumulative effects of share price movement gain/(loss)[5] | Value of shares vested during year[6] | Value of shares lapsed or expected to lapse at vesting | Market value of shares at 31 December 2024[7] |
|---|---|---|---|---|---|---|---|---|
| BSP | Apr-21 | 20.44 | 798,632 | – | 256,312 | 1,054,944 | – | – |
| PSP | Apr-21 | 20.44 | 3,750,495 | – | 1,203,681 | 4,954,176 | – | – |
| BSP | Apr-22 | 31.89 | 1,597,829 | – | (117,639) | – | – | 1,480,190 |
| PSP | Apr-22 | 31.89 | 4,007,072 | – | (4,716,075) | – | 2,230,574 | 1,481,481 |
| BSP | Apr-23 | 29.28 | 1,343,365 | – | 11,753 | – | – | 1,355,118 |
| PSP | Apr-23 | 29.28 | 4,247,527 | – | (2,105,183) | – | 1,071,172[8] | 3,213,516 |
| BSP | Apr-24 | 27.43 | – | 1,251,933 | 96,509 | – | – | 1,348,442 |
| PSP | Apr-24 | 27.43 | – | 4,502,356 | (3,532,470) | – | 1,939,774[8] | 2,909,660 |
| **Total market value of shares** | | | 15,744,920 | 5,754,289 | (8,903,111) | 6,009,120 | 5,241,520 | 11,788,407 |

1. *Bonus share plan (BSP).*
2. *Performance share plan (PSP).*
3. *Face value at award/grant date is the number of shares awarded/granted at the award/ grant price.*
4. *During the year, share grants and awards were made at R27.43 per share.*
5. *Cumulative effects of share price gains and losses represent the difference between the face value at the award/grant date and the sum of the value at vesting, the value lapsed or expected to lapse and the market value at 31 December 2024.*
6. *During the year, shares vested at a price of R27.00 per share.*
7. *The closing share price at 31 December 2024 was R29.54 per share.*
8. *Assumed a 75% achievement of PSP awarded in 2023, and 60% for awards made in 2024.*
9. *Award/grant price is the VWAP of Mpact Limited for the 15 days following the release of Mpact's year-end results.*

# REMUNERATION COMMITTEE REPORT *(continued)*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### NON-EXECUTIVE DIRECTORS' FEES[1]

**Non-executive directors' remuneration**

| | Paid by Mpact Limited | | | Paid by Mpact Operations (Proprietary) Limited[2] | | Total paid by Group | Paid by Mpact Limited | | | Paid by Mpact Operations (Proprietary) Limited[2] | Total paid by Group |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R's | Fees paid as non-executive director[1] 2024 | Fees paid as Trustee to the Mpact Foundation Trust[1] 2024 | Total 2024 | Fees paid as non-executive director[1] 2024 | Fees paid for professional services[1] 2024 | Total 2024 | Fees paid as non-executive director[1] 2023 | Fees paid as Trustee to the Mpact Foundation Trust[1] 2023 | Total 2023 | Fees paid as non-executive director[1] 2023 | Total 2023 |
| AJ Phillips | – | – | – | 990,457 | 58,645 | 1,049,102 | – | – | – | 990,998 | 990,998 |
| ABA Conrad | – | 161,580 | 161,580 | 543,371 | – | 704,951 | – | 128,751 | 128,751 | 487,255 | 616,006 |
| NP Dongwana | – | – | – | – | – | – | – | 50,454 | 50,454 | 301,852 | 352,306 |
| FC Futwa[3] | – | – | – | 438,030 | – | 438,030 | – | – | – | – | – |
| PCS Luthuli | – | – | – | 1,090,277 | – | 1,090,277 | – | – | – | 764,453 | 764,453 |
| M Makanjee | – | 81,084 | 81,084 | 828,683 | – | 909,767 | – | 77,224 | 77,224 | 728,567 | 805,781 |
| TDA Ross[4] | – | – | – | 513,397 | – | 513,397 | – | – | – | 782,090 | 782,090 |
| DG Wilson | – | – | – | 790,095 | – | 790,095 | – | – | – | 514,521 | 514,521 |
| **Total** | – | 242,664 | 242,664 | 5,194,310 | 58,645 | 5,495,619 | – | 256,429 | 256,429 | 4,569,716 | 4,826,145 |

1. *The amounts exclude VAT.*
2. *The company's main operating subsidiary is Mpact Operations Proprietary Limited, which conducts the vast majority of the business and affairs of the broader Mpact Group. The NEDs were therefore appointed to the Board of Mpact Operations with effect from 23 September 2022 in which capacity they continue to attend to the governance of Mpact Operations and its subsidiaries. In their capacity as NEDs of Mpact Operations Proprietary Limited, they are remunerated for services rendered to Mpact Operations Proprietary Limited.*
3. *Appointed on 17 May 2024.*
4. *Retired on 6 June 2024.*

* *Excludes VAT.*

## PART 3: THE IMPLEMENTATION POLICY *(continued)*

### DIRECTORS' INTEREST IN SHARES

As at 31 December 2024, the Directors' interest in Mpact was:

| | 2024 Direct number of shares | 2024 Indirect number of shares | 2023 Direct number of shares | 2023 Indirect number of shares |
|---|---|---|---|---|
| **Executive director** | | | | |
| BW Strong | **1,254,632** | **–** | 1,254,632 | – |
| JJ Snyman[1] | **–** | **7,350** | – | – |
| BDV Clark[2] | **–** | **541,006** | – | 541,006 |
| **Non-executive director** | | | | |
| AJ Phillips | **8,914** | **1,516** | 8,914 | 1,516 |
| **Prescribed officers** | | | | |
| JW Hunt | **594,979** | **–** | 500,174 | – |
| HM Thompson | **719,017** | **–** | 690,517 | – |
| CM Botha | **159,904** | **–** | 167,094 | – |
| **Total** | **2,737,446** | **549,872** | 2,621,331 | 542,522 |

*1. JJ Snyman was appointed effective 1 June 2024.*
*2. BDV Clark retired effective 31 May 2024.*

There are no associate interests for the above Directors and Prescribed Officers.

The Implementation Report will be subject to a non-binding advisory vote by shareholders at the AGM on 5 June 2025.

**PCS Luthuli**
*Remuneration Committee Chairman*

25 April 2025

# 06

# ANNUAL FINANCIAL STATEMENTS


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# CHIEF FINANCIAL OFFICER'S REPORT



*"Mpact delivered strong cash generation from operations of R1.9 billion, despite a challenging trading environment, and concluded the sale of Versapak, which assisted with reducing net debt to R2.4 billion."*

**Hannes Snyman** | *Chief Financial Officer*

A resilient trading performance resulted in cash generation from operations of R1.9 billion. The Group continued to invest in capital projects of R1.0 billion, of which R424 million related to the Mkhondo mill project. Net debt reduced by R0.3 billion for the year to R2.4 billion, assisted by a reduction in working capital and the sale of Versapak.

## GROUP FINANCIAL PERFORMANCE FROM CONTINUING OPERATIONS

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

Underlying operating profit for the year decreased by 23.7% to R923 million (2023: R1,210 million), due to an under-recovery of higher fixed costs, as well as non-recurring expenses at FMCG Wadeville following the restructuring and site consolidation over the past few years.

Headline earnings per share decreased by 29.9% to 324 cents (2023: 462 cents restated).

Return on capital employed (ROCE) was 12.3% (2023: 17.4%) for total operations and 11.7% (2023: 16.6%) for continuing operations. The decrease is due to relatively large capital outlays for strategic growth projects which are still in progress and lower profitability.

## NET FINANCE COSTS

Net finance costs increased to R297 million (2023: R284 million) due to higher average net debt compared to the prior period.

Average net debt for the 2024 financial year was R3.3 billion, which was 13% higher when compared to the prior year.

Interest of R47 million was capitalised towards the Mkhondo mill project during the period, compared to R14 million in 2023.

## TAX

The effective tax rate for continuing operations of 12.3% (2023: 24.2% restated) is lower than the statutory rate due to the recognition of a deferred tax asset of R73 million attributable to previously unrecognised tax losses in Bins & Crates, as well as a positive variance of R28 million related to tax allowances claimed on the submission of tax returns.

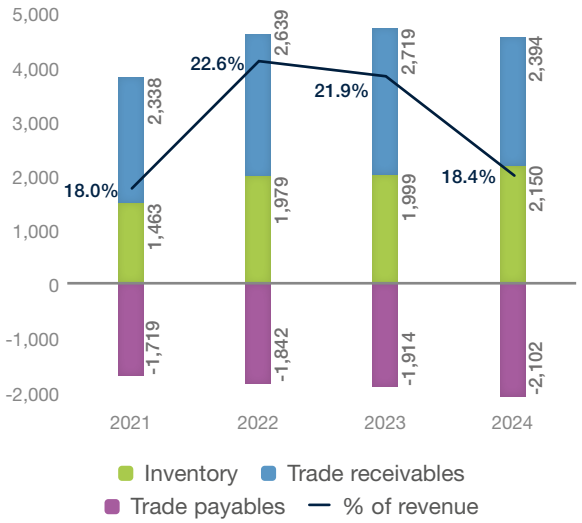
There was a restatement of the 2023 tax charge for continued and discontinued operations. However, there was no change to the overall tax expense for total operations.

# CHIEF FINANCIAL OFFICER'S REPORT *(continued)*

## WORKING CAPITAL

Trade working capital decreased by R323 million, mainly due to a reduction of trade receivables in the Paper business and the sale of Versapak. Trade working capital as a percentage of revenue decreased to 18.4% from 21.9% in the prior period.

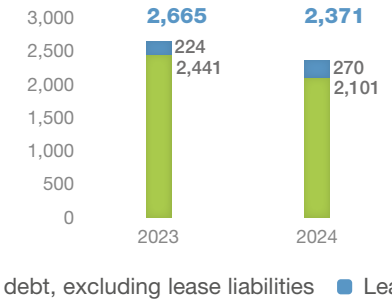
**Trade working capital % of revenue**
(R'million)




## FUNDING

Net debt decreased to R2.4 billion (December 2023: R2.7 billion). Strong cash flow from operations, the sale of Versapak and well managed working capital allowed the Group to spend R1.0 billion in capital investments while still reducing the overall debt. Gearing reduced to 28.8% in 2024 from 32.9% in the prior period.

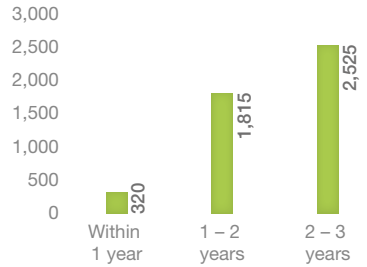
**Net debt**
(R'million)




Maturity dates for revolving credit facilities of R1.1 billion that were due in August 2025, have been extended to August 2027, with no impact on terms or pricing. Also, a R300 million revolving credit facility for Mpact Plastic Containers was extended from December 2025 to December 2026. As at 31 December 2024, the Group had approximately R4.7 billion of committed debt facilities.

Mpact met its bank covenants and achieved its targets for carbon emissions and water efficiency for the prior period.

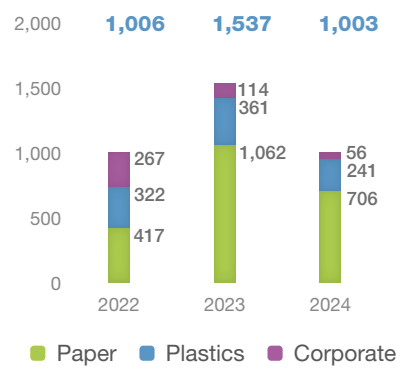
**Bank facilities profile**
(R'million)




## CAPITAL EXPENDITURE

Capital expenditure during the period was R1.0 billion of which R424 million related to the Mkhondo mill project. This brings the total spend on this project as at 31 December 2024 to R770 million. The Group has capital commitments of R1.5 billion, of which R225 million has been contracted for, and we anticipate to spend approximately R1.1 billion in the next 12 months. However, the abovementioned spend will be managed according to the prevailing trading conditions at the time.

**Capital expenditure**
(R'million)




## SALE OF VERSAPAK

The sale of Versapak was concluded in November 2024 and proceeds of R255 million were received for the sale of the plant, equipment and inventory. Approximately R50 million of trade working capital was recovered before year-end and we expect a further R100 million to be recovered during the first half of 2025. The sale proceeds have been used to settle outstanding bank debt.

## ACQUISITION OF AFRICA TANKS

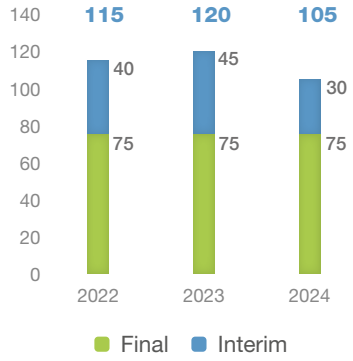
Mpact Plastic Containers acquired a 30% interest in Africa Tanks in April 2024 for a purchase consideration of R73 million. Africa Tanks manufactures plastic water tanks for the residential, commercial and agricultural markets and is the first blow-moulding water tank manufacturer in Southern Africa.

## DIVIDENDS

A final cash dividend of 75 cents per share (cps) (2023: 75 cps) was declared by the Board bringing the total cash dividend for the year to 105 cps (2023: 120 cps). The dividend reflects our view of the importance of shareholder returns and our continued confidence in the future of our business. This equates to a dividend cover of approximately 3.1 times underlying HEPS.

The Board will continue to focus on driving long-term value for shareholders through prudent capital allocation in the context of growth opportunities and cash returns to shareholders by dividends and share buybacks. The Board targets a return of approximately three times cover through the cycle based on underlying HEPS, although the pay-out ratio in each year may vary according to the business cycle.

**Dividend**
(Cents per share)




**Hannes Snyman**
*Chief Financial Officer*

25 April 2025

# AUDIT AND RISK COMMITTEE REPORT



*"I am pleased to present this report on behalf of the Audit and Risk Committee (committee), which provides an overview of the areas of focus during the year ended 31 December 2024, as well as its key activities and the framework within which it operates in compliance with section 94(7) of the Companies Act."*

**Sibusiso Luthuli** | *Audit and Risk Committee Interim Chairman*

## INTRODUCTION

The role of the committee is to ensure the integrity of Mpact's financial reporting and audit processes and that a sound risk management and internal control system is maintained. In pursuing these objectives, the committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The committee acts for Mpact and all its subsidiaries, and is an independent body accountable to the Board. It operates within a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King IV™. The committee's terms of reference were approved by the Board during the current financial year and are reviewed annually.

## COMPOSITION

The committee currently comprises Sibusiso Luthuli, Fikile Futwa and Donald Wilson, all of whom are independent non-executive directors and collectively possess the appropriate financial skills, expertise and experience required to discharge their duties. In May 2024, Fikile Futwa was appointed as a member of the committee. Fikile has significant financial and commercial experience, making her well placed to contribute positively to the functioning of the committee. In June 2024, Tim Ross retired from the committee. Tim had been the chairman of the committee for several years and had provided invaluable leadership and guidance to the committee. Sibusiso Luthuli was appointed as the interim Chairman of the committee in July 2024. The CEO, the CFO, the Chief Information Officer (CIO), the Group Risk and Sustainability Manager, a representative of KPMG, the independent internal auditor, and a representative of PwC, the independent external auditor, and other senior managers attend meetings by invitation.

The committee members are appointed annually by the shareholders at the Annual General Meeting.

## MEETINGS

The committee held a total of four meetings during the year.

| Name | Member since | Meetings attended |
|---|---|---|
| Sibusiso Luthuli | **December 2018** | **4/4** |
| Fikile Futwa | **May 2024** | **3/4*** |
| Donald Wilson | **January 2022** | **4/4** |
| Tim Ross | **April 2011** | **2/4**** |

* *Joined the committee on 17 May 2024.*
** *Retired on 6 June 2024.*

## COMMITTEE ACTIVITIES

The committee attended to the following matters during the year:

## EXTERNAL AUDITORS

The committee reviewed the independence of PwC as Mpact's external auditors, for the financial year ended 31 December 2024. The committee considered the suitability of PwC as external auditor, with Saffiyah Bootha as the independent individual registered auditor, by reviewing all information as required by section 3.84(g) and 3.86 of the JSE Listings Requirements in assessing PwC's independence, registration as a registered auditor and the ability to perform a quality audit of Mpact. The committee held at least one meeting with PwC without management present, and the committee chairman also engaged regularly with the PwC engagement partner.

After considering the factors below and the auditor's tenure, the committee is satisfied that PwC is independent of Mpact.

### INDEPENDENCE OF EXTERNAL AUDITORS

This assessment was made after considering the following:

- confirmation from the external auditors that they, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Mpact. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- the auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Mpact;
- the auditor's independence was not impaired by the non-audit work performed having regard to the nature of the non-audit work undertaken and the quantum of the non-audit fees relative to the total fee base;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- the criteria specified for independence by the Independent Regulatory Board for Auditors (IRBA); and
- information provided by the auditors in terms of the JSE Listings Requirements.

The committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2024 financial year.

### EXTERNAL AUDITORS' FEES

The committee:

- approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2024 financial year;
- reviewed and approved the non-audit services fees for the year under review and ensured that the fees were in line with the non-audit service policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services through the Audit Committee charter.

### EXTERNAL AUDITORS' PERFORMANCE

The committee:

- reviewed and approved the external audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable;
- monitored the effectiveness of the external auditors in terms of audit quality and expertise; and
- reviewed and discussed the external audit reports and management's response and considered their effect on the financial statements and internal financial control.

## FINANCIAL STATEMENTS

The committee reviewed the interim results and year-end consolidated annual financial statements, the public announcements of Mpact's financial results and made recommendations to the Board for their approval. In the course of its review, the committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS;
- considered the appropriateness of accounting policies and disclosures made;
- approved Group financial reporting procedure in accordance with the JSE Listings Requirements;
- considered and approved accounting policy changes resulting from the application of new standards commencing 1 January 2024;
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statements, which includes reviews of solvency and liquidity tests for the year under review;
- ensured that appropriate financial reporting procedures are established and operating for all entities included in the Group's consolidated annual financial statements;
- considered the accounting treatment related to the recognition of deferred tax assets, including the potential utilisation of assessed tax losses;
- considered the accounting and taxation implications for all restructurings, acquisitions and disposals; and
- considered the accounting policy and taxation treatment for the discontinued operation.

# AUDIT AND RISK COMMITTEE REPORT *(continued)*

## PROACTIVE MONITORING

The Audit and Risk Committee hereby confirms that the findings contained in the JSE Proactive Monitoring reports, thematic reviews and common findings reports, were taken into account when preparing the consolidated and separate annual financial statements, as well as the preliminary summarised consolidated annual financial statements for the year ended 31 December 2024.

During the 2024 financial year, the consolidated annual financial statements for the year ended 31 December 2023 was selected as part of the JSE's proactive review process. The JSE required clarification on the application of certain IFRS Accounting standards. The committee responded to the questions and provided details of all factors, judgements and IFRS references that were considered in arriving at the IFRS conclusion reflected in the consolidated annual financial statements. The review process resulted in a restatement of the 2023 tax expense for both the continued and discontinued operation as presented in the consolidated statement of profit or loss and other comprehensive income. Refer to note 2 of summarised consolidated annual financial statement for details of the restatement.

## KEY AUDIT MATTERS

The figures disclosed in the consolidated annual financial statements in certain circumstances are arrived at using judgement. These are explained in detail in the accounting policies. The committee notes the key audit matter set out in the independent auditor's report, which relates to the valuation of goodwill.

Management assesses the impairment of goodwill on an annual basis for all material cash-generating units (CGUs). The recoverable amount was based on the value in use method for all CGUs. In determining the value in use for all CGUs management applied judgement in determining the following key assumptions:

- Discount rates;
- Terminal value growth rates;
- Revenue growth rates; and
- EBITDA margins.

The committee noted the sensitivities applied in the goodwill impairment assessment and after discussions with management, the committee considered and evaluated this matter and is satisfied that they are represented appropriately.

## INTERNAL AUDIT

The committee:

- reviewed and approved the existing internal audit charter, which ensures that Mpact's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties;
- satisfied itself of the credibility, independence and objectivity of the internal audit function;
- ensured that internal audit had direct access to the committee, primarily through the committee's Chairman;
- reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable;
- reviewed the quarterly internal audit reports, covering the effectiveness of internal controls and material non-compliance with Mpact's policies and procedures. The committee is advised of all internal control developments and any material losses;
- considered and reviewed with management and internal auditors, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken; and
- considered the assessment from the internal audit function regarding the effectiveness of Mpact's system of internal controls and confirmed that based on their results of work undertaken, they provided reasonable assurance regarding adequacy and effectiveness of systems of internal control.

The committee has reviewed the independence of KPMG and the Chief Audit Executive as Mpact's internal auditor and is satisfied with their independence and the performance of the Chief Audit Executive.

## INTERNAL FINANCIAL CONTROL AND COMPLIANCE

The committee:

- reviewed and approved the existing treasury policy and reviewed the quarterly treasury reports prepared by management;
- reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting Mpact;
- reviewed the quarterly report on taxation;
- reviewed IT reports; and

- considered and, where appropriate, made recommendations on internal financial controls.

### INTERNAL FINANCIAL REPORTING CONTROL

The committee reviewed the internal financial control statement made by the CEO and CFO in terms of paragraph 3.84(k) of the JSE Listings Requirements. This paragraph requires a statement by the CEO and CFO to confirm that the internal financial controls are in place to ensure that material information has been provided to effectively prepare the consolidated annual financial statements.

Internal financial reporting risks were identified and documented across key reporting processes as well as at a business unit level.

The committee assessed the CEO and CFO evaluation of controls which included:

- the identification and classification of risks;
- testing the design and determining the implementation of controls addressing high and low risk areas;
- utilising internal audit to test the operating effectiveness of controls addressing high risk areas; and
- obtaining control declarations from divisional managers on the operating effectiveness of all controls on an annual basis.

The Audit and Risk Committee is satisfied that the internal financial controls are adequate and effective to assist in compiling the consolidated annual financial statements. Where deficiencies in design and operational effectiveness of the internal financial controls have been noted, necessary remedial actions will be taken. The Audit and Risk Committee is satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the consolidated annual financial statements for the year ended 31 December 2024.

The Group's management team remain committed to ongoing improvements ensuring that the control environment remains sound for reliable consolidated annual financial statements and safeguarding of the Group's assets.

## RISK MANAGEMENT

The Board, through the Audit and Risk Committee, governs risk in a way that supports the organisation in setting and achieving its strategic objectives and sets the direction for how risk should be approached and addressed in the organisation. The Audit and Risk Committee reviews and approves the Risk Management Committee Terms of Reference on an annual basis and delegates to management the responsibility to implement and execute effective risk management. Management is regularly developing and enhancing Mpact's risk and control procedures to improve the mechanisms for identifying, assessing and monitoring risks given that effective risk management is integral to Mpact's objective of consistently adding value to its businesses. The committee approves policies that articulate and give effect to ongoing oversight of risk management.

Risk management is addressed in the areas of business risks, physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

Mpact has implemented several policies and procedures to manage its governance, operations and information systems with regard to the:

- reliability, security and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of people and assets;
- reducing of our environmental footprint; and
- compliance with laws, regulations and contracts.

A Risk Management Committee identifies and evaluates strategic and operational risks against 10 value drivers of:

- achieving operational, profitability and liquidity objectives;
- protecting our reputation, public image (ethics, environment, customer safety) and CSI initiatives;
- ensuring compliance with legislation and contractual terms;
- developing a motivated workforce;
- achieving the Group's strategy;
- providing safe and healthy operating conditions;
- managing environmentally responsible operations;
- achieving growth objectives;
- building effective commercial stakeholder relations; and
- ensuring accurate and timely reporting.

The committee assessed the effectiveness of the controls and determined how well management perceived the identified controls. The Likelihood rating tables and Potential Loss Impact Rating were reviewed and approved. The Risk Management Review is available on the website: **www.mpact.co.za**.

# AUDIT AND RISK COMMITTEE REPORT *(continued)*

## IT GOVERNANCE

The Board has approved an ICT governance policy and ensures adherence to the King IV™ IT governance principles. The ICT Steering Committee, chaired by the CEO, provides assurance to the Board regarding ICT governance-related matters. The Audit and Risk Committee reviews and approves the ICT Committee Terms of Reference on an annual basis and delegates to management the responsibility to implement and execute effective technology and information management. This gives guidance to the ICT management team and ensures effective and efficient management of all ICT resources.

The ICT governance framework, with all relevant structures, processes and mechanisms enable ICT to deliver value to the business and mitigate ICT risks. ICT risks that have been identified are incorporated into the organisational risk register, and managed through the Risk Management Committee.

An external ICT advisor has been appointed to provide the Board of Directors with assurance on the effectiveness of ICT internal controls, including outsourced ICT services. In addition, the ICT advisor is required to join the ICT Steering Committee to give guidance on the alignment of the ICT strategy with the business strategy. This includes, but is not limited to, expressing an opinion on emerging technology trends and their rate of adoption and implementation by various business sectors. ICT maturity assessments are conducted by the external advisor periodically to determine areas of improvement and opportunities for further development in ICT. This is reported on by the external advisor to the Audit and Risk Committee.

The ICT Steering Committee is satisfied that the resource capacity within the ICT function is adequate to provide the necessary support to Mpact. In making these assessments, the committee has obtained feedback from the external and internal auditors.

## COMBINED ASSURANCE

A combined assurance model and plan was developed by management in collaboration with internal audit and external audit. The mapping was compiled to help understand the planned assurance coverage from all assurance providers across the various lines of assurance as reflected in the combined assurance model.

The committee approved the Integrated Risk Assurance Framework and noted that further improvements will be incorporated in the combined assurance model.

## INTEGRATED REPORT

The committee fulfils an oversight role regarding the Integrated Report and the financial reporting process. As part of this role, it considers the Integrated Report and its consistency with operational, financial and other information known to the committee members, as well as consistency with the consolidated annual financial statements. The committee also considers input from the Chairs of other committees.

## GOVERNANCE

The Board of Directors has assigned oversight of the risk management function to the committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

During May 2024, the committee oversaw the recruitment process of the Chief Financial Officer and made recommendations for approval to the Nominations Committee and the Board.

In line with the terms of the JSE Listings Requirements, the committee is satisfied that JJ Snyman CA(SA) has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE. The committee is also satisfied:

- that the resources within the finance function are adequate to provide the necessary support to the CFO;
- with the expertise and experience of the Group Financial Controller.

In making these assessments, the committee has obtained feedback from the external and internal auditors.

Based on the processes and assurances obtained, the committee believes that the accounting practices are effective.

## ASSURANCE

The committee confirms that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the mandate of the committee.

On behalf of the Audit and Risk Committee

**Sibusiso Luthuli**
*Audit and Risk Committee Interim Chairman*

25 April 2025

# APPROVAL OF THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The Directors confirm that to the best of their knowledge, the summarised consolidated annual financial statements are prepared in accordance with IAS 34: *Interim Financial Reporting*, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa, fairly present the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole. The Directors believe that the Group has adequate resources to continue in operation for the foreseeable future and the summarised consolidated annual financial statements have therefore been prepared on a going concern basis.

The summarised consolidated annual financial statements and related notes, which appear on pages 121 to 143 were approved by the Board of Directors and authorised for issue on 25 April 2025 and were signed on its behalf by:

**AJ Phillips**
*Chairman*

**BW Strong**
*Chief Executive Officer*

# DIRECTORS' RESPONSIBILITY STATEMENT AND BASIS OF PREPARATION

The Directors are responsible for preparing the summarised consolidated annual financial statements in accordance with applicable laws and regulations. These summarised consolidated annual financial statements have been prepared using accounting policies compliant with IFRS and are prepared in accordance with IAS 34: *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and are in compliance with the Companies Act, 2008 of South Africa. The Directors take full responsibility for the preparation of the summarised consolidated annual financial statements and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

# CERTIFICATE BY GROUP COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, I certify that Mpact Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns and notices, as are required of a company in terms of the Act and that such returns are true, correct and up to date.

**D Dickson**
*Group Company Secretary*

25 April 2025

# REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report on the summarised consolidated annual financial statements of Mpact for the year ended 31 December 2024.

## NATURE OF BUSINESS

Mpact is the largest paper and plastics packaging and recycling business in Southern Africa with customers that include packaging converters, fruit producers and FMCG companies. Mpact's integrated business model is uniquely focused on closing the loop in plastic and paper packaging through recycling and beneficiation of recyclables. The principal activities of Mpact remain unchanged from the previous year. In the current financial year, Mpact completed the sale of Versapak to Greenpath Recycling Proprietary Limited (a wholly owned subsidiary of Sinica Manufacturing Proprietary Limited). The purchase price amounted to R268.9 million of which R254.5 million was paid by Sinica with the balance outstanding at year end. Mpact also acquired a 30% interest in Africa Tanks Proprietary (Limited) ("Africa Tanks") for a total consideration of R72.8 million, of which R67.0 million was for the purchase of equity and the balance advanced as a shareholder loan. Africa Tanks manufactures water tanks using blow-moulding technology. Mpact Limited is incorporated in the Republic of South Africa and is listed on the Johannesburg Stock Exchange (JSE) and has a secondary listing on A2X.

## FINANCIAL RESULTS

Mpact's profit for the year from total operations ended 31 December 2024 was R592.1 million (2023: R777.5 million). Full details of the financial position and results are set out in the accompanying consolidated annual financial statements.

## SEGMENT ANALYSIS

An analysis of results by each operating segment can be found in note 5 of the summarised consolidated annual financial statements.

## REGISTER OF SHAREHOLDERS

The register of shareholders of Mpact is open for inspection, during normal office hours, at the office of Mpact's transfer secretaries.

## PROPERTY, PLANT AND EQUIPMENT

At 31 December 2024, the net investment in property, plant and equipment amounted to R5,303.7 million (2023: R4,742.6 million). Capital commitments at year-end amounted to R1,498.8 million (2023: R2,001.2 million), refer to note 20 of the summarised consolidated annual financial statements. In the current year, Mpact performed an assessment on the remaining useful life of items of property, plant and equipment which resulted in changes in the expected usage of certain items, refer to note 3 of the summarised consolidated annual financial statements. There has been no other change in property, plant and equipment or to the policy relating to the use and residual values thereof during the year.

## STATED CAPITAL

The authorised share capital is 217,500,000 ordinary shares of no-par value.

On 31 December 2024, the issued share capital of Mpact was 149,453,688 ordinary shares of no-par value (2023: 149,453,688 ordinary shares of no-par value).

Mpact owns 2,046,850 (2023: 2,023,132) treasury shares which are held by the Mpact Incentive Scheme Trust to satisfy share awards under the Group's share incentive scheme. Refer to note 14 of the summarised consolidated annual financial statements.

## DIVIDENDS

Notice is hereby given that the Board has declared a final gross cash dividend of 75 cents for the year ended 31 December 2024 (60 cents net of dividend withholding tax) per ordinary share. The dividend has been declared from income reserves. A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt. The company's total number of issued ordinary shares as at dividend declaration date is 149,453,688. Mpact's income tax reference number is 9003862175.

The Board of Directors are satisfied that the liquidity and solvency of the company, as well as capital remaining after payment of the dividend, is sufficient to support the current operations and to facilitate future development of the business in the year ahead.

**Salient dates with regard to the ordinary dividend**

| | |
|---|---|
| Publication of dividend declaration | Monday, 10 March 2025 |
| Last date of trade to receive a dividend | Tuesday, 8 April 2025 |
| Shares commence trade ex-dividend | Wednesday, 9 April 2025 |
| Record date | Friday, 11 April 2025 |
| Payment date | Monday, 14 April 2025 |

All times provided are South African local times. The above dates and times are subject to change. Any material change will be announced on SENS.

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 April 2025 and Friday, 11 April 2025, both days inclusive.

## BORROWINGS

In terms of the Memorandum of Incorporation, the Directors are permitted to borrow or raise for the purposes of Mpact such amount as they deem fit for the operation of the business. As at 31 December 2024, the total borrowings (including lease liabilities) less cash resources were R2,371.2 million (2023: R2,665.5 million). At 31 December 2024, Mpact had approved facilities of R4,660 million (2023: R4,670 million).

The margin on Term Loan A, Revolving Credit Facilities B and RCF C are variable and are linked to certain sustainability targets. Any margin adjustments are prospectively adjusted. For the prior financial year, Mpact met its performance targets in respect of carbon emission and water efficiency.

Mpact has not recognised an embedded derivative, as these targets are specifically defined by Mpact and are not linked to a basic lending arrangement. Refer to note 15 of the summarised consolidated annual financial statements.

## DIRECTORS

The following Directors have held office during the year ended 31 December 2024 and to the date of this report:

| | |
|---|---|
| AJ Phillips (Chairman) | Independent Non-executive |
| ABA Conrad | Independent Non-executive |
| FC Futwa | Independent Non-executive (appointed 17 May 2024) |
| PCS Luthuli | Independent Non-executive |
| M Makanjee | Independent Non-executive |
| TDA Ross | Independent Non-executive (retired 6 June 2024) |
| DG Wilson | Independent Non-executive |
| S Mayet | Independent Non-executive (appointed 10 April 2025) |
| BW Strong (Chief Executive Officer) | Executive |
| JJ Snyman (Chief Financial Officer) | Executive |
| BDV Clark (Chief Financial Officer) | Executive (retired 31 May 2024) |

## GROUP COMPANY SECRETARY

DM Dickson

**Registered office**
4th Floor
3 Melrose Boulevard
Melrose Arch, 2196

## SPONSOR

The Standard Bank of South Africa Limited

## AUDITOR

PricewaterhouseCoopers Inc. (PwC) is the appointed auditor to Mpact, with S Bootha the designated auditor.

## FINANCIAL ASSISTANCE BY MPACT LIMITED

Notwithstanding the title of section 45 of the Companies Act, 71 of 2008, being “Loans or Other Financial Assistance to Directors”, the body of the section also applies to financial assistance provided by Mpact to any related or inter-related company or corporation and a member of a related or inter-related corporation.

At the 2024 AGM, shareholders opposed special resolution 2, which sought to renew Mpact’s general authority to provide financial assistance to its subsidiaries and other related and inter-related entities in terms of sections 44 and 45 of the Companies Act.

While shareholders again voted against this resolution, as a result of the amendments to the Companies Act which became effective in December 2024, the giving of financial assistance to, or for the benefit of, a company’s South African subsidiary is now excluded from the requirements of section 45. As a consequence of these changes to the Companies Act, Mpact Limited may therefore provide financial assistance to its South African subsidiaries in the Group without the need for a special resolution of Mpact’s shareholders.

# REPORT OF THE DIRECTORS *(continued)*

## GOING CONCERN

The directors consider that Mpact has adequate resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the consolidated financial statements. The directors have satisfied themselves that Mpact is in a sound financial position, and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. Refer to note 4 of the summarised consolidated annual financial statements.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee ("the committee") operates on a Group-wide basis. The committee, in terms of the Companies Act of South Africa, King IV and JSE Listing Requirements, has the responsibility, among other things, for monitoring the integrity of Mpact's financial statements. It also has the responsibility for reviewing the effectiveness of Mpact's system of internal controls and risk management systems. An internal audit function has been established which is responsible for advising the Board of Directors on the effectiveness of Mpact's risk management processes.

The committee oversees the relationship with the external auditor; is responsible for their appointment and remuneration; reviews the effectiveness of the external audit process; and ensures that the objectivity and independence of the external auditor is maintained.

In collaboration with the internal and external auditor, a combined assurance map was developed.

The committee has concluded that it is satisfied that auditor independence and objectivity has been maintained. The comprehensive report of the committee is included on **pages 110 to 114**.

## EVENTS OCCURRING AFTER THE REPORTING DATE

On 3 February 2025, Mpact advised shareholders that its ordinary shares will be traded on A2X with effect from 11th February 2025.

On 6 March 2025, the Board declared an ordinary dividend of 75 cents per share payable on 14 April 2025 to shareholders registered on 11 April 2025.

There were no significant or material subsequent events which would require adjustment to or disclosure in the summarised consolidated annual financial statements.

## INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS IN SHARE CAPITAL

The aggregate beneficial holdings as at 31 December 2024 and 31 December 2023 of the Directors and prescribed officers of Mpact in the issued ordinary shares of Mpact are detailed below. There have been no material changes in these shareholdings between 31 December 2024 and 6 March 2025, the date of approval of the consolidated annual financial statements.

| | 2024 Direct Number of shares | 2024 Indirect Number of shares | 2023 Direct Number of shares | 2023 Indirect Number of shares |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| BW Strong | **1,254,632** | **–** | 1,254,632 | – |
| JJ Snyman (appointed on 1 June 2024) | **–** | **7,350** | – | – |
| BDV Clark (retired 31 May 2024) | **–** | **541,006** | – | 541,006 |
| **Non-executive Director** | | | | |
| AJ Phillips | **8,914** | **1,516** | 8,914 | 1,516 |
| **Prescribed officers** | | | | |
| JW Hunt | **594,979** | **–** | 500,174 | – |
| HM Thompson | **719,017** | **–** | 690,517 | – |
| CM Botha | **159,904** | **–** | 167,094 | – |
| **Total** | **2,737,446** | **549,872** | 2,621,331 | 542,522 |

There are no associate interests for the above Directors and prescribed officers.

## INTEREST OF MAJOR SHAREHOLDERS IN SHARE CAPITAL

### MAJOR SHAREHOLDERS

**(5% and more of the shares in issue)**

| | Number of shares | % of total issued share capital |
|---|---|---|
| **31 December 2024** | | |
| Caxton and CTP Publishers and Printers Limited | **50,299,943** | **33.66** |
| Gayatri Paper Mills Gauteng (Proprietary) Limited | **15,991,213** | **10.70** |
| Old Mutual Group | **9,621,384** | **6.44** |
| Mirabaud & Cie SA | **7,724,208** | **5.17** |
| M and G Investments | **7,581,003** | **5.07** |
| **31 December 2023** | | |
| Caxton and CTP Publishers and Printers Limited | 50,299,943 | 33.66 |
| Gayatri Paper Mills Gauteng (Proprietary) Limited | 15,142,659 | 10.13 |
| Old Mutual Group | 10,680,618 | 7.15 |
| Mirabaud & Cie SA | 7,724,208 | 5.17 |

| | Number of share-holdings | % of total share-holdings | Number of shares | % of issued capital |
|---|---|---|---|---|
| **31 December 2024 shareholder type** | | | | |
| **Non-public shareholders** | **9** | **0.19** | **5,334,168** | **3.57** |
| Share schemes | **1** | **0.02** | **2,046,850** | **1.37** |
| Directors and prescribed officers: | | | | |
| Direct shareholdings | **5** | **0.11** | **2,737,446** | **1.83** |
| Directors: Indirect shareholdings | **3** | **0.06** | **549,872** | **0.37** |
| **Public shareholders** | **4,663** | **99.81** | **144,119,520** | **96.43** |
| **Total** | **4,672** | **100.00** | **149,453,688** | **100.00** |
| **31 December 2023 shareholder type** | | | | |
| **Non-public shareholders** | 10 | 0.20 | 5,608,769 | 3.75 |
| Share schemes | 1 | 0.02 | 2,023,132 | 1.35 |
| Directors and prescribed officers: | | | | |
| Direct shareholdings[1] | 6 | 0.12 | 3,043,115 | 2.04 |
| Directors: Indirect shareholdings | 3 | 0.06 | 542,522 | 0.36 |
| **Public shareholders** | 4,872 | 99.80 | 143,844,919 | 96.25 |
| **Total** | 4,882 | 100.00 | 149,453,688 | 100.00 |

*1. The total includes 421,784 shares owned by N Naidoo, who retired on 31 December 2023.*

# INDEPENDENT AUDITOR'S REPORT

**Independent auditor's report on the summary consolidated financial statements**

To the shareholders of Mpact Limited

**Opinion**

The summary consolidated financial statements of Mpact Limited, set out on pages 121 to 143, which comprise the summary consolidated statement of financial position as at 31 December 2024, the summary consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Mpact Limited for the year ended 31 December 2024.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, as set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

**Summary consolidated financial statements**

The summary consolidated financial statements do not contain all the disclosures required by IFRS Accounting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

**The audited consolidated financial statements and our report thereon**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 7 March 2025. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

**Director's responsibility for the summary consolidated financial statements**

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summary financial statements, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

PricewaterhouseCoopers Inc.
Director: S Bootha
Registered Auditor
Johannesburg, South Africa
25 April 2025

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

# SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

| | Notes | 2024 R'm | Restated[1] 2023 R'm |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| Revenue from contracts with customers | 5a | **13,290.7** | 12,823.1 |
| Material, energy and fixed overhead recovery | 5b | **(7,198.3)** | (6,806.5) |
| Variable selling expenses | 5b | **(983.7)** | (894.7) |
| Other net operating expenses[2] | 5b | **(3,607.3)** | (3,377.7) |
| Depreciation, amortisation and impairment | 5b | **(575.6)** | (627.2) |
| **Operating profit** | 6 | **925.8** | 1,117.0 |
| Share of profit from equity accounted investees | 11 | **18.5** | 18.3 |
| **Profit from operations and equity accounted investees** | | **944.3** | 1,135.3 |
| Net finance costs | 7 | **(297.2)** | (284.0) |
| Investment income | | **24.5** | 15.6 |
| Finance costs | | **(321.7)** | (299.6) |
| **Profit before tax from continuing operations** | 5b | **647.1** | 851.3 |
| Tax expense | 8 | **(77.4)** | (202.0) |
| Profit for the year from continuing operations | | **569.7** | 649.3 |
| **DISCONTINUED OPERATION** | | | |
| **Profit for the year from discontinued operation** | 21 | **22.4** | 128.2 |
| **Profit for the year** | | **592.1** | 777.5 |

| | Notes | 2024 R'm | Restated[1] 2023 R'm |
|---|---|---|---|
| **Other comprehensive (loss)/income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Actuarial gains on post-retirement benefit scheme | | **1.8** | 1.2 |
| Tax effect | | **(0.5)** | (0.3) |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Exchange differences on translation of foreign operations | | **(2.5)** | 0.5 |
| **Other comprehensive (loss)/income** | | **(1.2)** | 1.4 |
| **Total comprehensive income for the year** | | **590.9** | 778.9 |
| **Profit attributable to:** | | | |
| Equity holders of Mpact | | **504.4** | 715.1 |
| Non-controlling interests | | **87.7** | 62.4 |
| **Profit for the year** | | **592.1** | 777.5 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of Mpact | | **503.5** | 716.5 |
| Non-controlling interests | | **87.4** | 62.4 |
| **Total comprehensive income for the year** | | **590.9** | 778.9 |
| **Earnings per share (EPS) for profit attributable to equity holders of Mpact** | | | |
| Basic EPS (cps) from continuing operations | 9 | **327.1** | 399.9 |
| Diluted EPS (cps) from continuing operations | 9 | **326.4** | 397.7 |
| Basic EPS (cps) from discontinued operation | 9 | **15.2** | 87.4 |
| Diluted EPS (cps) from discontinued operation | 9 | **15.2** | 86.9 |
| Basic EPS (cps) from total operations | 9 | **342.3** | 487.3 |
| Diluted EPS (cps) from total operations | 9 | **341.6** | 484.6 |

1. *The statement of profit or loss has been restated to present Versapak, the discontinued operation, on a post-tax basis. Refer to note 2.*
2. *Other net operating expenses includes an expected credit loss on financial assets of R30.2 million (2023: R14.0 million).*

# SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

| | Notes | 2024 R'm | 2023 R'm |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill and other intangible assets | | **426.0** | 434.2 |
| Property, plant and equipment | | **5,303.7** | 4,742.6 |
| Right of use assets | | **221.5** | 180.7 |
| Investments in equity accounted investees | 11 | **182.1** | 112.9 |
| Other financial assets | | **45.9** | 31.2 |
| Deferred tax assets | 16 | **94.5** | 72.6 |
| **Non-current assets** | | **6,273.7** | 5,574.2 |
| Inventories | 12 | **2,156.2** | 1,998.6 |
| Trade and other receivables | 13 | **2,581.1** | 2,924.5 |
| Other financial assets | | **6.8** | 5.2 |
| Derivative financial instruments | | **5.9** | 0.6 |
| Current tax receivables | | **5.5** | 2.7 |
| Cash and cash equivalents | | **975.5** | 881.5 |
| **Current assets** | | **5,731.0** | 5,813.1 |
| Assets held for sale | 21 | **–** | 247.7 |
| **Total assets** | | **12,004.7** | 11,635.0 |

| | Notes | 2024 R'm | 2023 R'm |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Capital and reserves** | | | |
| Stated capital | 14 | **2,360.9** | 2,360.9 |
| Retained earnings | | **2,969.7** | 2,637.0 |
| Reserves | | **14.7** | 28.8 |
| **Total attributable to equity holders of Mpact** | | **5,345.3** | 5,026.7 |
| Non-controlling interests in subsidiaries | | **520.6** | 440.8 |
| **Total equity** | | **5,865.9** | 5,467.5 |
| Interest and non-interest-bearing borrowings | 15 | **3,057.6** | 3,297.3 |
| Lease liabilities | | **207.8** | 173.2 |
| Retirement benefits obligation | | **31.7** | 32.7 |
| Deferred tax liabilities | 16 | **320.4** | 274.6 |
| Provisions | 19 | **2.4** | 2.2 |
| **Non-current liabilities** | | **3,619.9** | 3,780.0 |
| Interest and non-interest-bearing borrowings | 15 | **18.7** | 25.3 |
| Lease liabilities | | **62.6** | 51.2 |
| Trade and other payables | 18 | **2,396.8** | 2,245.2 |
| Provisions | 19 | **6.5** | 18.6 |
| Deferred income | | **–** | 0.3 |
| Derivative financial instruments | | **2.7** | 3.4 |
| Current tax liabilities | | **31.6** | 35.1 |
| **Current liabilities** | | **2,518.9** | 2,379.1 |
| Liabilities held for sale | 21 | **–** | 8.4 |
| **Total liabilities** | | **6,138.8** | 6,167.5 |
| **Total equity and liabilities** | | **12,004.7** | 11,635.0 |

# SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

| | Notes | 2024 R'm | 2023 R'm |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating cash flows before movements in working capital | | **1,545.4** | 1,880.1 |
| Net decrease in working capital | | **323.0** | 108.4 |
| **Cash generated from operations** | 22a | **1,868.4** | 1,988.5 |
| Dividends received from equity accounted investees | | **16.3** | 18.9 |
| Taxation paid | 22b | **(92.1)** | (213.1) |
| **Net cash inflows from operating activities** | | **1,792.6** | 1,794.3 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment and intangible assets | | **(1,003.1)** | (1,536.4) |
| Acquisition of equity accounted investee | 11 | **(67.0)** | – |
| Proceeds from the disposal of property, plant and equipment | | **4.6** | 16.8 |
| Cash received from disposal of business | 21 | **254.5** | – |
| Loan advances to equity accounted investees | | **(18.3)** | – |
| Loan repayment from equity accounted investees | | **–** | 2.2 |
| Loan repayments from external parties | | **2.2** | 11.5 |
| Loan advances to external parties | | **–** | (10.7) |
| Interest received | | **24.7** | 15.2 |
| **Net cash outflows from investing activities** | | **(802.4)** | (1,501.4) |

| | Notes | 2024 R'm | 2023 R'm |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings raised | | **1,169.8** | 2,127.0 |
| Repayment of borrowings | | **(1,419.4)** | (1,514.0) |
| Repayments of lease liabilities | | **(62.2)** | (67.1) |
| Finance costs paid[1] | | **(366.9)** | (309.3) |
| Acquisition by non-controlling interest | | **0.4** | – |
| Dividends paid to non-controlling interests | | **(4.0)** | (8.0) |
| Dividends paid to equity holders of Mpact Limited | | **(155.2)** | (176.0) |
| Purchase of treasury shares | | **(58.8)** | (59.3) |
| **Net cash outflows from financing activities** | | **(896.3)** | (6.7) |
| Net increase in cash and cash equivalents | | **93.9** | 286.2 |
| Effect of movements in exchange rates on cash held | | **0.1** | 0.5 |
| Net cash and cash equivalents at the beginning of the year | | **881.5** | 594.8 |
| **Net cash and cash equivalents at the end of the year[2]** | 22e | **975.5** | 881.5 |

*1. Finance costs paid include R24.4 million (2023: R17.9 million) from lease liabilities.*
*2. Bank overdrafts were considered to be part of Mpact's borrowing facilities.*

# SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

| | Stated capital R'm | Share-based payment reserve R'm | Post-retirement benefit reserve R'm | Other reserves[1] R'm | Treasury shares[2] R'm | Retained earnings R'm | Total attributable to equity holders of Mpact Ltd R'm | Non-controlling interest R'm | Total equity R'm |
|---|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | 2,323.6 | 66.8 | 34.1 | (19.1) | (85.7) | 2,162.1 | 4,481.8 | 386.4 | 4,868.2 |
| Total comprehensive income for the year | – | – | 0.9 | 0.5 | – | 715.1 | 716.5 | 62.4 | 778.9 |
| Profit for the year | – | – | – | – | – | 715.1 | 715.1 | 62.4 | 777.5 |
| Other comprehensive income for the year | – | – | 0.9 | 0.5 | – | – | 1.4 | – | 1.4 |
| Dividends paid[3] | – | – | – | – | – | (176.0) | (176.0) | – | (176.0) |
| Purchase of treasury shares | – | – | – | – | (59.3) | – | (59.3) | – | (59.3) |
| Share plan charges for the year | – | 39.8 | – | – | – | – | 39.8 | – | 39.8 |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | (8.0) | (8.0) |
| Issue/exercise of shares under employee share scheme | 37.3 | (35.1) | – | – | 85.9 | (64.2) | 23.9 | – | 23.9 |
| **Balance at 31 December 2023** | 2,360.9 | 71.5 | 35.0 | (18.6) | (59.1) | 2,637.0 | 5,026.7 | 440.8 | 5,467.5 |
| Total comprehensive income for the year | **–** | **–** | **1.3** | **(2.2)** | **–** | **504.4** | **503.5** | **87.4** | **590.9** |
| Profit for the year | **–** | **–** | **–** | **–** | **–** | **504.4** | **504.4** | **87.7** | **592.1** |
| Other comprehensive income for the year | **–** | **–** | **1.3** | **(2.2)** | **–** | **–** | **(0.9)** | **(0.3)** | **(1.2)** |
| Dividends paid[3] | **–** | **–** | **–** | **–** | **–** | **(155.2)** | **(155.2)** | **–** | **(155.2)** |
| Acquisition by non-controlling interest | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **0.4** | **0.4** |
| Purchase of treasury shares | **–** | **–** | **–** | **–** | **(58.8)** | **–** | **(58.8)** | **–** | **(58.8)** |
| Share plan charges for the year | **–** | **23.0** | **–** | **–** | **–** | **–** | **23.0** | **–** | **23.0** |
| Dividends declared to non-controlling interests[4] | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(8.0)** | **(8.0)** |
| Issue/exercise of shares under employee share scheme | **–** | **(40.0)** | **–** | **–** | **62.6** | **(16.5)** | **6.1** | **–** | **6.1** |
| **Balance at 31 December 2024** | **2,360.9** | **54.5** | **36.3** | **(20.8)** | **(55.3)** | **2,969.7** | **5,345.3** | **520.6** | **5,865.9** |

1. *Other reserves consist of foreign currency translation reserve and fair value adjustments to equity investments.*
2. *Treasury shares represent the cost of shares in Mpact Limited purchased in the market and held by the Mpact Incentive Scheme Trust to satisfy share awards under Mpact's share incentive scheme. As at 31 December 2024, there are 2,046,850 (2023: 2,023,132) treasury shares on hand.*
3. *Dividend paid per share was 105c per share (2023: 120c per share).*
4. *Of the R8 million dividend declared to the non-controlling interest, R4 million remained unpaid at 31 December 2024.*

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024

## 1. ACCOUNTING POLICIES

**Basis of preparation**

These summarised consolidated annual financial statements have been prepared in accordance with the framework concepts and measurement and recognition requirements of IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited's Listings Requirements and the Companies Act of South Africa and contains at a minimum the information required by IAS 34: *Interim Financial Reporting*. The basis of preparation is consistent with the prior year, except for new and revised standards adopted. These summarised consolidated financial statements for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers Inc. (PwC), who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the consolidated annual financial statements from which these summarised consolidated annual financial statements were derived. Refer to page 120 for the auditor's report on the summarised consolidated annual financial statements. The auditor's report does not necessarily report on all of the information contained in this announcement. A copy of the audited consolidated annual financial statements, together with the unmodified auditor's opinion, which includes the key audit matters, are available for inspection at the company's registered office and the Group's website, https://www.mpact.co.za/investor-relations/financial-results/2024/GROUPAFSFY2024.pdf. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the accompanying financial information from the registered office of Mpact. Any reference to future financial performance included in this announcement has not been reviewed or reported on by Mpact's auditors. The preparation of these summarised consolidated annual financial statements was supervised by the Chief Financial Officer, JJ Snyman CA(SA). The directors take full responsibility for the preparation of the summarised consolidated financial statements and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

**New accounting policies, early adoption and future requirements**

**New amendments to published Standards and Interpretations that are effective and have been adopted during 2024**

- **IAS 1: Classification of Liabilities as Current or Non-Current (effective 1 January 2024)**
  The amendments aim to promote consistency in determining whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

- **IAS 1: Non-current Liabilities with Covenants (effective 1 January 2024)**
  The amendment specifies that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or non-current.

  These amendments did not have a material impact on the financial statements on adoption.

- **IFRS 16: Leases on sale and leaseback (effective 1 January 2024)**
  The amendment explains how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

  This amendment is not applicable, as Mpact did not have any leases on sale and leaseback for the year ended 31 December 2024.

**Amendments to published Standards and Interpretations and issued standards that are not yet effective and have not been early adopted**

The following published amendments and issued standards are not yet effective. Mpact will adopt these once they are effective.

- **IAS 21: Lack of exchangeability (effective 1 January 2025)**
  The amendment to IAS 21 specifies how to assess whether a currency is exchangeable and how to determine the exchange rate.

  The adoption of the amendment is not anticipated to have a significant impact on the financial statements.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 1. ACCOUNTING POLICIES *(continued)*

- **IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments (effective 1 January 2026)**

  The amendments provide clarity as follows:

  – the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  – clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  – add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  – make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

Mpact is currently working to identify the impact of IFRS 9 and IFRS 7 on the financial statements.

- **IFRS 18: Presentation and Disclosure in Financial Statements (effective 1 January 2027)**

  IFRS 18 introduces new requirements for presentation within the statement of profit or loss. Mpact is required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

  It also requires disclosure of management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

  Mpact is currently working to identify the impact of IFRS 18 on the financial statements.

## 2. RESTATEMENT OF TAX EXPENSE AND PROFIT FROM DISCONTINUED OPERATION

As part of the JSE's proactive monitoring review of financial statements, it was noted that Mpact had incorrectly presented the profit for the year of the discontinued operation, being Versapak a division of Mpact Operations (Pty) Ltd, on a pre-tax basis.

At the date of classifying Versapak as a discontinued operation, Mpact concluded that the tax expense relating to the discontinued operation should be presented as part of the legal statutory entity to which it relates as opposed to the discontinued operation, considering that the discontinued operation was only a division of the legal entity. As IFRS 5 does not provide any concessions relating to the tax disclosure, management has subsequently corrected the presentation. Mpact has restated the prior year in order to present the discontinued business on a post-tax basis. In doing so, the continuing operations tax presentation was also affected by the restatement. The effect to the consolidated statement of profit or loss and other comprehensive income is presented below:

| 31 December 2023 | Previously reported R'm | Restatement R'm | Restated SOPL R'm |
|---|---|---|---|
| **Continuing operations** | | | |
| Profit before tax from continuing operations | 851.3 | – | 851.3 |
| Tax expense | (249.5) | 47.5 | (202.0) |
| Current tax | (280.7) | 17.9 | (262.8) |
| Deferred tax | 31.2 | 29.6 | 60.8 |
| **Profit for the year from continuing operations** | 601.8 | 47.5 | 649.3 |
| **Discontinued operation** | | | |
| Profit for the year from discontinued operation | 175.7 | – | 175.7 |
| Tax expense | – | (47.5) | (47.5) |
| Current tax | – | (17.9) | (17.9) |
| Deferred tax | – | (29.6) | (29.6) |
| **Profit for the year from discontinued operation** | 175.7 | (47.5) | 128.2 |
| Profit for the year from total operations | 777.5 | – | 777.5 |

## 2. RESTATEMENT OF TAX EXPENSE AND PROFIT FROM DISCONTINUED OPERATION *(continued)*

| 31 December 2023 | Previously reported R'm | Restatement R'm | Restated SOPL R'm |
|---|---|---|---|
| **Profit attributable to:** | | | |
| Equity holders of Mpact | 715.1 | – | 715.1 |
| Non-controlling interest | 62.4 | – | 62.4 |
| | 777.5 | – | 777.5 |
| **Earnings per share (EPS) for profit attributable to equity holders of Mpact:** | | | |
| Basic EPS (cps) from continuing operations | 367.6 | 32.3 | 399.9 |
| Diluted EPS (cps) from continuing operations | 365.5 | 32.2 | 397.7 |
| Basic EPS (cps) from discontinued operation | 119.7 | (32.3) | 87.4 |
| Diluted EPS (cps) from discontinued operation | 119.1 | (32.2) | 86.9 |
| Basic headline EPS from continuing operations | 443.0 | 18.7 | 461.7 |
| Diluted headline EPS from continuing operations | 440.5 | 18.6 | 459.1 |
| Basic headline EPS from discontinued operation | 69.3 | (18.7) | 50.6 |
| Diluted headline EPS from discontinued operation | 68.9 | (18.6) | 50.3 |
| Basic underlying EPS from continuing operations | 444.6 | 18.8 | 463.4 |
| Diluted underlying EPS from continuing operations | 442.1 | 18.7 | 460.8 |
| Basic underlying EPS from discontinued operation | 69.3 | (18.7) | 50.6 |
| Diluted underlying EPS from discontinued operation | 68.9 | (18.6) | 50.3 |

The summarised consolidated statement of financial position, summarised consolidated statement of cash flows and the summarised consolidated statement of changes in equity remained unchanged.

## 3. CHANGE IN ACCOUNTING ESTIMATE

Mpact performed a remaining useful life assessment on items of property, plant and equipment which resulted in changes in the expected usage of certain items. The effect on the current year depreciation and future depreciation was as follows:

| | 2024 R'm | 2025 R'm | 2026 R'm | 2027 R'm | Beyond 2028 R'm |
|---|---|---|---|---|---|
| (Decrease)/increase in depreciation expense | **(30.3)** | 0.1 | 7.6 | 11.3 | 11.3 |

## 4. GOING CONCERN

The directors are responsible for ensuring that Mpact is solvent and liquid, and can continue to operate as a going concern. Solvency and liquidity tests were performed in accordance with section 4 of the Companies Act, 2008 based on budgets for the next 12 months which resulted in no adverse ratios.

Net debt as at 31 December 2024 was R2,371.2 million (2023: R2,665.5 million). None of Mpact's debt facilities are approaching maturity which cannot be refinanced.

Mpact is subject to two financial covenant conditions as defined, namely the Interest Cover ratio, and the Net debt to EBITDA ratio.

| | Threshold | at 31 December 2024 |
|---|---|---|
| Interest Cover ratio | greater than or equal to 3.5 times | **4.6 times** |
| Net debt to EBITDA | less than or equal to 3.0 times | **1.3 times** |

Mpact had met these covenants with sufficient headroom and therefore minimal risk exists for any breach of triggers.

The directors consider that Mpact has adequate resources to continue operating for the foreseeable future and that it is, therefore, appropriate to adopt the going concern basis in preparing the consolidated annual financial statements. The directors have satisfied themselves that Mpact is in a sound financial position, and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 5. OPERATING SEGMENTS

### 5(a) REPORTABLE SEGMENT REVENUE

| | Segment revenue 2024 R'm | Inter-segment revenue 2024 R'm | External revenue from contracts with customers 2024 R'm | Segment revenue 2023 R'm | Inter-segment revenue 2023 R'm | External revenue from contracts with customers 2023 R'm |
|---|---|---|---|---|---|---|
| Paper | **11,007.8** | **(35.5)** | **10,972.3** | 10,714.9 | (48.1) | 10,666.8 |
| Plastics | **2,334.8** | **(16.4)** | **2,318.4** | 2,161.3 | (5.0) | 2,156.3 |
| | **13,342.6** | **(51.9)** | **13,290.7** | 12,876.2 | (53.1) | 12,823.1 |

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **External revenue by product type** | | |
| Paper solutions | **10,972.3** | 10,666.8 |
| Recycled containerboard, cartonboard and other materials | **4,724.3** | 4,520.0 |
| Corrugated packaging, bags and sacks | **6,248.0** | 6,146.8 |
| Plastic packaging solutions | **2,318.4** | 2,156.3 |
| **Total** | **13,290.7** | 12,823.1 |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | **13,196.4** | 12,760.8 |
| Services transferred over time | **94.3** | 62.3 |
| **Total** | **13,290.7** | 12,823.1 |

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **External revenue by location of customer** | | |
| South Africa (country of domicile) | **11,735.7** | 11,754.9 |
| Paper | **9,573.5** | 9,676.0 |
| Plastics | **2,162.2** | 2,078.9 |
| Rest of Africa | **1,353.6** | 973.9 |
| Paper | **1,250.5** | 927.1 |
| Plastics | **103.1** | 46.8 |
| Rest of world | **201.4** | 94.3 |
| Paper | **148.3** | 63.7 |
| Plastics | **53.1** | 30.6 |
| **Total** | **13,290.7** | 12,823.1 |

### 5(b) REPORTABLE SEGMENT OPERATING PROFIT

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Paper | **909.1** | 1,168.1 |
| Plastics | **89.3** | 188.7 |
| Corporate | **(14.5)** | (80.1) |
| Inter-segment elimination | **(60.7)** | (66.3) |
| **Segments total** | **923.2** | 1,210.4 |
| Special items[1] | **2.6** | (93.4) |
| **Operating profit** | **925.8** | 1,117.0 |
| Share of profit from equity accounted investees | **18.5** | 18.3 |
| Net finance costs | **(297.2)** | (284.0) |
| **Profit before tax from continuing operations** | **647.1** | 851.3 |

1. *Special items relates to an impairment reversal on plant and equipment of R2.6 million (2023: an impairment on property, plant and equipment of R1.2 million and impairment of goodwill of R92.2 million). Refer to note 10 for the impairment of plant and equipment and goodwill.*

## 5. OPERATING SEGMENTS *(continued)*

### 5(b) REPORTABLE SEGMENT OPERATING PROFIT *(continued)*

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Significant external components of operating profit** | | |
| **Material, energy and fixed overhead recovery** | | |
| Paper | **(5,948.7)** | (5,754.7) |
| Plastics | **(1,272.5)** | (1,036.3) |
| Corporate | **22.9** | (15.5) |
| **Total** | **(7,198.3)** | (6,806.5) |
| **Variable selling expenses** | | |
| Paper | **(826.3)** | (744.2) |
| Plastics | **(157.4)** | (150.5) |
| **Total** | **(983.7)** | (894.7) |
| **Other net operating expenses** | | |
| Paper | **(2,696.5)** | (2,476.4) |
| Plastics | **(605.4)** | (596.2) |
| Corporate | **(305.4)** | (305.1) |
| **Total** | **(3,607.3)** | (3,377.7) |
| **Material expenses included in other net operating expenses** | | |
| **Staff costs**[2] | | |
| Paper | **(1,653.5)** | (1,598.8) |
| Plastics | **(372.7)** | (333.9) |
| Corporate | **(127.0)** | (136.1) |
| **Total** | **(2,153.2)** | (2,068.8) |
| **Maintenance expenses**[2] | | |
| Paper | **(536.7)** | (510.7) |
| Plastics | **(122.9)** | (105.3) |
| Corporate | **(0.8)** | (1.5) |
| **Total** | **(660.4)** | (617.5) |
| **Depreciation and amortisation excluding impairments** | | |
| Paper[3] | **(330.8)** | (306.6) |
| Plastics[3] | **(171.8)** | (151.4) |
| Corporate | **(75.6)** | (75.8) |
| **Total** | **(578.2)** | (533.8) |
| **Impairment reversal/(charge) on plant and equipment, and goodwill** | | |
| Paper | **1.1** | (1.2) |
| Plastics | **1.5** | (92.2) |
| **Total** | **2.6** | (93.4) |
| **Total depreciation, amortisation and impairment** | **(575.6)** | (627.2) |
| **Non-current non-financial assets**[4] | | |
| South Africa (country of domicile) | **5,688.0** | 5,144.5 |
| Rest of Africa | **41.7** | 32.3 |
| **Total** | **5,729.7** | 5,176.8 |
| **Non-current non-financial assets**[4] | | |
| Paper | **3,534.6** | 3,055.9 |
| Plastics | **1,188.4** | 1,097.1 |
| Corporate | **1,006.7** | 1,023.8 |
| **Total** | **5,729.7** | 5,176.8 |

2. *Mpact included staff costs and maintenance expenses in its segment disclosure for the current and prior year following the IFRS® Interpretations Committee's decision issued in July 2024 titled "Disclosure of Revenues and Expenses for Reportable Segments (IFRS 8 Operating Segments)".*
3. *Excludes inter-group depreciation relating to right-of-use asset of R105.1 million (2023: R96.8 million) for the paper segment and Rnil million (2023: Rnil million) for the plastics segment.*
4. *Non-current non-financial assets consist of property, plant and equipment and goodwill and other intangible assets, but excludes deferred tax assets and right of use assets.*

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 5. OPERATING SEGMENTS *(continued)*

### 5(c) REPORTABLE SEGMENT ASSETS

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Segment assets**[5] | | |
| Paper[6] | **7,532.4** | 7,062.4 |
| Plastics[7] | **2,033.3** | 2,145.3 |
| Corporate | **1,015.8** | 1,015.5 |
| Inter-segment elimination | **(12.3)** | (53.7) |
| **Segment total**[8] | **10,569.2** | 10,169.5 |
| Unallocated: | | |
| Investments in equity accounted investees | **182.1** | 112.9 |
| Deferred tax assets | **94.5** | 72.6 |
| Other non-operating assets[9] | **130.7** | 114.4 |
| Assets held for sale | **–** | 247.7 |
| **Trading assets** | **10,976.5** | 10,717.1 |
| Financial assets | **52.7** | – |
| Cash and cash equivalents | **975.5** | 881.5 |
| **Total assets** | **12,004.7** | 11,598.6 |

5. *Segment assets are operating assets and as at 31 December 2024 consists of property, plant and equipment of R5,303.7 million (2023: R4,742.6 million), goodwill and other intangible assets of R426.0 million (2023: R434.2 million), right of use assets of R221.5 million (2023: R180.7 million), inventories of R2,156.2 million (2023: R1,998.6 million) and operating receivables of R2,461.8 million (2023: R2,813.4 million). Excludes inter-group right of use assets of R235.1 million (2023: R262.7 million) for the paper segment and Rnil million (2023: R11.0 million) for the plastics segment.*
6. *Consists of property, plant and equipment of R3,192.9 million (2023: R2,713.5 million), goodwill and other intangible assets of R341.7 million (2023: R342.3 million), right of use assets of R180.8 million (2023: R172.2 million), inventories of R1,835.3 million (2023: R1,677.5 million) and operating receivables of R1,981.7 million (2023: R2,156.9 million).*
7. *Consists of property, plant and equipment of R1,121.8 million (2023: R1,030.5 million), goodwill and other intangible assets of R66.6 million (2023: R66.6 million), right of use assets of R38.5 million (2023: R3.4 million), inventories of R327.8 million (2023: R350.8 million) and operating receivables of R478.6 million (2023: R694.0 million).*
8. *Goodwill has been disclosed in the appropriate reportable segment in which it was acquired.*
9. *Other non-operating assets consist of derivative assets of R5.9 million (2023: R0.6 million), other non-operating receivables of R119.3 million (2023: R111.1 million) and current tax receivable of R5.5 million (2023: R2.7 million).*

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Additions to non-current non-financial assets**[10] | | |
| South Africa (country of domicile) | **974.8** | 1,495.1 |
| Rest of Africa | **16.7** | 19.9 |
| **Segments total** | **991.5** | 1,515.0 |
| **Additions to non-current non-financial assets**[10] | | |
| Paper | **706.4** | 1,061.6 |
| Plastics | **229.5** | 339.5 |
| Corporate | **55.6** | 113.9 |
| **Segments total** | **991.5** | 1,515.0 |

10. *Additions to non-current non-financial assets reflect cash payments and accruals in respect of additions to property, plant and equipment and intangible assets and excludes additions to assets held for sale.*

## 6. OPERATING PROFIT

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Operating profit for the year has been arrived at after charging/(crediting): | | |
| Depreciation, amortisation and impairments | **575.6** | 627.2 |
| Amortisation of intangibles | **8.3** | 11.2 |
| Depreciation of property, plant and equipment | **501.8** | 458.2 |
| Depreciation of right of use assets | **68.1** | 64.4 |
| Impairment of goodwill (refer to note 10) | **–** | 92.2 |
| Impairment (reversal)/charge on plant and equipment (refer to note 10) | **(2.6)** | 1.2 |

## 6. OPERATING PROFIT *(continued)*

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Increase in expected credit loss allowance | **30.2** | 14.0 |
| Write-down of inventories during the year | **47.7** | 32.8 |
| Reversal of write-down of inventories during the year | **(57.7)** | (17.1) |
| Proceeds from insurance claims | **(25.1)** | (69.1) |
| Derecognition of financial asset[1] | **–** | 65.6 |
| Profit on disposal of tangible assets | **(3.5)** | (3.7) |
| (Profit)/loss on de-recognition of right of use assets and lease liabilities | **(0.6)** | 0.3 |

1. *In the prior year, a Plastic raw material supplier went into business rescue. Deposits paid for the raw material were subsequently derecognised.*

The cost of inventories recognised as an expense is equal to material, energy and fixed overhead recovery as disclosed in the statement of profit or loss. The majority of the total expenses is made up of the cost of inventories.

## 7. NET FINANCE COSTS

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Investment income** | | |
| Bank deposits and loan receivables | **18.4** | 13.7 |
| Other | **6.1** | 1.9 |
| **Total investment income** | **24.5** | 15.6 |
| **Finance costs** | | |
| Bank overdrafts and loans | **(340.7)** | (292.4) |
| Interest capitalised on qualifying assets[1] | **47.1** | 14.4 |
| Lease liabilities | **(24.4)** | (17.9) |
| Defined benefit arrangements | **(3.7)** | (3.7) |
| **Total interest expense** | **(321.7)** | (299.6) |
| **Net finance costs** | **(297.2)** | (284.0) |

1. *The borrowing costs was calculated using a capitalisation rate of 9.38% (2023: 9.64%).*

## 8. TAX EXPENSE

| | 2024 R'm | Restated[1] 2023 R'm |
|---|---|---|
| **Analysis of tax charge for the year** | | |
| South African – current year | **(113.4)** | (251.2) |
| – prior year[2] | **53.6** | 0.1 |
| **South African current tax** | **(59.8)** | (251.1) |
| Foreign subsidiary current tax – current year | **(1.5)** | (9.8) |
| – prior year | **–** | (1.9) |
| **Total current tax** | **(61.3)** | (262.8) |
| Deferred tax in respect of the current year | **9.6** | 60.3 |
| Deferred tax in respect of prior year[3] | **(25.7)** | 0.5 |
| **Total tax expense** | **(77.4)** | (202.0) |

1. *The Statement of profit or loss has been restated to present Versapak, the discontinued operation, on a post-tax basis. Refer to note 2.*
2. *Relates to tax allowances on s11D, s12H, s12L and s12BA claimed on submission of tax return (2023: Utilisation of additional tax losses on submission of the tax return).*
3. *Relates to the change in the tax value of plant and equipment as a consequence of the above tax allowances claimed.*

A group subsidiary recognised R72.6 million (2023: R64.4 million) of deferred tax asset in respect of unrecognised tax losses. The recognition was based on sufficient taxable income in the foreseeable future and existing taxable temporary differences.

## 9. EARNINGS PER SHARE

The presentation of headline EPS is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 1/2023, "Headline Earnings", as issued by the South African Institute of Chartered Accountants.

Underlying earnings is arrived at after adjusting profit attributable to equity holders of Mpact for special items, net of tax and is a non-IFRS measure. It is included to assist the user's understanding of the underlying earnings performance in the current financial year. The underlying earnings calculation is the responsibility of Mpact's directors.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 9. EARNINGS PER SHARE *(continued)*

| | 2024 Cents per share | Restated[1] 2023 Cents per share |
|---|---|---|
| **Continuing operations earnings per share (EPS)** | | |
| Basic EPS | **327.1** | 399.9 |
| Diluted EPS | **326.4** | 397.7 |
| Basic headline EPS | **323.6** | 461.7 |
| Diluted headline EPS | **322.9** | 459.1 |
| Basic underlying EPS[2] | **325.8** | 463.4 |
| Diluted underlying EPS[2] | **325.1** | 460.8 |
| **Discontinued operation earnings per share (EPS)** | | |
| Basic EPS | **15.2** | 87.4 |
| Diluted EPS | **15.2** | 86.9 |
| Basic headline EPS | **16.6** | 50.6 |
| Diluted headline EPS | **16.5** | 50.3 |
| Basic underlying EPS[2] | **16.6** | 50.6 |
| Diluted underlying EPS[2] | **16.5** | 50.3 |
| **Total operations earnings per share (EPS)** | | |
| Basic EPS | **342.3** | 487.3 |
| Diluted EPS | **341.6** | 484.6 |
| Basic headline EPS | **340.2** | 512.3 |
| Diluted headline EPS | **339.4** | 509.4 |
| Basic underlying EPS[2] | **342.4** | 514.0 |
| Diluted underlying EPS[2] | **341.6** | 511.1 |

1. *The Statement of profit or loss has been restated to present Versapak, the discontinued operation, on a post-tax basis. Refer to note 2.*
2. *Underlying earnings is arrived at after adjusting profit attributable to equity holders of Mpact for special items, net of tax.*

The calculation of basic and diluted EPS, basic and diluted headline EPS and basic and diluted underlying EPS are based on the following data:

| | 2024 R'm | Restated 2023 R'm |
|---|---|---|
| **Continuing operations** | | |
| Profit for the year | **569.7** | 649.3 |
| *Less:* Profit attributable to non-controlling interest | **(87.7)** | (62.4) |
| Profit for the year attributable to equity holders of Mpact | **482.0** | 586.9 |
| **Discontinued operation** | | |
| Profit for the year | **22.4** | 128.2 |
| Profit for the year attributable to equity holders of Mpact | **22.4** | 128.2 |
| Profit from total operations attributable to equity holders of Mpact | **504.4** | 715.1 |

| | Gross R'm | Net R'm |
|---|---|---|
| **Continuing operations** | | |
| **Headline earnings** | | |
| **2024** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | **482.0** |
| Impairment reversal on plant and equipment and goodwill (refer to note 10) | **(2.6)** | **(1.9)** |
| Profit on de-recognition of right of use assets and lease liabilities | **(0.6)** | **(0.6)** |
| Profit on disposal of tangible assets | **(3.5)** | **(2.6)** |
| **Headline earnings for the financial year** | | **476.9** |

## 9. EARNINGS PER SHARE *(continued)*

| | Gross R'm | Net R'm |
|---|---|---|
| **2023** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | 586.9 |
| Impairment of plant and equipment and goodwill (refer to note 10) | 93.4 | 93.1 |
| Loss on de-recognition of right of use assets and lease liabilities | 0.3 | 0.3 |
| Profit on disposal of tangible assets | (3.7) | (2.7) |
| **Headline earnings for the financial year** | | 677.6 |
| **Underlying earnings** | | |
| **2024** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | **482.0** |
| Impairment reversal of plant and equipment (refer to note 10) | **(2.6)** | **(1.9)** |
| **Underlying earnings for the financial year** | | **480.1** |
| **2023** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | 586.9 |
| Impairment of plant and equipment and goodwill (refer to note 10) | 93.4 | 93.1 |
| **Underlying earnings for the financial year** | | 680.0 |

| | Gross R'm | Net R'm |
|---|---|---|
| **Discontinued operation** | | |
| **Headline earnings** | | |
| **2024** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | **22.4** |
| Loss on sale of business | **2.7** | **2.0** |
| **Headline earnings and underlying earnings for the financial year** | | **24.4** |
| **2023** | | |
| **Profit for the financial year attributable to equity holders of Mpact** | | 128.2 |
| Gain recognised on the remeasurement to fair value less costs to sell | (74.0) | (54.0) |
| **Headline earnings and underlying earnings for the financial year** | | 74.2 |

| | 2024 R'm Weighted number of shares | 2023 R'm Weighted number of shares |
|---|---|---|
| Weighted average number of ordinary shares in issue[3] | **147,364,706** | 146,753,371 |
| Effect of dilutive potential ordinary shares[4] | **311,702** | 829,162 |
| **Weighted average number of ordinary shares adjusted for the effect of dilution** | **147,676,408** | 147,582,533 |

3. *The weighted average number of shares takes into account the weighted average effect of changes in treasury shares and the re-purchase of shares during the year.*
4. *The weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares, such as share awards granted to employees.*

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 10. IMPAIRMENT OF GOODWILL AND PLANT AND EQUIPMENT

Where indicators exist at reporting date, Mpact reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired, excluding goodwill which is annually tested for impairment. The recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, Mpact estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment is recognised as an expense in the statement of profit or loss. Where the underlying circumstances change such that a previously recognised impairment on property, plant and equipment subsequently reverses, the carrying amount of the asset, or cash-generating unit, is increased to the revised estimate of its recoverable amount. Such reversal is limited to the carrying amount that would have been determined had no impairment been recognised for the asset, or cash-generating unit, in prior years. A reversal of an impairment is recognised in the statement of profit or loss.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

Mpact assesses annually whether goodwill have suffered any impairment, in accordance with the stated accounting policy. Tangible and intangible assets are assessed when an impairment indicator exists. The recoverable amounts of goodwill allocated to cash-generating units, tangible and intangible assets are determined based on value-in-use calculations, discounted cash flow models (DCF), which require the exercise of management's judgement across a range of input assumptions and estimates. The principal assumptions used relate to the time value of money and expected future cash flows. The recoverable amount is sensitive to the discount rate and terminal growth rate used in the DCF model.

**CGU impairment testing, key assumptions and significant estimates**

For the purpose of impairment testing, goodwill is tested at a CGU level as it was allocated to a CGU at initial recognition as well as property, plant and equipment is done at a CGU level.

The recoverable amount of the CGUs was determined based on a value-in-use calculation, discounting the future cash flows expected to be generated using weighted-average cost of capital rates. The discount rates used in discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account current market conditions. The cash flow projections were based on the 2025 to 2027 budgeted results and a reasonable growth rate, 4.5% (2023: 4.9%), applied for a further two years based on market conditions and historic trends. The increase in revenue and input cost assumptions in the budget are derived from a combination of economic and sales forecasts, management projections and historical performance. A perpetuity growth rate was applied based on historical market trends and operating markets. A terminal value growth rate of 4.5% (2023: 4.9%) was used.

Additional key assumptions used in the estimation of the recoverable amount of the CGUs are as follows:

| | Pre-tax discount rate | | Post-tax discount rate | | Five-year average annualised revenue growth | |
|---|---|---|---|---|---|---|
| CGUs | **2024 %** | 2023 % | **2024 %** | 2023 % | **2024 %** | 2023 % |
| Felixton Mill | **16.5** | 17.8 | **12.6** | 13.8 | **7.6** | 8.9 |
| Corrugated operations | **17.1** | 18.7 | **12.6** | 13.8 | **8.1** | 8.8 |
| FMCG | **16.5** | 20.7 | **12.6** | 13.8 | **9.4** | 9.0 |

## 10. IMPAIRMENT OF GOODWILL AND PLANT AND EQUIPMENT
*(CONTINUED)*

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Impairment of goodwill** | | |
| Preforms and closures[1] | **–** | 92.2 |
| | **–** | 92.2 |
| **Impairment (reversal)/charge on plant and equipment** | | |
| Recycling[2] | **(1.1)** | 1.2 |
| Preforms and closures[2] | **(1.5)** | – |
| | **(2.6)** | 1.2 |
| **Total (reversal)/charge of impairment** | **(2.6)** | 93.4 |

1. *The impairment is due to the expiry of a customer contract which may affect future profitability.*
2. *Related to a specific plant and equipment.*

**Sensitivity analysis on CGUs that include goodwill not impaired**

In performing the impairment test for goodwill in respect of the CGUs, Mpact considered the sensitivity of changes in assumptions around key value drivers. The key value drivers are discount rates and terminal value growth assumptions. A change of more than 5% on the key assumptions is required for the CGUs to break even.

## 11. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Associates** | | |
| 1 January – carrying amount | **61.9** | 62.5 |
| Share of profit | **28.4** | 18.3 |
| Addition[1] | **67.0** | – |
| Dividends received | **(16.3)** | (18.9) |
| **31 December – carrying amount** | **141.0** | 61.9 |
| **Joint arrangement[2]** | | |
| 1 January – carrying amount | **51.0** | 51.0 |
| Share of loss | **(9.9)** | – |
| **31 December – carrying amount** | **41.1** | 51.0 |
| **Total investment in equity account investees[3]** | **182.1** | 112.9 |

1. *In the current financial period, Mpact acquired a 30% interest in Africa Tanks Proprietary (Limited) ("Africa Tanks") for a total consideration of R72.8 million, of which R67.0 million was for the purchase of equity and the balance advanced as shareholder's loan. Africa Tanks manufactures water tanks using blow-moulding technology. The effective date of the transaction was 1 April 2024.*
2. *R51.0 million investment has been pledged to the IDC.*
3. *There are no material contingent liabilities for which Mpact is jointly or severally liable at the reporting dates presented.*

## 12. INVENTORIES

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Raw materials and consumables | **1,267.0** | 1,202.2 |
| Work in progress | **39.4** | 36.4 |
| Finished goods | **849.8** | 760.0 |
| **Total inventories** | **2,156.2** | 1,998.6 |

Certain inventories are pledged as security for the bank loans (refer to note 15).

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 13. TRADE AND OTHER RECEIVABLES

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Trade receivables | | |
| – external | **2,401.1** | 2,682.7 |
| – related parties (refer to note 24) | **85.3** | 124.0 |
| **Total trade receivables** | **2,486.4** | 2,806.7 |
| Allowance for expected credit losses | **(104.1)** | (94.9) |
| **Net trade receivables** | **2,382.3** | 2,711.8 |
| Other receivables | **119.3** | 111.1 |
| Prepayments and accrued income | **79.5** | 101.6 |
| **Total trade and other receivables** | **2,581.1** | 2,924.5 |

The fair values of trade and other receivables approximate the carrying values presented. Other receivables consist mainly of rebates from suppliers and deposits.

Certain trade and other receivables are pledged as security for the bank loans (refer note 15).

## 14. STATED CAPITAL

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Authorised** | | |
| 217,500,000 shares of no par value | **–** | – |
| **Issued and fully paid** | | |
| Issue of shares of no par value at the beginning of the year | **2,360.9** | 2,323.6 |
| Shares issued[1] | **–** | 37.3 |
| | **2,360.9** | 2,360.9 |

| | Number of shares 2024 | Number of shares 2023 |
|---|---|---|
| **Reconciliation of the number of shares in issue:** | | |
| Shares in issue at the beginning of the year | **149,453,688** | 148,175,363 |
| Shares issued[1] | **–** | 1,278,325 |
| **Shares in issue at the end of the year** | **149,453,688** | 149,453,688 |

1. *On 3 May 2023, Mpact Limited issued 1,278,325 shares to participants under the Mpact Share Incentive Scheme at R29.20 per share, as part of the 2020 share award vesting.*

The directors were not given the authority to buy back Mpact's own shares at the Annual General Meeting held on 6 June 2024.

Included in other reserves are amounts paid by Mpact Limited to Mpact Limited Incentive Schemes Trust for the acquisition of Mpact shares to be utilised in terms of the Share Plans. As at 31 December 2024, the Trust held 2,046,850 (2023: 2,023,132) shares. During the year the Trust bought 2,167,253 shares at an average price of R27.15 and 2,143,535 shares vested to employees in terms of the Share Plans.

## 15. INTEREST AND NON-INTEREST-BEARING BORROWINGS

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Secured borrowings** | | |
| – Term Loan A[1] | **250.0** | 250.0 |
| – Revolving credit facility B[2] | **825.0** | 825.0 |
| – Revolving credit facility C[3] | **825.0** | 775.0 |
| – Term Loan E[4] | **150.0** | 150.0 |
| – RMB General Banking Facility[5] | **810.0** | 1,025.0 |
| – Standard Bank General Banking facility[6] | **180.0** | 270.0 |
| | **3,040.0** | 3,295.0 |
| **Secured: Instalment loan facilities** | **20.7** | 3.2 |
| | **3,060.7** | 3,298.2 |
| **Unsecured: Minority shareholder loans in subsidiary[7]** | **3.6** | 7.4 |
| **Total borrowings** | **3,064.3** | 3,305.6 |
| ***Less:* Current portion (refer to note 17)** | **(6.7)** | (8.3) |
| Minority shareholder loans | **(3.6)** | (7.4) |
| Instalment loan facilities | **(3.1)** | (0.9) |
| **Non-current borrowings** | **3,057.6** | 3,297.3 |

The debt facilities are provided by Standard Bank, Rand Merchant Bank, Nedbank and Investec.

The instalment sales agreements are secured by plant and equipment to which they relate.

Mpact has pledged certain assets as collateral against certain borrowings. The values of these assets as at 31 December 2024 are as follows:

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Assets pledged as collateral for other borrowings** | | |
| Property, plant and equipment | **3,561.1** | 3,065.5 |
| Inventories | **1,639.8** | 1,534.8 |
| Trade and other receivables | **2,351.0** | 2,688.4 |
| Cash and cash equivalents | **669.1** | 483.0 |
| **Total carrying value of assets pledged as collateral** | **8,221.0** | 7,771.7 |

1. *Incurs interest at three-month JIBAR plus 1.45% (2023: three-month JIBAR plus 1.50%) and expires in August 2027.*
2. *R242.7 million incurs interest at one-month JIBAR plus 1.45% (2023: one-month JIBAR plus 1.50%) and R582.3 million incurs interest at three-month JIBAR plus 1.45% (2023: three-month JIBAR plus 1.50%) and expires in August 2027.*
3. *Incurs interest at one-month JIBAR plus 1.55% (2023: one-month JIBAR plus 1.60%) and expires in August 2026.*
4. *Incurs interest at three-month JIBAR plus 1.55% (2023: three-month JIBAR plus 1.60%) and expires in February 2027.*
5. *Incurs interest at prime less 2.5% and R410 million expires after a notice period of 367 days and R400 million expires in February 2027 (2023: R700.0 million expires in August 2025 and R325.0 million expires in February 2027).*
6. *Incurs interest at three-month JIBAR plus 1.65% and expires in December 2026.*
7. *The loan was granted as a shareholder loan which is non-interest bearing with no fixed date of repayment.*

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 15. INTEREST AND NON-INTEREST-BEARING BORROWINGS *(continued)*

The margin on Term Loan A, Revolving Credit Facilities B, C and E are variable and are linked to certain sustainability targets. Any margin adjustments are prospectively adjusted. The margins are to be adjusted as follows:

| KPI status | Description | Margin adjustment following the 31 December 2023 performance target date | Margin adjustment following the 31 December 2024 performance target date |
|---|---|---|---|
| Successful completion of Mpact Carbon Emissions Target | GHG Emissions (Scope 1 and 2) | **-3 basis points** | **-3 basis points** |
| Non-successful completion Mpact Carbon Emissions Target | GHG Emissions (Scope 1 and 2) | **+3 basis points** | **+3 basis points** |
| Successful completion of Mpact Water Efficiency Target | Water Consumption | **-2 basis points** | **-2 basis points** |
| Non-successful completion of Mpact Water Efficiency Target | Water Consumption | **+2 basis points** | **+2 basis points** |

Mpact successfully met the 31 December 2023 carbon emission and water efficiency targets which resulted in a reduction in the margins by 5 basis points. Facilities totalling R1,620 million remain committed and undrawn as at 31 December 2024 (2023: R1,375 million).

Mpact's liquidity is provided through debt facilities which are in excess of the Group's short-term needs. Mpact has approved facilities amounting to R4,660 million (2023: R4,670 million). Mpact has met all its debt covenants for the current financial year.

Certain inter-company loans within Mpact Operations Proprietary Limited, Mpact Limited, Mpact Paarl Property Proprietary Limited and Recycling Consolidated Holdings Proprietary Limited have been subordinated in favour of the debt holders. Mpact is entitled to receive all cash flows from these subordinated assets. Further, there is no obligation to remit these cash flows to another entity.

## 16. DEFERRED TAX ASSETS/(LIABILITIES)

| | 2024 R'm | Restated[1] 2023 R'm |
|---|---|---|
| **Deferred tax asset** | | |
| At 1 January | **72.6** | 3.7 |
| Credited to statement of profit or loss – continuing operations | **25.9** | 72.3 |
| Reclassification | **(0.3)** | – |
| Charged to equity | **(3.7)** | (3.4) |
| **At 31 December** | **94.5** | 72.6 |
| **Deferred tax liability** | | |
| At 1 January | **(274.6)** | (227.1) |
| Charged to statement of profit or loss – continuing operations | **(42.0)** | (11.5) |
| Credited/(charged) to statement of profit or loss – discontinued operation | **3.3** | (29.6) |
| Charged to statement of other comprehensive income | **(0.5)** | (0.3) |
| Charged to equity | **(6.9)** | (6.1) |
| Reclassification | **0.3** | – |
| **At 31 December** | **(320.4)** | (274.6) |
| **Net deferred tax liability is presented as follows:** | **(225.9)** | (202.0) |
| Tax losses | **129.4** | 81.2 |
| Right of use assets | **(60.3)** | (48.8) |
| Lease liabilities | **73.0** | 60.6 |
| Capital allowances | **(444.1)** | (403.2) |
| Fair value adjustments | **(5.2)** | (12.9) |
| Provisions and other temporary differences | **81.3** | 121.1 |
| **Net deferred tax liability** | **(225.9)** | (202.0) |

1. *The Statement of profit or loss has been restated to present Versapak, the discontinued operation, on a post-tax basis. Refer to note 2.*

## 16. DEFERRED TAX ASSETS/(LIABILITIES) *(continued)*

A Group entity has estimated tax losses amounting to R149.8 million (2023: R417.3 million) on which deferred tax assets have not been raised. Refer to note 8 for the current year recognition of previously unrecognised tax losses. Mpact has applied the exception to recognising and disclosing information about deferred taxes related to Pillar Two.

## 17. SHORT-TERM BORROWINGS

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Minority shareholder loans (refer to note 15) | **3.6** | 7.4 |
| Bank overdrafts | **12.0** | 17.0 |
| Instalment loan facilities (refer to note 15) | **3.1** | 0.9 |
| **Total short-term borrowings** | **18.7** | 25.3 |

The current portion of borrowings is expected to be repaid from operational cash flows and other existing facilities.

## 18. TRADE AND OTHER PAYABLES

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Trade payables | **1,537.4** | 1,379.2 |
| Amounts owed to related parties (refer to note 24) | **17.0** | 5.5 |
| Refund liabilities | **317.5** | 317.5 |
| Accruals | **251.1** | 223.4 |
| Staff expenses and staff-related accruals | **261.0** | 309.9 |
| Other payables | **12.8** | 9.7 |
| **Total trade and other payables** | **2,396.8** | 2,245.2 |

The fair values of trade and other payables are not materially different to the carrying values presented.

## 19. PROVISIONS

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Non-current portion of restoration and environmental provision[1] | **2.4** | 2.2 |
| Current portion of restoration and environmental[1] | **3.0** | 16.0 |
| Current portion of dividend equivalent bonus[2] | **3.5** | 2.6 |
| **Total current provisions** | **6.5** | 18.6 |

1. *The restoration and environmental provision represents the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by production operations. A provision is recognised for the present value of such costs. In the current financial year, the provision decreased by R12.8 million which was recognised in the statement of profit or loss (2023: increase of R1.4 million).*
2. *Relates to Bonus Share Plan awards, where dividends earned over the holding period are paid as a single cash payment on vesting date. In the current financial year, the provision increased by a net R0.9 million which was recognised in the statement of profit or loss (2023: increase of R0.3 million).*

## 20. CAPITAL COMMITMENTS

Capital commitments are based on capital projects approved by the end of the financial year and the budget approved by the Board. Capital expenditure contracted for at the reporting date in respect of plant and equipment, but not yet incurred is as follows:

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Contracted for | **225.4** | 566.6 |
| Approved, not yet contracted for | **1,273.4** | 1,434.6 |
| **Total capital commitments** | **1,498.8** | 2,001.2 |

The capital commitments will be financed from existing cash resources and unutilised borrowing facilities. Commitments of R1,137.3 million (2023: R1,719.2 million) is expected to be spent in the next 12 months. The balance of R361.5 million (2023: R282.0 million) is expected to be spent over five years.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 21. DISCONTINUED OPERATION

**Plastics Trays and Films ("Versapak")**

On 4 November 2024, Mpact completed the sale of business agreement with Greenpath Recycling Proprietary Limited (a wholly owned subsidiary of Sinica Manufacturing Proprietary Limited). The purchase price amounted to R268.9 million of which R254.5 million was paid by Sinica with the balance outstanding at year-end.

The results for the year are presented below:

| | 2024 R'm | Restated[1] 2023 R'm |
|---|---|---|
| Revenue from contracts with customers | **855.5** | 1,136.5 |
| Expenses | **(792.4)** | (1,035.8) |
| Gain recognised on the remeasurement to fair value less costs to sell | **–** | 74.0 |
| Loss on sale of business[2] | **(2.7)** | – |
| **Operating profit** | **60.4** | 174.7 |
| Net finance income | **0.1** | 1.0 |
| Tax expense | **(38.1)** | (47.5) |
| – ordinary activities for the period[3] | **(38.8)** | (27.5) |
| – remeasurement to fair value less costs to sell | **–** | (20.0) |
| – loss on sale of business | **0.7** | – |
| **Profit for the year from discontinued operation[4]** | **22.4** | 128.2 |

1. *The Statement of profit or loss has been restated to present Versapak, the discontinued operation, on a post-tax basis. Refer to note 2.*
2. *Success fee amounting to R13.9 million and a net gain recognised on plant and equipment amounting to R11.2 million.*
3. *Deferred tax charged on differences between accounting and tax costs on disposal of business.*
4. *Profit for the year is after eliminating inter-company transactions where they were recognised without further adjustment.*

The major classes of assets and liabilities of Trays and Films are as follows:

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **Assets** | | |
| Plant and equipment | **–** | 140.0 |
| Inventories | **–** | 107.7 |
| **Assets held for sale** | **–** | 247.7 |
| **Liabilities** | | |
| Other payables | **–** | (8.4) |
| **Liabilities held for sale** | **–** | (8.4) |
| **Net assets held for sale** | **–** | 239.3 |
| **The net cash flows are as follows:** | | |
| Operating activities | **49.8** | 104.4 |
| Investing activities | **(10.4)** | (19.1) |
| **Net cash outflow** | **39.4** | 85.3 |
| **Effect of disposal on the financial position of Mpact** | | |
| Decrease in: | | |
| Plant and equipment | **140.0** | – |
| Inventories | **146.2** | – |
| Other payables | **(17.3)** | – |
| | **268.9** | – |
| **Net cash inflows on disposal** | **254.5** | – |
| Purchase price | **268.9** | – |
| Receivable at year end | **(14.4)** | – |

## 22. CONSOLIDATED CASH FLOW ANALYSIS

**(a) Reconciliation of profit before taxation to cash generated from operations**

The notes to the summarised consolidated statement of cash flows include cash flows for discontinued operation. This differs to the notes to the summarised consolidated statement of profit or loss which excludes amounts for the discontinued operation.

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Profit before taxation from total operations | **707.6** | 1,027.0 |
| Profit before taxation from continuing operations | **647.1** | 851.3 |
| Profit before taxation from discontinued operation | **60.5** | 175.7 |
| **Adjusted for:** | | |
| Depreciation, amortisation and impairments | **575.6** | 627.2 |
| Gain recognised on the remeasurement to fair value less costs to sell | **–** | (74.0) |
| Net gain recognised on plant and equipment on sale of business | **(11.2)** | – |
| Share-based payments | **23.0** | 39.8 |
| Net finance costs | **297.1** | 283.0 |
| Share of equity accounted investee profit | **(18.5)** | (18.3) |
| Decrease in retirement benefit obligation | **(2.9)** | (2.9) |
| (Decrease)/increase in provisions | **(12.0)** | 1.0 |
| Net decrease in working capital | **323.0** | 108.4 |
| (Increase)/decrease in inventories | **(180.4)** | 20.8 |
| Decrease/(increase) in receivables | **346.5** | (12.4) |
| Increase in payables | **156.9** | 100.0 |
| Profit on disposal of tangible assets | **(3.5)** | (3.7) |
| Fair value change on transactions not qualifying as hedges | **(8.9)** | 2.4 |
| Amortisation of government grant | **(0.3)** | (1.7) |
| (Profit)/loss on disposal of right of use assets and lease liabilities | **(0.6)** | 0.3 |
| **Cash generated from operations** | **1,868.4** | 1,988.5 |

| | 2024 R'm | 2023 R'm |
|---|---|---|
| **(b) Taxation paid** | | |
| Opening balance – net (payable)/receivable | **(32.4)** | 2.1 |
| Current tax charge for total operation | **(102.8)** | (280.7) |
| Tax effects on shares purchased for vesting | **17.0** | 33.1 |
| Closing balance – net payable | **26.1** | 32.4 |
| | **(92.1)** | (213.1) |

## 23. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND PERFORMANCE GUARANTEES

The preparation of Mpact's financial statements includes the use of estimates and assumptions which affect certain items reported in the statement of financial position and the statement of profit or loss and other comprehensive income. The disclosure of contingent assets and liabilities are also affected by the use of estimation techniques. Although the estimates used are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates.

**Performance guarantees disclosure**

(a) Contingent liabilities for Mpact comprise aggregate amounts at 31 December 2024 of R27.7 million (2023: R21.8 million) in respect of guarantees given to municipalities and other third parties.

**Contingent liabilities disclosure**

(b) As advised to shareholders on 26 May 2016, the company was subject to a Competition Commission investigation pertaining to alleged anti-competitive conduct between Mpact and New Era. Mpact cooperated with the Competition Commission and dealt with the issues identified transparently through applying for corporate leniency in respect of the Competition Commission's investigations. The Competition Commission has concluded a consent agreement with New Era Packaging regarding the historic investigations, which have been settled by New Era without any admission of liability. Mpact is pleased to note that, as the Commission has settled with New Era, this historic matter has now been finalised. Mpact and the Competition Commission have also concluded a settlement agreement relating to Mpact's historic acquisition of minority interests in certain sheet plants for an amount of R7.0 million.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2024

## 24. RELATED PARTY TRANSACTIONS

Mpact has a related party relationship with its subsidiaries, its associates, joint arrangement and directors. Mpact, in the ordinary course of business, enters into various sales, purchase and services transactions with its joint arrangement and associates and others in which Mpact has a material interest.

Details of transactions and balances between Mpact and related parties are disclosed below:

| | 2024 R'm | 2023 R'm |
|---|---|---|
| Sales to joint arrangement | **4.2** | 0.7 |
| Sales to associates | **455.5** | 404.2 |
| Purchases from associates | **(0.4)** | (1.6) |
| Dividend income from associates | **16.3** | 18.9 |
| Interest income from joint arrangement | **1.2** | – |
| Loan to joint arrangement | **13.7** | 2.6 |
| Loan to associate | **5.9** | – |
| Receivables due from joint arrangement | **2.5** | 13.8 |
| Receivables due from associates[1] | **82.8** | 110.2 |
| Payables due to associates | **(17.0)** | (5.5) |

*1. Payment terms are between 30 to 90 days.*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. There are no expected credit losses on the receivables from the joint arrangement and associates.

## 25. FINANCIAL RISK MANAGEMENT

| | Fair value hierarchy | At amortised cost R'm | At fair value through profit or loss R'm | Total R'm |
|---|---|---|---|---|
| **Financial assets** | | | | |
| **2024** | | | | |
| Trade and other receivables[1] | | **2,501.6** | **–** | **2,501.6** |
| Loans receivable | **Level 3** | **52.7** | **–** | **52.7** |
| Derivative financial instruments | **Level 2** | **–** | **5.9** | **5.9** |
| Cash and cash equivalents[1] | | **975.5** | **–** | **975.5** |
| **Total** | | **3,529.8** | **5.9** | **3,535.7** |
| **2023** | | | | |
| Trade and other receivables[1] | | 2,822.9 | – | 2,822.9 |
| Loans receivable | Level 3 | 36.4 | – | 36.4 |
| Derivative financial instruments | Level 2 | – | 0.6 | 0.6 |
| Cash and cash equivalents[1] | | 881.5 | – | 881.5 |
| **Total** | | 3,740.8 | 0.6 | 3,741.4 |

*1. The carrying value reasonably approximates the fair value.*

## 25. FINANCIAL RISK MANAGEMENT *(continued)*

| | Fair value hierarchy R'm | At fair value through profit or loss R'm | At amortised cost R'm | Total R'm |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| **2024** | | | | |
| Borrowings | **Level 3** | **–** | **(3,076.3)** | **(3,076.3)** |
| Lease liabilities | **Level 3** | **–** | **(270.4)** | **(270.4)** |
| Trade and other payables[1] | | **–** | **(2,396.8)** | **(2,396.8)** |
| Derivative financial instrument | **Level 2** | **(2.7)** | **–** | **(2.7)** |
| **Total** | | **(2.7)** | **(5,743.5)** | **(5,746.2)** |
| **2023** | | | | |
| Borrowings | Level 3 | – | (3,322.6) | (3,322.6) |
| Lease liabilities | Level 3 | – | (224.4) | (224.4) |
| Trade and other payables[1] | | – | (2,245.2) | (2,245.2) |
| Derivative financial instrument | Level 2 | (3.4) | – | (3.4) |
| **Total** | | (3.4) | (5,792.2) | (5,795.6) |

*1. The carrying value reasonably approximates the fair value.*

## 26. EVENTS OCCURRING AFTER THE REPORTING DATE

On 3 February 2025, Mpact advised shareholders that its ordinary shares would be traded on A2X with effect from 11 February 2025.

On 6 March 2025, the Board declared a final ordinary dividend of 75 cents per share payable on 14 April 2025 to shareholders registered on 11 April 2025.

There were no other significant or material subsequent events which would require adjustment to or disclosure in the summarised consolidated annual financial statements.

# 07

# ADMINISTRATION


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# SHAREHOLDERS' DIARY

## 1. SHAREHOLDER DIARY FOR INVESTORS

| | |
|---|---|
| Financial year-end | Tuesday, 31 December 2024 |
| Results presentations (final) | Monday, 10 March 2025 |
| Posting of Notice of AGM | Friday, 25 April 2025 |
| Availability of Integrated Report on website | Friday, 25 April 2025 |
| Availability of Sustainability Report on website | Friday, 25 April 2025 |
| AGM | Thursday, 5 June 2025 |
| Results presentations (interim) | August 2025 |
| **Ordinary dividend** | |
| Final dividend declared | 75 cents per share |
| Details of final dividend declared | Monday, 10 March 2025 |
| Last date of trade to receive a dividend | Tuesday, 8 April 2025 |
| Shares commence trade ex-dividend | Wednesday, 9 April 2025 |
| Record date | Friday, 11 April 2025 |
| Payment date | Monday, 14 April 2025 |

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 April 2025 and Friday, 11 April 2025, both days inclusive.

## 2. SHAREHOLDER DIARY FOR AGM

| | |
|---|---|
| Financial year-end | 31 December 2024 |
| Record date to receive notice of AGM | Thursday, 17 April 2025 |
| Last date to trade to be eligible to attend and vote at the AGM | Tuesday, 27 May 2025 |
| Record date to be eligible to vote | Friday, 30 May 2025 |
| Lodgement of electronic participation forms | Tuesday, 3 June 2025 |
| AGM | Thursday, 5 June 2025 |

# ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2024

| | Number of shareholders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| **Shareholder spread** | | | | |
| 1 – 1,000 | 3,689 | 78.96% | 513,348 | 0.34% |
| 1,001 – 10,000 | 669 | 14.32% | 2,140,201 | 1.43% |
| 10,001 – 100,000 | 222 | 4.75% | 8,105,169 | 5.42% |
| 100,001 – 1,000,000 | 71 | 1.52% | 21,210,882 | 14.19% |
| Over 1,000,000 | 21 | 0.45% | 117,484,088 | 78.61% |
| **Total** | **4,672** | **100.00%** | **149,453,688** | **100.00%** |
| **Distribution of shareholders** | | | | |
| Assurance companies | 17 | 0.36% | 673,537 | 0.45% |
| Close corporations | 25 | 0.54% | 143,185 | 0.10% |
| Collective investment schemes | 125 | 2.68% | 45,847,438 | 30.68% |
| Control accounts | 4 | 0.09% | 736 | 0.00% |
| Custodians | 91 | 1.95% | 8,169,886 | 5.47% |
| Foundations and charitable funds | 36 | 0.77% | 658,912 | 0.44% |
| Hedge funds | 11 | 0.24% | 1,403,680 | 0.94% |
| Investment partnerships | 12 | 0.26% | 436,992 | 0.29% |
| Managed funds | 60 | 1.28% | 59,408 | 0.04% |
| Medical aid funds | 11 | 0.24% | 894,890 | 0.60% |
| Organs of state | 3 | 0.06% | 3,573,430 | 2.39% |
| Private companies | 101 | 2.16% | 16,698,767 | 11.17% |
| Public companies | 8 | 0.17% | 49,892,296 | 33.38% |
| Retail shareholders | 3,849 | 82.38% | 7,113,367 | 4.76% |
| Retirement benefit funds | 106 | 2.27% | 8,635,482 | 5.78% |
| Scrip lending | 4 | 0.09% | 1,385 | 0.00% |
| Share schemes | 1 | 0.02% | 2,046,850 | 1.37% |
| Sovereign funds | 1 | 0.02% | 2,051,598 | 1.37% |
| Stockbrokers and nominees | 26 | 0.56% | 120,799 | 0.08% |
| Trusts | 164 | 3.51% | 1,023,424 | 0.68% |
| Unclaimed scrip | 17 | 0.36% | 7,626 | 0.01% |
| **Total** | **4,672** | **100.00%** | **149,453,688** | **100.00%** |

* *Pursuant to the provisions of Section 56 of the Companies Act, disclosures from foreign nominee companies have been included in this analysis.*

| | Number of shareholders | % of total shareholders | Number of shares | % of issued capital |
|---|---|---|---|---|
| **Shareholder type** | | | | |
| **Non-public shareholders** | **9** | **0.19%** | **5,334,168** | **3.57%** |
| Directors and Prescribed Officers – Direct shareholdings | 5 | 0.11% | 2,737,446 | 1.83% |
| Directors and Prescribed Officers – Indirect shareholdings | 3 | 0.06% | 549,872 | 0.37% |
| Share schemes | 1 | 0.02% | 2,046,850 | 1.37% |
| **Public shareholders** | **4,663** | **99.81%** | **144,119,520** | **96.43%** |
| **Total** | **4,672** | **100.00%** | **149,453,688** | **100.00%** |

| | Number of shares | % of issued capital |
|---|---|---|
| **Fund Managers with a holding > 5% of the issued shares** | | |
| M and G Investments | 20,750,066 | 13.88% |
| Allan Gray | 11,494,600 | 7.69% |
| Bateleur Capital | 9,588,484 | 6.42% |
| **Total** | **41,833,150** | **27.99%** |
| **Beneficial shareholders with a holding > 5% of the issued shares** | | |
| Caxton and CTP Publishers and Printers Ltd | 50,299,943 | 33.66% |
| Gayatri Paper Mills Gauteng (Pty) Ltd | 15,991,213 | 10.70% |
| Old Mutual Group | 9,621,384 | 6.44% |
| Mirabaud and Cie SA | 7,724,208 | 5.17% |
| M and G Investments | 7,581,003 | 5.07% |
| **Total** | **91,217,751** | **61.03%** |

# SHARE PRICE PERFORMANCE

| | |
|---|---|
| Opening price 2 January 2024 | R29.79 |
| Closing price 31 December 2024 | R29.54 |
| Closing high for period | R31.50 |
| Closing low for period | R24.98 |
| Number of shares in issue | 149,453,688 |
| Volume traded during period | 10,119,783 |
| Ratio of volume traded to shares issued | 6.8% |
| Rand value traded during the period | R284,153,299 |
| Price/earnings ratio at 31 December 2024 | 6.6 |
| Earnings yield as at 31 December 2024 | 15.1 |
| Dividend yield as at 31 December 2024 | 2.8 |
| Market capitalisation at 31 December 2024 | R4,414,861,944 |

# GLOSSARY OF TERMS

The following acronyms and terms are used throughout the Integrated Report:

| | |
|---|---|
| AGM | Annual General Meeting |
| Basic EPS | Earnings for the year attributable to equity holders of Mpact divided by the weighted average number of ordinary shares in issue during the year |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BEE | Black Economic Empowerment |
| Board | Board of Directors of Mpact |
| BSP | Bonus Share Plan |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CGU | Cash-generating unit |
| Closing PE ratio | Market value per share at 31 December divided by HEPS |
| Companies Act | Companies Act, No. 71 of 2008 |
| CIPC | Intellectual Property Commission |
| CSI | Corporate Social Investment |
| DSA | Deferred Share Award |
| EBIT | Earnings before interest and taxation |
| EBITDA | Earnings before interest, tax, depreciation and amortisation |
| EE | Employment Equity |
| EHS | Life Employee Health Solutions |
| EPR | Extended Producer Responsibility |
| EPS | Earnings per share |
| ESG | Environmental, social and governance |
| Exco | The Executive Committee |
| FMCG | Fast Moving Consumer Goods |
| FSC | Forest Stewardship Council |
| GHG | Greenhouse gas |
| GJ | Gigajoules |
| GRI | Global Reporting Initiative |
| GRSM | Group Risk and Sustainability Manager |
| HDPE | High Density Polyethylene |
| HEPS | Headline earnings per share – headline earnings divided by the weighted average number of ordinary shares in issue during the year |
| HR | Human resources |
| IAS | International Accounting Standards |
| IFC | Inside front cover |
| IFRIC | International Financial Reporting Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| IP | Intellectual property |
| ISSB | International Sustainability Standards Board |
| IT/ICT | Information Technology/Information Communication and Technology |
| JSE | Johannesburg Stock Exchange Limited |
| King IV™ | King Report on Corporate Governance for South Africa 2016 |
| KPA | Key Performance Area |
| KPI | Key Performance Indicator |
| KTPA | Kilo-Tonnes Per Annum |
| KZN | KwaZulu-Natal |
| Listings Requirements | Listings Requirements of the JSE |
| LTI | Long-term incentive |
| LTIFR | Lost time injury frequency rates calculated as: LTIFR = (Work-related Fatality + lost time injuries) / man-hours worked x 200,000* |
| LTIP | Long-Term Incentive Plan |
| MD | Managing Director |
| MOI | Memorandum of Incorporation |
| Mpact or the Group | Mpact Limited and its subsidiaries |

# GLOSSARY OF TERMS *(continued)*

| | |
|---|---|
| Mpact Operations | Mpact Operations (Pty) Ltd |
| NAV per share | Net asset value per share – the net asset value of the company divided by the number of shares in issue |
| OCC | Old Corrugated Containers |
| Operating profit margin | EBIT as a percentage of revenue |
| PAMSA | Paper Manufacturing Association of South Africa |
| PDIs | Previously Disadvantaged Individuals |
| PE | Price to earnings ratio calculated by dividing the market value per share by HEPS, market value per share divided by HEPS |
| PET | Polyethylene terephthalate |
| PETCO | The PET Recycling Company |
| PO | Prescribed Officer |
| POLYCO | Polyolefin Responsibility Organisation |
| PRO | Product responsibility organisation |
| PSA | Performance Share Award |
| PSP | Performance Share Plan |
| PV | Photovoltaic, related to solar installations |
| QSR | Quick Services Restaurant |
| ROCE | Return on Capital Employed |
| rPET | Recycled PET |
| RWC | A restricted work case (RWC) occurs when a person is injured while at work and as a result of the injury is unable to perform his/her regular duties but can perform duties of a different nature on his/her next shift |
| SABS | South African Bureau of Standards |
| SAICA | South African Institute of Chartered Accountants |
| SHE | Safety, Health and Environmental |
| SIFR | Serious Injury Frequency Rate. Serious injuries include work-related fatalities, Lost Time Injuries and Restricted Work Cases. The SIFR is calculated by: SIFR = (Work-related Fatalities + LTIs + RWCs)/ man-hours worked x 200,000* |
| Solar PV | Solar photovoltaic |
| SR | Sustainability Report |
| STI | Short-term incentives |
| TCFD | Task Force on Climate-related Disclosures |
| TFCD | Task Force on Climate-related Financial Disclosures |
| TGCOE | Total Guaranteed Cost of Employment |
| the Board | The Board of Directors of Mpact |
| the Company | Mpact Limited |
| the current year | The financial year ended 31 December 2024 |
| the next year | The financial year ending 31 December 2025 |
| the previous year | The financial year ended 31 December 2023 |
| TSR | Total Shareholder Return |
| underlying earnings | Net profit after tax and before special items attributable to equity holders of the company |
| underlying EBIT | Earnings before interest and taxes and before special items |
| underlying operating profit margin | Operating profit including subsidiaries and joint ventures before special items as a percentage of revenue |
| UN SDGs | United Nations Sustainable Development Goals |
| WCPT | West Coast Paper Traders – a subsidiary company |

# CORPORATE INFORMATION AND ADVISERS

**Mpact Limited**
(Incorporated in the Republic of South Africa)
(Registration number 2004/025229/06)
JSE share code: MPT
A2X share code: MPT

**Mpact Operations (Pty) Ltd**
(Incorporated in the Republic of South Africa)
(Registration number 1998/004341/07)

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**Sponsor**
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**Directors**
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Anthony John Phillips (Chairman)
Alethea Berenice Anne Conrad
Fikile Constance Futwa
Penuell Cornwell Sibusiso Luthuli
Maya Makanjee
Saleh Mayet
Donald Gert Wilson

*Executive Directors*
Bruce William Strong (Chief Executive Officer)
Johannes Jacobus Snyman (Chief Financial Officer)

**Transfer Secretaries**
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# NOTES