Nampak
packaging excellence

Group consolidated results for the year ended 30 September 2022

A snapshot of our performance

Revenue up 21% to

R16.9bn

Trading profit up 13% to

R1.6bn

Operating profit
before net impairment losses

R1.2bn

in line with FY21

Headline
earnings of

35.9cps

down 42% compared to 62.3cps in FY21

Loss per share of

23.1cps

compared to earnings of 32.1cps in FY21

Cash generated from
operations before working
capital changes down 11% to

R1.5bn

Complied

with quarterly group funding covenants
for all quarters

Refinancing of Group debt package to be supported by a capital raise, net of rights issue and refinancing costs, of not less than R1.35bn by 31 March 2023

Net debt:EBITDA	2.85x	(threshold: ≤3.5 times)
EBITDA:interest	3.94x	(threshold: ≥3.0 times)

Commentary

"In 2022, most of Nampak's operations performed safely and well, sustaining high levels of customer service from our world-class manufacturing facilities. However, we experienced some operational headwinds and it would have been easy to become distracted by them, but our focus was to make sure that we identified and leveraged the available tailwinds, the opportunities for growth.

The South African beverage can market experienced unprecedented growth and Angolan volumes during the last quarter grew by almost 30%, exceeding our expectations.

Revenue increased by 21%, lifted by higher volumes and unusually high commodity prices caused by the Russia/Ukraine war and disrupted supply chains. In the main, pass through pricing mechanisms recovered higher input costs but without compensation for the incremental interest cost of funding elevated working capital levels. In a tough macroeconomic environment significant foreign exchange losses were incurred. Valuations were negatively impacted by a sharp increase in global risk premiums, resulting in substantial additional asset impairments. Despite the strong contributions from our beverage cans and liquid paper businesses to a pleasing trading profit an increase in foreign exchange losses, higher interest rates and increased impairments contributed to a lower net profitability.

Our efforts to dispose of certain assets yielded no tangible results as potential buyers cited hesitance in volatile market conditions. This prevented us from reducing our high levels of debt and required the extension of certain debt maturity dates and relaxation of covenants. To meet the requirement to repay R1.35 billion to lenders in March 2023, we are planning to approach shareholders for such approvals as are required to allow us to go ahead with a rights issue. This initiative will be supported by a refinanced Group debt package. With a strengthened balance sheet, we can focus on our operations to leverage various growth opportunities for the benefit of all our stakeholders."

Erik Smuts, Chief Executive Officer

Our overall performance

In the 2022 financial year, Nampak delivered strong revenue growth, assisted by improved volumes in selected markets and pass-through pricing mechanisms linked to elevated commodity prices. Trading conditions were challenging, but green shoots of recovery were evident in some of our markets. Cost of sales was impacted by high metals prices, due to challenging supply chains with concomitant increases in logistics and shipping costs.

Group revenue increased by 21% to R16.9 billion, underpinned by stronger volumes in our South African beverage can market, Angola, Nigeria and Zimbabwe. Trading profit grew modestly as the pass-through pricing mechanism in most of our businesses allowed for the recovery of increased input costs, but without the recovery of the incremental cost of funding the higher working capital.

Group financial performance

R million	FY22	FY21	% change
Revenue	**16 937**	13 958	21
Trading profit	**1 611**	1 422	13
Operating profit before net impairments	**1 152**	1 195	(4)
Operating profit	**640**	931	(31)
Profit before tax	**59**	445	(87)
(Loss)/profit for the year	**(26)**	377	—
Headline earnings	**229**	402	(43)
Headline earnings per share (cents)	**35.9**	62.3	(42)
(Loss)/profit attributable to owners of Nampak	**(147)**	207	—
(Loss)/earnings per share (cents)	**(23.1)**	32.1	—
Cash generated from operations before working capital changes	**1 504**	1 680	(11)
Cash generated from operating activities	**53**	307	(83)

Trading profit improved by 13% to R1.6 billion, although group trading margins declined to 9.5% from 10.2% in the prior year. We managed overheads stringently in an inflationary environment. We focused on improving our trading performance and were pleased with the strong recovery in the beverage can operations, however these were diluted by a disappointing result from DivFood and the impact of the depreciation of the Zimbabwe Dollar on the rand-reported results of our Zimbabwe operations.

Operating profit was assisted by a moderate 1% decrease in core employee costs before including the R222 million benefit from the Malbak Pension Fund surplus credited to employee costs. This was complemented by strong trading results from Bevcan South Africa and Nigeria and a recovery in Bevcan Angola. Our Zimbabwe operations continued to perform well and remained self-funding. A once-off insurance loss of R50 million was incurred by Nampak Insurance Company Limited.

Nampak was impacted by net forex losses of R546 million in the year from Nigeria and Angola. In Nigeria, an in-country shortage of US dollars led to a significant gap between the official Naira spot rate and the secondary market exchange rate. This resulted in cash transfers at unfavourable rates and associated material forex losses. In the second half of the year, access to US Dollars improved, providing liquidity but at a significant cost. In Angola, US Dollar availability was good and the kwanza strengthened by 28%.

Operating profit before net impairments of R1.2 billion is down 4% from 2021, as a consequence of capital and other items amounting to R459 million, inclusive of forex losses and the R70 million net impact of Zimbabwe's currency devaluation in a hyperinflation economy.

Operating profit of R640 million declined 31% from R931 million in the prior year, having absorbed net impairment losses of R512 million with R392 million of the impairments being attributable to the impact of increased global risk premiums and higher interest rates on Nampak's weighted average cost of capital (WACC). Net impairment losses related mainly to DivFood South Africa, Rigid Plastic, Bevcan Angola and Metals Nigeria.

Net finance costs increased by 21% to R586 million from R485 million due mainly to the higher required investment in net working capital, interest rate increases and ratchet interest costs of R64 million (2021: R88 million) in the year.

An effective tax rate of 143.7% is reported compared to 15.2% in 2021 with taxation in the year primarily being impacted by the effect of hyperinflation in Zimbabwe and the utilisation of tax losses in Angola.

A loss of R26 million was incurred for the year compared to a profit of R377 million in the prior year.

Profits attributable to equity holders of the company declined to a loss of R147 million (2021: profit of R207 million).

Earnings per share swung to a loss of 23.1 cents from a profit of 32.1 cents in 2021 and headline earnings per share declined by 42% to 35.9 cents.

Cash generated from operations before working capital changes of R1.5 billion decreased 11% from R1.7 billion. This was due to reduced profitability resulting from significantly higher forex losses. Increased commodity pricing, higher revenues, increased funding of receivables and trade creditor limits that did not fund increased inventory holdings required an investment of R659 million in working capital. This compared to utilisation of R621 million from working capital in the prior year.

Capex remained a key focus area, with replacement capex reflecting most of the group's spend. In 2022, we reduced capex to R208 million from R313 million in 2021.

During 2022, Nampak complied with loan covenants at the quarterly measurement periods.

The funding agreements negotiated in September 2021 required that interest-bearing debt be reduced by R1.0 billion by 30 June 2022 or that the Group be able to settle R1.0 billion by 30 September 2022, through a strategic asset disposal process or a combination of asset disposals and a rights offer. As we were unable to attract fair value offers for those assets identified for disposal, we did not meet the requirements of the September 2021 funding agreements and accordingly negotiated revised terms with our lenders including:

› an extension of the maturity date for the Group's revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023;
› the maintenance of the group's current net interest-bearing-debt-to-EBITDA covenant at 3.5 times until it is lowered to 3.0 times from 31 March 2023;
› a reduction of the minimum threshold of the EBITDA-to-interest-cover from 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023; and
› the repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

Net interest-bearing debt of R5.2 billion, excluding capitalised leases, was 12% higher than the comparative period. Net gearing of 108% excluding capitalised leases, increased from 105% in the prior year.

Divisional reviews

Trading performance by substrate:

	Revenue		Trading profit/(loss)		Trading margin (%)	
R million	FY22	FY21	FY22	FY21	FY22	FY21
Metals	**12 915**	9 928	**1 281**	1 091	**9.9**	11.0
Plastics	**2 953**	2 996	**247**	287	**8.4**	9.6
Paper	**1 069**	1 034	**183**	187	**17.1**	18.1
Corporate services	**—**	—	**(100)**	(143)	**—**	—
Group total	**16 937**	13 958	**1 611**	1 422	**9.5**	10.2

Commentary continued

Metals

Revenue from the Metals division increased by 30% to R12.9 billion and trading profit grew by 17% to R1.3 billion as demand increased in all key markets — South Africa, Nigeria and Angola.

Bevcan South Africa performed very well, with greater production efficiencies allowing us to support our customers' increased requirements amid a local market recovery that boosted sales volumes and ensured that our production lines for large beverage cans ran at full capacity. A steep increase in the price of aluminium for most of the year and unfavourable foreign exchange movements in the second half required a higher investment in working capital, affecting margins. In the prior year, profits had been buoyed by a significant export contract which was not repeated in 2022, but was off set by growth in the local market.

Bevcan Nigeria performed well on mostly steady sales volumes in 2022 after double-digit volume increases the year before, however forex losses increased because of a depreciation of the naira and a shortage of in country US dollars. The plant continued to operate at world-class levels of efficiency, spoilage and safety.

The overall Bevcan Angola performance was stronger than anticipated in the year, with good growth in sales volumes despite the continued closure of the border with the Democratic Republic of the Congo (DRC), which is the destination for many of our customer's filled export products. A strong fourth quarter recovery in demand led to a pleasing increase in profitability. Economic activity showed encouraging signs of improvement and the appreciation of the kwanza translated into stronger consumer buying power as well as a forex gain. We commissioned the aluminium line which had been converted from tinplate during 2021.

Trading results at DivFood South Africa were disappointing with a trading loss reported. Strong demand for fish cans and the recovery of sharply higher tinplate and freight costs from customers supported an increase in revenue, but demand for diversified cans and metal closures was depressed as consumer disposable income came under renewed pressure. Raw material shortages impacting customer service in the first half and operational challenges at our Paarl and Epping operations in the Western Cape adversely affected profitability.

Our general metal packaging operations in Nigeria felt the impact of a weak economy and continued to restructure to align to lower demand. We have seen some substitution into plastic in response to higher inflation and high tinplate commodity prices to meet consumer price points.

Plastic

Revenue for the Plastic division decreased by 1% to R3.0 billion, largely due to lacklustre economic activity, prolonged strikes at our major customers and ad hoc raw material shortages.

Revenue was mostly stable at 2021's levels, but lower production volumes and higher input costs negatively impacted trading profit. Determined to optimise our operations, we critically reviewed our geographic footprint, number of facilities and product portfolio. In the highly competitive market we successfully defended our market share, apart from in those areas where we had chosen to rationalise our customer base and product offering.

Demand for the bottles and closures into which our customers pack water, juice, milk and soft drinks declined. Industrial action at two large customers dragged on for months, with a spill-over effect on other customers with whom they share logistics services. Power and water cuts further challenged the operations of many of our customers. Raw material shortages included a production stoppage by a local manufacturer of HDPE pellets, making it necessary for us to import this material. The supply of imported product was then interrupted by a deterioration in port operations after severe floods in KwaZulu-Natal.

Our liquid cartons business reported improved volumes on stronger demand for conical cartons in which traditional sorghum beer is packaged. This more than made up for a decline in volumes from large customers whose operations were disrupted by lengthy strike action and operational challenges. In the year, consumers whose disposable income was under pressure, opted to buy more-affordable sorghum beer rather than clear beer packaged in other beverage containers.

In Zimbabwe, despite continuing economic hardship and difficulties in securing a consistently reliable supply of foreign exchange to procure sufficient raw materials, demand for our products was robust and volumes increased. Demand for our plastic packaging reached record highs; we supplied customers despite the limited availability of foreign currency with which to source raw material imports. This strong volume performance was diluted on translation due to the significantly weakened Zimbabwean currency. To limit its exposure to currency fluctuations, the business self-funds all its operational and capital requirements, re-investing cash generated into raw material, operations and equipment. Our Zimbabwe operations remained self funding. The rand reported results were adversely impacted by the translation of the full year results at the closing spot rate at year-end.

Paper

Revenue increased by 3% to R1.1 billion. Overall profit for the Paper division decreased by 2% to R183 million.

Although the Zimbabwe operation continued to perform well, its profitability was adversely impacted by the sharp decline in the value of the local currency. After a strong 2021, our Zambian business recorded a decline in volumes of conical cartons in 2022, as several independent brewers moved their beer back into bulk containers to save on costs in a challenging economic environment. In Malawi, demand for conical cartons reached record levels.

Corporate services

Corporate services has been impacted by the R36 million decrease in the gain on forex transactions relating to currency and aluminium hedge movements.

Trading performance by region

	Revenue		Trading profit		Trading margin (%)	
R million	FY22	FY21	FY22	FY21	FY22	FY21
South Africa	**11 495**	9 378	**399**	597	**3.5**	6.4
Rest of Africa	**5 442**	4 580	**1 312**	968	**24.1**	21.1
Corporate services	**—**	—	**(100)**	(143)	**—**	—
Group total	**16 937**	13 958	**1 611**	1 422	**9.5**	10.2

Sharing supply chain business risks with stakeholders

In 2022, Nampak explored measures to mitigate against global supply chain challenges in the form of elevated pricing caused by raw material shortages, premiums on freight costs and shipping delays. We engaged suppliers and customers and will continue to collaborate with them, to ensure that supply chain risks are shared by the entire value chain to optimise working capital requirements and reduce net borrowings and associated funding costs. Pricing mechanisms will be reviewed to ensure appropriate future compensation for the group's additional investment in working capital emanating from abnormal increases in commodity prices or other input costs.

Reserve Bank of Zimbabwe debt

In 2022, we received no further payments from the Reserve Bank of Zimbabwe. This debt has now formally been included in the Zimbabwean Blocked Funds Framework for repayment. As a result, we assessed and considered adequate the expected credit loss debt provision of 90% previously raised on the outstanding amount.

Asset impairment assessments

We performed a group sum-of-the-parts valuation based on discounted cash flow valuation principles with individual operations/cash generating units being tested for specific impairment. These valuations were performed at year-end considering the approved 2023 budget, strategic plans to 2027 and updated WACC rates. This resulted in a net impairment of R512 million consisting of an asset impairment of R355 million, a right of use asset impairment of R143 million, a reversal of an asset impairment of R31 million and an impairment of goodwill in Bullpak Kenya of R45 million. The table below summarises the net impairments.

Net impairment losses

R million	2022	2021
Goodwill impairment	**45**	—
Asset impairments	**498**	437
Metals	**324**	44
Plastic	**31**	223
Right of use assets	**143**	170
Asset impairment reversals	**(31)**	(173)
Metals	**—**	(138)
Plastic	**(30)**	—
Right of use assets	**—**	(33)
Paper	**(1)**	(2)
Net impairment losses	**512**	264

The increase in Nampak's weighted average cost of capital contributed R392 million to these net impairments. In South Africa the WACC rate increased by 14% to 13.6% from 11.9% in the prior year primarily due to rising interest rates and a higher beta contributing to further asset impairments. No impairment of the goodwill in Nigeria was required for the current year but headroom declined primarily due to an increase in the dollar WACC rate to 12.5% from 9.2% with Angola's WACC rate increasing to 14.9% from 11.9%.

Outlook

South Africa

Bevcan expects that robust demand for environmentally friendly packaging from customers and consumers alike will support sales volumes in the new financial year. Safety, customer service and operational efficiency will remain the focus while we consider further expansionary investment in one of our beverage can lines in South Africa.

Operationally, DivFood enters the new financial year with improved inventory coverage, ready to service the market. At our factories in Epping and Paarl, efficiencies are improving. We will continue to focus on people development and improving the skills and capabilities of our can- and end-makers.

With a strong base of innovation, in 2023 we will action our plans to improve our competitiveness in select categories of plastic packaging. We will launch our new internally developed lightweight PET bottles, reduce the impact of bottles on the environment and leverage our trusted brand and world-class customer service to grow our share of the market.

Rest of Africa

We expect economic growth in Angola to gather further momentum in the year ahead, benefiting from an uptick in consumer demand. In Nigeria, we will consider introducing the manufacture of bigger can sizes, such as 500ml, to service the changing market demand. We do however expect that consumer demand across the country may be negatively impacted by increases in inflation and a weakening local currency.

General metal packaging in Nigeria is anticipated to continue to be impacted by lower demand amid higher inflation in a constrained economic climate. We are in the process of reassessing the future viability of this business.

Proposed capital raise

With the group's current debt package and the US Private Placement funding maturing on 31 December 2023 and on 28 May 2023 respectively, coupled with the requirement to repay R1.35 billion of net debt by 31 March 2023, the group is required to refinance its debt package before the 31 March 2023. This refinancing is in process and subject to the group raising capital of no less than R1.35 billion (net of fees and expenses) by 31 March 2023.

As a result of the current economic environment self-help measures have not fully yielded the required results. Nampak will therefore convene an extra-ordinary general meeting in respect of which a circular will be published on or about 15 December 2022, seeking all relevant authorisations required to enable the company to proceed with a potential rights offer of up to R2.0 billion during the course of the first quarter of 2023 which, if successful, will enable management to focus on delivering on Nampak's growth strategy and result in a simplified, more robust capital structure.

A breakdown of the use of proceeds of the proposed rights offer is as follows:

- R1.35 billion to repay lenders, as a minimum requirement for the refinancing;
- R350 million to upgrade a beverage can line in South Africa. This will add urgently needed production capacity to satisfy the unprecedented growth in beverage can demand;
- R150 million to provide operating flexibility, as the group is currently operating with inadequate capacity to handle seasonal fluctuations in working capital requirements; and
- R150 million to cover the estimated transaction costs of both the refinancing and the proposed rights offer.

A number of historic impairments, such as the goodwill in Nigeria, asset impairments in Angola, and more recently impairments as a result of higher weighted average cost of capital to asset valuations together with the net effects of hyperinflation in Zimbabwe and an expected credit loss raised in 2019 against the debt from the Reserve Bank of Zimbabwe have all resulted in elevated levels of gearing.

The historical decisions to fund the African expansion mainly with US Dollar debt has meant that the impact of the aforementioned macro-economic and operational pressures placed significant strain on the balance sheet and required the Group to seek covenant relaxations from its funding partners. This has resulted in an increase in funding costs, which has been more acute in the context of the rising commodity prices and interest rate environment that has emerged since the onset of the war in Ukraine.

As pressure on the Group's fiscal position increased, the Group has increased its focus on deleveraging the balance sheet and improve capital allocation. Nampak has as a result, become a smaller and more focused business. There is still however a high level of complexity as the Group operates in 10 countries across the African continent, many of which are dependent on commodities and therefore vulnerable to price changes, currency instability (including the pegging of currencies to the dollar) and a general lack of availability of foreign exchange. The Group is also being disproportionally funded by a complex consortium of lenders with gearing levels exceeding shareholders' equity.

In light of the proposed rights offer and associated capital raise, shareholders are advised of the following features of the FY22 financial results:

- R222 million benefit of pension fund surplus recognised;
- higher net foreign exchange losses of R546 million (FY21: R246 million) incurred primarily due to foreign currency shortages in Nigeria;
- R101 million increase in net finance costs; and
- R512 million net impairments (FY21 264 million), of which R392 million is due to the negative impact of the group's increased weighted average cost of capital on asset valuations resulting from increased country risk premiums and long-term interest rates. The bulk of these impairments are asset impairments that could reverse should country risk premiums or long-term interest rates return to normal.

Dividend

The board decided not to declare an ordinary dividend for 2022.

Annual results presentation webcast

Nampak management will hold a webcast on Monday, 5 December 2022 at 10h00 South Africa Standard Time (UTC+2) to present the annual results, provide a business update and address questions from the investment community. Webcast details are available on the company website **http://www.nampak.com/Investors**. The final results announcement and presentation will be uploaded on the website on the morning of the webcast.

On behalf of the Board

PM Surgey	**EE Smuts**	**GR Fullerton**
Chairman	Chief executive officer	Chief financial officer

Bryanston

5 December 2022

Sponsor

Nedbank Corporate and Investment Banking, a division of Nedbank Limited.

Forward-looking statements

Forward-looking statements: This announcement contains statements about Nampak that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including without limitation, those concerning: strategy; the economic outlook for the packaging industry; cash costs and other operating results; growth prospects and outlook for operations individually or in the aggregate; liquidity and capital resource and expenditure and the other outcome and consequences of any pending litigation proceedings and specifically including the proposed rights offer. These forward-looking statements are not based on historical facts but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, estimates of capital expenditure, acquisition strategy, or future capital expenditure levels. By their nature, forward-looking statements involve risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. Nampak cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments including within the industry in which Nampak operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this notice. All these forward-looking statements are based on estimates and assumptions, which estimates and assumptions, although Nampak may consider them to be reasonable, are inherently uncertain and as such may not eventuate. Many factors (including factors not yet known to Nampak, or not currently considered material), could cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, statements or assumptions. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new products and the impact thereof on the group's future revenue, cost structure and capital expenditure; the group's ability to expand its portfolio; skills shortage; changes in foreign exchange rates and related foreign exchange gains or losses; a lack of market liquidity which holds up the repatriation of funds; changes in commodity prices and working capital; increased competition; higher inflation; increased interest rates; slower than expected customer growth and reduced customer retention; acquisitions and divestments of group businesses and assets and the pursuit of new, unexpected strategic opportunities; the extent of any future write-downs or impairment charges on the group's assets; changes in taxation rates; the impact of legal or other proceedings against the group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures. Nampak shareholders should keep in mind that any forward-looking statement made in this notice or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors may emerge from time to time that could cause the business of Nampak or other matters to which such forward-looking statements related, not to develop as expected and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Nampak has no duty, and does not intend to update or revise the forward-looking statements contained in this notice after the date of this notice, except as may be required by law.

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2022

R million	Notes	2022	2021
Revenue	5.1	**16 936.5**	13 958.4
Operating profit before items below		**1 221.9**	1 190.4
Net impact of devaluation associated with Zimbabwe		**(69.7)**	4.5
Operating profit before net impairment losses	5.2	**1 152.2**	1 194.9
Net impairment losses	6	**(512.1)**	(264.3)
Operating profit		**640.1**	930.6
Finance costs	7	**(605.9)**	(506.2)
Finance income	7	**19.5**	21.6
Share of net profit/(loss) in associates and joint venture		**5.1**	(0.9)
Profit before taxation		**58.8**	445.1
Income tax expense	8	**(84.5)**	(67.7)
(Loss)/profit for the year		**(25.7)**	377.4
Other comprehensive income/(loss) for the year, net of tax		**464.0**	(284.6)
Items that will not be reclassified to profit or loss			
Net actuarial gain/(loss) from retirement benefit obligations		**11.1**	(32.4)
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations excluding Zimbabwe operations		**609.7**	(237.1)
Exchange differences on translation and hyperinflation effects of Zimbabwe operations		**(160.1)**	(14.6)
Gain/(loss) on cash flow hedges		**3.3**	(0.5)
Total comprehensive income for the year		**438.3**	92.8
(Loss)/profit attributable to:			
Owners of Nampak Limited		**(146.9)**	207.2
Non-controlling interest in subsidiaries		**121.2**	170.2
Total		**(25.7)**	377.4
Total comprehensive income/(loss) attributable to:			
Owners of Nampak Limited		**375.1**	(151.9)
Non-controlling interest in subsidiaries		**63.2**	244.7
Total		**438.3**	92.8
(Loss)/earnings per share			
Basic (cents per share)	9	**(23.1)**	32.1
Diluted basic (cents per share)	9	**(23.1)**	32.1

Summarised consolidated statement of financial position

at 30 September 2022

R million	Notes	2022	Restated* 2021	Restated* 2020
Assets				
Non-current assets				
Property, plant, equipment and investment property	10	**5 452.0**	5 360.9	5 905.8
Right of use assets		**679.5**	694.9	871.6
Goodwill		**1 976.1**	1 711.8	1 877.9
Other intangible assets		**141.8**	134.9	164.5
Investments in associates, joint venture and other		**39.3**	17.5	14.9
Retirement benefit asset		**221.6**	—	—
Deferred tax assets		**436.0**	410.1	338.2
Loan and lease receivables — non-current	11	**84.5**	78.1	139.7
		9 030.8	8 408.2	9 312.6
Current assets				
Inventories		**3 934.9**	2 910.9	2 815.9
Trade and other current receivables		**3 258.4**	2 800.3	1 980.6
Tax assets		**24.0**	16.3	45.5
Loan and lease receivables — current	11	**51.8**	43.3	358.6
Bank balances and deposits		**1 501.6**	1 136.6	1 528.9
		8 770.7	6 907.4	6 729.5
Assets classified as held for sale	12.1	**51.2**	619.6	92.7
Total assets		**17 852.7**	15 935.2	16 134.8
Equity and liabilities				
Capital and reserves				
Share capital		**35.5**	35.5	35.5
Capital reserves		**(245.9)**	(226.9)	(227.6)
Other reserves		**667.1**	109.5	475.7
Retained earnings		**4 205.7**	5 069.7	4 859.3
Shareholders' equity		**4 662.4**	4 987.8	5 142.9
Non-controlling interests		**213.9**	(528.7)	(770.4)
Total equity		**4 876.3**	4 459.1	4 372.5
Non-current liabilities				
Loans — non-current	13.1	**4 721.9**	4 474.3	5 755.2
Lease liabilities — non-current	13.2	**1 090.9**	972.8	1 029.8
Retirement benefit obligation		**746.3**	801.2	775.5
Deferred tax liabilities		**95.6**	175.3	242.3
Other non-current liabilities		**10.5**	12.7	14.9
		6 665.2	6 436.3	7 817.7
Current liabilities				
Trade and other current payables		**3 753.8**	2 892.6	2 327.4
Provisions	14	**115.9**	192.0	275.4
Tax liabilities		**68.4**	36.6	34.9
Loans and lease liabilities — current	13.3	**2 373.1**	1 633.3	1 178.4
Bank overdrafts		**—**	25.0	128.5
		6 311.2	4 779.5	3 944.6
Liabilities directly associated with assets classified as held for sale	12.2	**—**	260.3	—
Total equity and liabilities		**17 852.7**	15 935.2	16 134.8

* Refer to note 4.

Summarised consolidated statement of changes in equity

for the year ended 30 September 2022

R million	2022	Restated[1] 2021
Opening balance	**4 459.1**	4 214.5
Correction of error[1]	**–**	158.0
Net shares issued during the year	**–**	2.0
Share-based payment expense	**26.5**	3.3
Share grants forfeited	**(2.0)**	(1.3)
Disposal of liquid bonds[2]	**–**	(10.1)
Treasury shares purchased[3]	**(45.5)**	–
Total comprehensive income for the year	**438.3**	92.8
Dividends paid	**(0.1)**	(0.1)
Closing balance	**4 876.3**	4 459.1
Comprising:		
Share capital	**35.5**	35.5
Capital reserves	**(245.9)**	(226.9)
Share premium	**270.9**	270.9
Treasury shares	**(558.9)**	(513.4)
Share-based payments reserve	**42.1**	15.6
Other reserves	**667.1**	109.5
Foreign currency translation reserve	**1 313.8**	787.6
Financial instruments hedging reserve	**3.3**	–
Recognised actuarial losses reserve	**(623.8)**	(634.9)
Other[4]	**(26.2)**	(43.2)
Retained earnings	**4 205.7**	5 069.7
Shareholders' equity	**4 662.4**	4 987.8
Non-controlling interests	**213.9**	(528.7)
Total equity	**4 876.3**	4 459.1

1. Refer to note 4.
2. Cumulative fair value loss relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.
3. During the period 11 308 712 Nampak Limited shares were acquired at a cost of R45.5 million as the deferred incentive portion of the Executive Incentive Plan for 2021. The deferred incentive is structured as forfeitable shares, meaning participants are the owners of the shares, but the shares are subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applicable).
4. Other reserves relate to deferred tax on the equity contribution by Nampak International Limited to Nampak Zimbabwe Limited of R26.2 million.

Summarised consolidated statement of cash flows

for the year ended 30 September 2022

R million	Notes	2022	2021
Cash generated from operations	15.1	**845.2**	1 059.2
Interest received		**10.7**	21.0
Interest paid		**(557.4)**	(544.0)
Retirement benefits, contributions and settlements		**(75.4)**	(77.5)
Income tax paid		**(169.6)**	(152.0)
Cash flows from operations		**53.5**	306.7
Dividends paid		**(0.1)**	(0.1)
Cash generated from operating activities		**53.4**	306.6
Capital expenditure		**(208.3)**	(312.9)
Replacement		**(192.7)**	(273.7)
Expansion		**(15.6)**	(39.2)
Proceeds on disposal of liquid bonds		**—**	267.8
Proceeds from Reserve Bank of Zimbabwe receivable		**—**	57.4
Other investing activities		**46.4**	43.2
Cash (utilised in)/generated from investing activities		**(161.9)**	55.5
Net cash (utilised)/generated before financing activities		**(108.5)**	362.1
Non-current loans raised		**912.1**	1 499.6
Non-current loans repaid		**(511.6)**	(1 998.5)
Invoice discounting finance raised		**177.9**	—
Lease liabilities repaid		**(125.4)**	(71.2)
Treasury shares purchased*		**(45.5)**	—
Cash raised/(repaid) in financing activities		**407.5**	(570.1)
Net increase/(decrease) in cash and cash equivalents		**299.0**	(208.0)
Net cash and cash equivalents at beginning of year		**1 111.6**	1 400.4
Translation of cash in foreign subsidiaries		**91.0**	(80.8)
Cash and cash equivalents at end of year	15.2	**1 501.6**	1 111.6

* Refer to footnote 3 on the summarised consolidated statement of changes in equity.

Notes

1. Basis of preparation

The summarised consolidated financial statements are derived from the audited consolidated financial statements approved by the directors on 2 December 2022. They are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The JSE Limited Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The consolidated financial statements and the summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, GR Fullerton CA(SA).

2. Accounting policies, new and revised standards and restated comparatives

2.1 Accounting policies

The accounting policies adopted and methods of computation used are consistent with those applied for the group's 2021 annual financial statements other than for the adoption of new standards.

2.2 New and revised International Financial Reporting Standards in issue

There are various amendments which have been issued. The amendments that are effective for the current year did not have a significant impact on the group. Similarly those amendments that are not effective for the current year are not expected to have a significant impact on the group.

3. Critical judgements and key sources of estimation uncertainty

3.1 Going concern

In determining the appropriate basis of preparation of the annual financial statements, the directors are required by IAS 1: Presentation of Financial Statements to assess the group's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors are required to take into account all available information about the future which is at least but not limited to twelve months from the end of the reporting period. Such information may include the current and expected profitability of operations, as well as debt covenant levels and repayment schedules.

The management of the group and company's balance sheet, gearing levels, funding structures and covenants in these uncertain times has remained our top priority. The group was required to fund a significant increase in its working capital utilising its existing funding facilities to remain nimble and responsive to the market's changing demand patterns. This has impacted its ability to reduce its net interest-bearing debt.

The group's balance sheet as at 30 September 2022 reflects total gross borrowings of R6.9 billion encompassing the group's revolving credit facilities, term loans and the US Private Placement funding ("net interest-bearing debt"), that are all repayable on or before 31 December 2023.

A repayment of a minimum of R1.35 billion of the net interest-bearing debt, which includes a pro-rata portion of the US$55.6 million US Private Placement debt, is repayable by 31 March 2023. The group is required to settle the balance of the US Private Placement funding by 28 May 2023. Management is in the advanced stages of negotiations with the consortium of lenders to restructure the group's funding package.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

In order to execute on the mandatory repayment of R1.35 billion which is due by 31 March 2023, management are in the final stages of launching a rights offer to raise a minimum of R1.35 billion, after associated costs.

The success of the rights offer and the conclusion of negotiations for the refinancing or extension of the remaining net interest-bearing debt are currently uncertain and indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern.

Disposals of identified assets, at fair value, under current market conditions proved difficult which resulted in the group not meeting its target to reduce net interest bearing debt by R1.0 billion by 30 June 2022 or be able to do so by 30 September 2022. Significant focus was placed on the group's liquidity and financial covenants with a successful renegotiation of the terms of the group's funding arrangements and covenant threshold levels. The debt maturity date was extended from 1 April 2023 and 25 September 2023 to 31 December 2023 thereby improving the structure of the group's statement of financial position. This provided short term liquidity relief and provides the group with the required time to consider all alternatives to strengthen the capital structure and reduce net interest-bearing debt. Compliance with the group's funding requirements remained a key risk during the year with all covenants for the quarterly reporting periods complied with during the year.

Significant focus was placed on complying with the group's funding covenants, the renegotiation of the group's revolving credit and term loan facilities, the prudent management of capital expenditure and the optimisation of working capital in the context of significant increases in commodity prices and challenging supply chains.

In terms of the funding agreements negotiated in September 2021, the group's debt funders required interest-bearing debt to be reduced by R1.0 billion by 30 June 2022 or an indication that the group had the ability to settle by 30 September 2022, through a strategic asset disposal process or a combination of asset disposals and a rights offer. The utilisation of all cash flows generated through normal operating activities, inclusive of the repayments of historical debt by the Reserve Bank of Zimbabwe was also permitted, but subject to the cancellation of commensurate committed funding facilities. This milestone was not achieved primarily due to disposals at fair value proving to be challenging in current market conditions. Negotiations were successfully concluded with Nampak's lenders to revise certain funding requirements as set out below:

› extension of the maturity date for the group's revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023;
› maintenance of the group's current net interest bearing debt to EBITDA covenant at 3.5 times until it is lowered to 3:00 times from 31 March 2023;
› reduction of the minimum threshold of the EBITDA to interest cover from the current 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023; and
› repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

These relaxations will allow time for the group to continue the process of optimising its capital and funding structure while providing the necessary flexibility for the group to operate under conditions with elevated commodity prices and higher interest rates.

The dollar component of the group's net debt was 42% at 30 September 2022 from 41% in the prior year due to a weaker Rand dollar exchange rate.

The group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term other than a R300 million expansion required to line 2 at Bevcan South Africa.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

The group has already instituted the following action plans to further improve EBITDA and cash generation complimented by various cash conservation plans including the following:

- Further restructuring, retrenchment processes and other cost-saving initiatives were completed during the 2022 year, resulting in an employee cost line that corresponds with the relationship to revenue that is acceptable to the group and thereby conserving cash by reducing these outflows;
- Capital expenditure continue to be carefully managed and are budgeted at moderate levels in subsequent years but at levels which do not damage the group's ability to satisfy customer demand utilising the group's well-maintained asset base;
- Working capital remains a critical area of focus across all sectors of the business, with high quality trade receivables continuing to be well managed and a focus on funding inventory holdings utilising trade payables;
- Continuing and expediting cash extractions from businesses in Angola, Nigeria and Zimbabwe;
- 2023 budgets per operation and the group have been thoroughly reviewed and focus on revenue growth, primarily driven by profitability improvements from the optimisation of trading margins, recovery of gross margins after the commodity super cycle and an improved cost base as well as cash generation through well managed working capital and strictly controlled capital expenditure. No material expansionary capital expenditure is budgeted for 2023 with moderate capex in the stratplan years;
- The group has no intention to cease trading, curtail operations or liquidate the businesses, other than planned/required asset disposals.

Timing and success of asset disposals

Disposals of previously identified businesses or operations were challenging in current market conditions. For several reasons, Nampak has not been able to conclude the other anticipated business disposals to date.

Proposed rights offer

In terms of the amended funding agreements, negotiated in September 2022, the group's debt funders require interest-bearing debt to be reduced by a minimum of R1.35 billion by 31 March 2023, and should the group fail to meet the milestones referred to below related to the rights offer and debt refinancing, an undertaking by the group to take all reasonable steps to dispose of Bevcan Nigeria Limited with a process led by an external financial advisor and investment banker.

These milestones include:

- The Nampak Limited board to approve the announcement of the rights offer alongside publication of its annual financial statements by 12 December 2022;
- Publication of the circular in relation to the extraordinary general meeting of shareholders by 22 December 2022;
- Extraordinary general meeting of shareholders to approve, inter alia, the increase in authorised share capital by 25 January 2023;
- Declaration of the date of rights offer by 14 February 2023;
- Rights offer proceeds to be received by the group by 31 March 2023.

Management is in the process of addressing the group's capital and funding structure through a proposed rights offer of up to R2.0 billion and is committed to reduce the complexity of the lending consortium, simplify the funding structure and refinance the debt maturing on 31 December 2023 (as extended from 1 April 2023 and 25 September 2023). Cash proceeds from asset disposals and/or proceeds from a rights offer continue to be actively considered as part of addressing the group's funding structure.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

Solvency and liquidity

Solvency

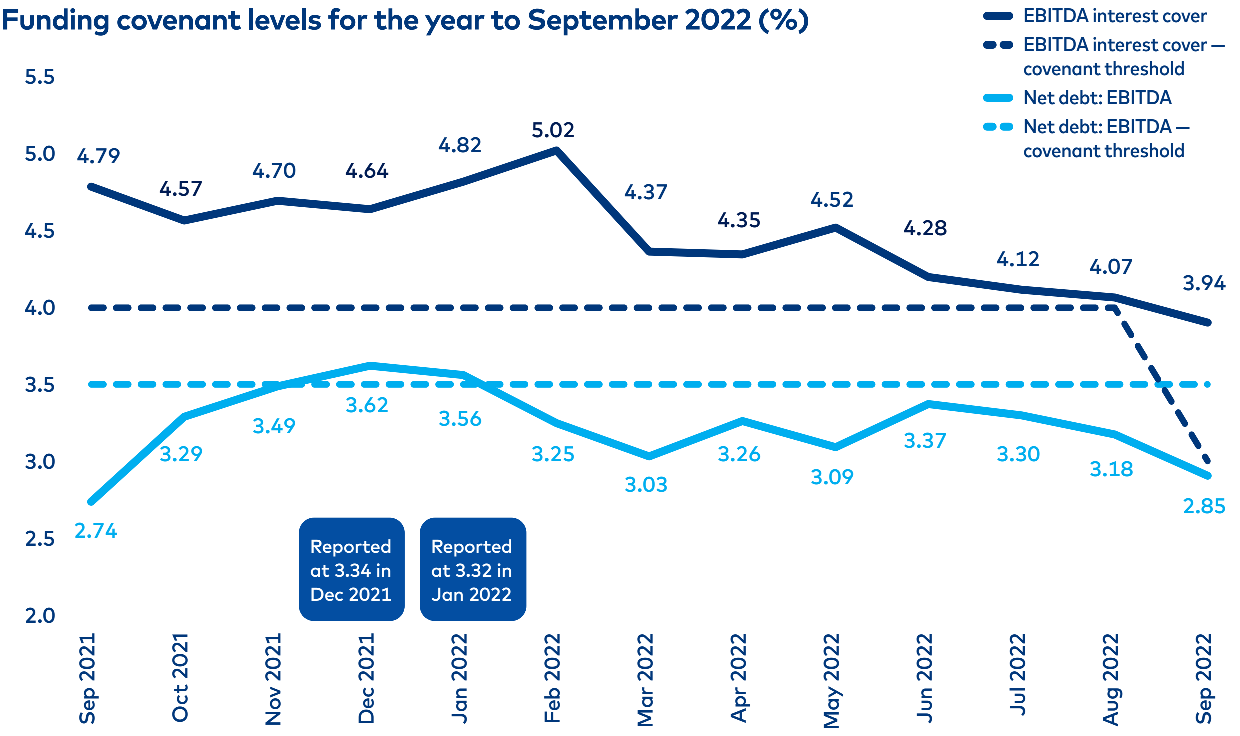
At 30 September 2022, after impairments, the valuations of the group's assets, fairly valued, exceed their liabilities. As such, the group is of the view that given the headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the group is solvent as at 30 September 2022 and at the date of this report.

Liquidity management

Covenants have been complied with for all measurement periods including 30 September 2022. A net debt to EBITDA ratio of 2.85 times achieved was well below the threshold limit of 3.5 times, as well as below the original level for this covenant of 3.0 times cover with the EBITDA interest cover ratio of 3.94 times exceeding the relaxed minimum threshold covenant level of 3.0 times as at September 2022.

EBITDA for banking covenant purposes of R1 924.5 million for the year was 12% up on the R1 716.3 million of the prior full year. The effects of the recent interest rate increases have impacted negatively on net finance costs and along with the higher average debt levels for the year and the inclusion of R64.3 million of ratchet interest cost have resulted in the EBITDA to interest cost cover covenant falling below the historic minimum level of 4.0 times.

Funding covenant levels for the year to September 2022 (%)



Covenant computations above reflect the adjustment for spot translation of the hyperinflationary economy — Zimbabwe and may therefore differ to the covenant reported in past months of the current year.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

The current ratio as at 30 September 2022 was 1.4 times and the acid test ratio at 0.8 times falling slightly below the prior year ratios of 1.5 times and 0.9 times respectively. This is due to all USPP debt settlement in May 2023 and the minimum proceeds from the rights offer of R1 350 million to be settled by 31 March 2023 being reflected as current liabilities at 30 September 2022.

Estimates and judgements considered within the liquidity assessment

The board has assessed the group budget for 2023 which includes the ability to successfully refinance the group and implement the required rights offer, the resultant profitability levels, financial position and cash flows, taking into account the material factors in each of the geographies and substrates in which the group operates, the group's available funding facilities, the capacity and potential further use of the trade finance facility of R1.0 billion and are of the view that the group will have adequate access to liquidity for the foreseeable future. Detailed valuations have been performed for each cash generating unit, with assets being impaired at 30 September 2022 where considered necessary.

Improvements in global and country specific economic outlooks would positively impact growth rates, limit foreign exchange fluctuations, reduce interest rates and resultant net interest costs and be reflected in declining WACC rates resulting in possible asset impairment reversals. The aforementioned would be expected to reduce earnings volatility. Management of the group's operating margin, active management of working capital cycles through addressing the current imbalance together with the prudent management of capital expenditure are key initiatives to improve the group's cash generative ability going forward.

Conclusion

The events, conditions, judgements and assumptions described above inherently include material uncertainties on the timing of future cash flows and therefore any significant deviations may cast significant doubt on the group's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

Whilst there are material uncertainties, the directors have, based on the information available to them, considered the financial plans and forecasts, available funding facilities, the actions taken by the group, cost reduction and optimisation plans, as well as the management of working capital and capital expenditure as well as the plans to refinance the group and raise capital through a proposed rights offer.

Based on these assessments, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

3.2 Impairment of assets

In terms of IAS 36: Impairment of Assets, the group is required to perform tests for impairment of assets based on the expected future cash flows pertaining to these assets whenever there is an indication that these assets may be impaired, while goodwill must be tested on an annual basis.

Discounted cash flow valuation principles are applied in assessing the expected future cash flows pertaining to assets. The key assumptions used are cash flow projections, growth rates and discount rates. The cash flow projections including established growth rates are prepared by divisional management and approved by executive management, while the discount rates are established by the corporate treasury team, taking into account geographic and other risk factors.

3. Critical judgements and key sources of estimation uncertainty continued

3.2 Impairment of assets continued

Goodwill

In testing the goodwill pertaining to Bevcan Nigeria in particular, management took into consideration the economic outlook for Nigeria and the market for beverage cans. Despite the concerns around the 2023 elections, elevated inflation levels and power supply issues, the GDP growth is expected to be 3.0% in 2023 due to the government's continued investment drive. The strong demand for beverage cans experienced in 2022 is also expected to continue given customer volume growth forecasts for the next 3 to 5 years. As a result, management has determined that headroom of R295.1 million (US$16.3 million) exists in the calculation such that no impairment of the goodwill was required for the current year. The carrying value of goodwill attributed to Bevcan Nigeria is R1.9 billion (US$102.6 million) while the recoverable amount of the Bevcan Nigeria operation is R3.0 billion (US$163.8 million).

In addition, due to challenges experienced by the Kenyan business, Bullpak Ltd, over a protracted period, an attempt was made to sell this business without success. Consequently, a decision was taken to close this business in August 2022 and the closure of this business was communicated to all employees and customers at this time. An impairment of the goodwill pertaining to this business being R45.4 million (US$ 2.7 million) was recognised as a consequence of the decision to close this business.

Other assets

As the group's net asset value continues to significantly exceed the group's market capitalisation, potential impairment losses of assets other than goodwill were also considered with individual operations/cash generating units being tested for specific impairment. These valuations were performed at 30 September 2022 taking into account the approved budget for 2023 and the strategic plans for the years 2024 to 2027.

The impairment assessments impacted the assets of four divisions in particular. The divisions impacted and the circumstances in which the impairment losses/(impairment loss reversals) occurred are as follows:

Bevcan Angola

The Angolan economy is expected to continue its current momentum flowing from the winding down of the COVID-19 pandemic and the benefits of the high oil prices with GDP growth expected to be 3.1% in 2023. These developments are expected to continue driving the improvement in volumes as supported by existing customers' plans to aggressively increase market share and introduce new product lines, as well as government interventions including the opening of borders with neighbouring countries and the introduction of programs that are expected to increase consumer buying power and consumption. Despite these positive developments, the post-tax WACC has increased to 14.9% from 11.9% in the previous year. As a result, management has determined that an impairment loss for the year of R79.4 million (US$4.5 million) should be recognised. The recoverable amount of the Bevcan Angola operation amounts to R1 702.5 million (US$94.1 million).

DivFood South Africa

The DivFood business has experienced significant supply challenges this year including raw material shortages caused by shipment and port delays, as well as certain operational challenges including the April 2022 flooding in KwaZulu-Natal. In addition, the division's net working capital position was adversely impacted by the sharp commodity price increase amongst other factors. Although volumes are expected to recover in 2023 in line with the expected improvement in the import supply chain and operational efficiencies, continued competition is expected to place pressure on product margins with the consequent adverse impact on earnings. In light of these circumstances, management has determined that an impairment loss for the year of R291.8 million should be recognised. In addition, a further impairment loss of R9.8 million was recognised on specific assets classified as held for sale in 2021. The recoverable amount of the DivFood business amounts to R1 659.5 million.

3. Critical judgements and key sources of estimation uncertainty continued

3.2 Impairment of assets continued

Rigids South Africa

The Rigids business continued to experience challenges this year with competition for volumes and imported material impacting margins. Despite these challenges, management has embarked on a strategic turnaround plan to improve and simplify its operations in order to optimise profit and limit losses across all business units. These steps are expected to return this business to the normalised levels seen prior to the COVID-19 pandemic. In line with the accounting standard, however, each business unit was separately assessed for possible impairment losses to its assets. As a result, impairment losses of R66.1 million and impairment loss reversals of R30.6 million were recognised in respect of these business units. The recoverable amount of the Rigids business amounts to R434.7 million.

Nigeria Metals

The Nigeria Metals business is experiencing significantly reduced volumes as a result of key customers' decisions to self-manufacture and withdraw product lines from the market, as well as increased competition in the market. In addition, this business is experiencing increased resistance to the US$-linked pricing implemented based on the recovery of the parallel market rates with further reduction in volumes expected. As a result, the company's profitability and cash generating capacity is marginal and without group support cannot be considered to be a going concern. An impairment loss of R47.3 million (NGN1.2 billion) was recognised in respect of this business. The recoverable amount of the Nigeria Metals business is R53.0 million (NGN1.3 billion).

3.3 Classification of disposal groups held for sale

The classification of businesses as disposal groups held for sale involves determining whether the criteria for such recognition as indicated in IFRS 5: Non-current Assets Held for Sale and Discontinued Operations have been met and remain met at the reporting date.

After an assessment of the transactions pertaining to the DivFood Mobeni and Rigids Tubes businesses in terms of these criteria, the directors determined that these disposal groups met the above criteria as at 31 March 2021 and therefore classified these disposal groups as held for sale at that date and remained classified as such at 30 September 2021.

Despite significant progress having been made with regard to the disposal of these two assets challenging economic conditions have resulted in protracted final negotiations with the buyers of these respective assets resulting in the transactions not being concluded at 31 March 2022. Accordingly, the sale of these assets was not considered to be highly probable and they were reclassified out of assets held for sale at 31 March 2022. As at 30 September 2022, there has been no change to these circumstances.

Details of the net assets of these businesses are disclosed in note 12.

3. Critical judgements and key sources of estimation uncertainty continued

3.4 Expected credit loss determination of the Reserve Bank of Zimbabwe settlement agreement

During the 2019 financial year, Nampak Zimbabwe Limited (NZL) entered into a legal agreement with the Reserve Bank of Zimbabwe (RBZ) in terms of which the RBZ agreed to settle blocked funds related to legacy debt owing by NZL to Nampak International Limited (NIL) amounting to US$67 million. The 5-year agreement is based on payments being made on a one for one basis to the US dollar in equal quarterly instalments of US$5.6 million commencing on 31 March 2021, with an initial 2-year holiday.

On 31 March 2021, the RBZ failed to make the first payment and through further correspondence requested that they be afforded an opportunity to arrange compliance with the original agreement through their Blocked Funds Framework (BFF). The RBZ settled R57.4 million (US$4.0 million) by the end of August 2021 after which a further default occurred and the expected credit loss ratio was raised from the initial 85% to 90% at 30 September 2021.

Given the intentions of the BFF, as well as discussions with a commercial financial institution using a loan mechanism which raises funding to repay debt, management has assessed the risk of non-recoverability of the remaining 10% of the RBZ obligation taking into account both quantitative and qualitative factors. Based on this assessment, management has determined that the risk of this non-recoverability materialising is low and has accordingly, not increased the current expected credit loss ratio of 90% at 30 September 2022.

Details of the carrying value of the RBZ financial instrument are disclosed in note 11.

3.5 Modification of revolving credit facility

The contractual terms for the revolving credit facilities, defined as a floating rate financial liability measured at amortised cost, were amended on 30 September 2022. In terms of IFRS 9: Financial Instruments, when the contractual terms of a financial liability have been amended, it must be determined whether the amendments result in an extinguishment of the financial liability or in a modification to the financial instrument concerned.

Based on the amended facilities agreement dated 30 September 2022, the floating interest rates have been contractually adjusted from the London Interbank Offered Rate (LIBOR) to the Secured Overnight Financing Rate (SOFR) on the USD portion of the debt while the ZAR portion of the debt remains unchanged.

Based on a qualitative and quantitative assessment of the revised contractual terms, management determined that these terms were not substantially different from the terms of the previous facility. Accordingly, the financial liabilities were modified and not extinguished.

The group has applied the practical expedient provided in IFRS 9 to account for the change in basis of determining the contractual cash flows of the liability required by interest rate benchmark reform. As the change to SOFR is as a result of interest rate benchmark reform, no margin is added to the SOFR rate and, accordingly, the carrying value of the debt remained unchanged at 30 September 2022.

Details of the revised contract terms are disclosed in note 3.1.

3. Critical judgements and key sources of estimation uncertainty continued

3.6 Functional currency of Nampak Bevcan Angola Limitada and Nampak Bevcan Nigeria Limited

In determining the functional currency of an entity, management is required to consider the indicators provided in IAS 21: The Effects of Changes in Foreign Exchange Rates. Where the above indicators are mixed and the functional currency is not obvious, management should use its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Only where there is a change to those underlying transactions, events and conditions, can the functional currency be changed.

After consideration of these factors, in particular selling prices and production costs being the dominant factors, the US Dollar was determined to be the functional currency for Nampak Bevcan Angola Limitada and Nampak Bevcan Nigeria Limited in management's initial and ongoing assessment.

Selling prices for aluminium beverage cans are negotiated in US dollar as they are linked to the London Metal Exchange (LME) where aluminium is traded in US dollar. Raw materials, being mainly aluminium, has to largely be imported and is priced internationally in US dollar. Other production costs such as gas and consumables, although payable in local currency, are also linked to the US dollar exchange rate. In addition, the nature of the manufacturing process is specialised and requires the employment of international labour which is payable in US dollar. Furthermore, the majority of the property, plant and equipment was purchased in US dollars with a significant portion of maintenance costs being US dollar linked.

There has been no change to the transactions, events and conditions supporting these factors. Consequently, there has been no change to the group's initial assessment and the decision was made that the US Dollar remains the functional currency of both companies.

3.7 Translation of Nampak Zimbabwe group companies

The functional currency of the Nampak Zimbabwe group companies is the ZWL dollar and their results have been prepared in accordance with IAS 29: Financial reporting in hyperinflationary economies as if the economy had been hyperinflationary from 1 October 2018. Hyperinflationary accounting requires transactions and balances to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the effect of loss of purchasing power during the period.

The group uses the Zimbabwe Consumer Price Index (ZCPI) as the general price index to restate amounts as the ZCPI provides an official observable indication of the change in the price of goods and services. The general price index used is as published by the Zimbabwe National Statistics Agency.

The economy in Zimbabwe remained hyperinflationary during the 2022 financial year with annual inflation reaching 280.4% as at 30 September 2022.

Nampak Zimbabwe's hyperinflated results have also been converted to rand, being the reporting currency of the group for consolidation purposes, at the closing rate on 30 September 2022 in terms of IAS 21: The effects of changes in foreign exchange rates. The exchange rate used in translating these results are derived from the Bloomberg market internet site and are based on the official auction mid-rates as published by the Reserve Bank of Zimbabwe.

3. Critical judgements and key sources of estimation uncertainty continued

3.8 Capital restructuring of Nampak Bevcan Angola Lda

As at 31 March 2022 the capital restructuring of Nampak Bevcan Angola (NBA) was completed. This entailed the conversion into equity of a portion of an intragroup loan to NBA, funded by Nampak International Limited (NIL), a subsidiary of Nampak Limited (Nampak). Pursuant to this restructuring initiative, the shares in NBA held by Nampak Products Limited (NPL), a subsidiary of Nampak, were sold to NIL prior to the equity conversion.

The sale of shares to NIL from NPL was required in terms of Angolan legislation as only those entities who are shareholders of a company can equitise loans. As part of the agreement to recapitalise NBA, which would have resulted in the full dilution of the minority, NIL sold 7% of its shareholding received from the capitalisation to the minorities at an agreed price which was effected through a loan provided by NIL to the minorities. The loan is secured by the underlying shares sold and repayment of the loan will be settled by the minorities ceding their right to normal dividends in settlement of the loan during the loan term.

The shareholding will have voting rights. Should the loan not be repaid within the period of the loan, such shares as have not been paid for may be acquired by NIL at the fair value of the shares at that point in time and offset against any outstanding balance on the loan.

The transaction has resulted in NIL's shareholding legally increasing from 70% to 93%, and consequently the outside shareholder's interest (OSI, minority) reducing to 7% with effect from 31 March 2022. This transaction did not require any further cash injection and is expected to positively impact earnings attributable to Nampak's equity shareholders in the future.

The provision of the loan for 7% of the subscription in NBA represents an option for accounting purposes. Until the equity interest held by the minority becomes unencumbered, they are exposed to the upside on the equity interest, while there is no exposure to downside risk or risk of loss during the loan period.

For the Nampak group consolidated financial statements, the 7% shareholding sold meets the definition of a non-controlling interest (NCI) per IFRS 10, however due to the underlying nature of the transaction, the in-substance ownership held by the NCI represents a 0% accounting and economic interest until such time as the option is in the money. Therefore, no profit attribution will be provided to the NCI until this point. At 31 March 2022 the dilution of the OSI in NBA resulted in an increase of the carrying amount of Nampak's interest in the equity of NBA of R679.4 million.

3.9 Aggregation of operating segments

The group is required to report financial information about each operating segment separately in terms of IFRS 8: Operating Segments. Operating segments may be aggregated into a single operating segment if they meet the criteria set out in IFRS 8.

The operating segments of the group are aggregated in line with the core principle of IFRS 8 which is to enable users to evaluate the nature and financial effects of the business activities in which the group engages and the economic environments in which it operates. These segments are aggregated based on their similar economic characteristics, the nature of their products, the nature of their production processes, the type of customers for their products and the methods to distribute their products.

The operating segments of the group are aggregated into the Metals, Plastic and Paper operating segments for segmental reporting purposes where the type of packaging material of the products produced by the operating segments is the key aggregation determining factor.

3. Critical judgements and key sources of estimation uncertainty continued

3.10 Recognition of deferred tax assets

Deferred taxation assets represent the amount of income tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. These assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and taxation rates, and competitive forces.

The deferred tax assets raised relate mainly to Nampak Products Limited in respect of provisions, retirement benefit obligations, right of use assets, lease liabilities and assessed losses carried forward from prior years. These assets are expected to be recoverable against future taxable profits in the normal course of business.

Further deferred tax assets were recognised in Nampak Bevan Angola Limitada in respect of assessed losses carried forward from prior years. In respect of the latter, deferred tax assets are only recognised to the extent that the company is expecting to utilise the tax losses with the consideration that these losses prescribe in 2025.

4. Error relating to the adoption of IFRS 16: Leases

The Group has leases with escalations linked to changes in inflation. During the current year, it was established that the initial measurement and recognition of lease liabilities on the adoption of IFRS 16: Leases in the 2020 financial year was incorrectly determined and resulted in lease liabilities being significantly overstated, as well as right of use assets, deferred taxation and equity being impacted.

The adoption balances were determined using an estimation of inflation to escalate lease payments over the period of the lease contracts concerned. In terms of the standard, however, the lessee is required to measure lease liabilities for lease payments that depend on an index or a rate using the index or rate at the commencement date. The lessee is, therefore, not permitted to estimate future inflation and should rather measure lease liabilities concerned using lease payments that assume no inflation over the lease term. These lease payments are only remeasured using the revised lease payments once the change in index is known which is typically the escalation date within the contract.

Based on our assessment the impact of the error on profit or loss for the 2021 financial year is immaterial and has been corrected in profit or loss for the 2022 financial year. As such, the consolidated statement of comprehensive income for the 2021 financial year has not been restated. Similarly, as this error does not impact the consolidated statement of cash flows for the 2021 financial year other than an immaterial reallocation of the interest and capital portions of the lease payment, the consolidated statement of cash flows for the 2021 financial year has not been restated.

In addition, the leases measured in terms of IFRS 16, including the debt balances and interest concerned, do not impact the covenant calculations and therefore these restatements have no impact on the current or previously disclosed covenants.

4. Error relating to the adoption of IFRS 16: Leases continued

The impact of this error on the previously reported results is as follows:

Consolidated statement of financial position

R million	2021 As previously reported	2021 Impact of restatement	2021 As currently reported	2020 As previously reported	2020 Impact of restatement	2020 As currently reported
Right of use assets	666.7	28.2	694.9	880.7	(9.1)	871.6
Deferred tax assets	466.2	(56.1)	410.1	388.6	(50.4)	338.2
Non-current assets	8 436.1	(27.9)	8 408.2	9 372.1	(59.5)	9 312.6
Assets classified as held for sale	621.9	(2.3)	619.6	—	—	—
Total assets	15 965.4	(30.2)	15 935.2	16 194.3	(59.5)	16 134.8
Retained earnings	4 911.7	158.0	5 069.7	4 701.3	158.0	4 859.3
Shareholders' equity	4 829.8	158.0	4 987.8	4 984.9	158.0	5 142.9
Total equity	4 301.1	158.0	4 459.1	4 214.5	158.0	4 372.5
Lease liabilities — non-current	1 192.7	(219.9)	972.8	1 291.2	(261.4)	1 029.8
Non-current liabilities	6 656.2	(219.9)	6 436.3	8 079.1	(261.4)	7 817.7
Loans and lease liabilities — current	1 577.0	56.3	1 633.3	1 134.5	43.9	1 178.4
Current liabilities	4 723.2	56.3	4 779.5	3 900.7	43.9	3 944.6
Liabilities directly associated with assets classified as held for sale	284.9	(24.6)	260.3	—	—	—
Total equity and liabilities	15 965.4	(30.2)	15 935.2	16 194.3	(59.5)	16 134.8

Consolidated statement of changes in equity

R million	2021 As previously reported	2021 Impact of restatement	2021 As currently reported	2020 As previously reported	2020 Impact of restatement	2020 As currently reported
Retained earnings	4 911.7	158.0	5 069.7	4 701.3	158.0	4 859.3
Shareholders' equity	4 829.8	158.0	4 987.8	4 984.9	158.0	5 142.9
Total equity	4 301.1	158.0	4 459.1	4 214.5	158.0	4 372.5

5. Revenue and operating profit before net impairment losses

5.1 Revenue

R million	30 Sep 2022	30 Sep 2021
Sale of goods	**16 304.7**	13 455.4
Transport cost recoveries	**171.9**	97.6
Rendering of services	**38.1**	42.2
Other*	**421.8**	363.2
Total	**16 936.5**	13 958.4

* Other revenue primarily relates to scrap sales. Revenue is recognised on the sale of goods when control is transferred to the customer being at the point where the goods are loaded on to the transport vehicle of the customer concerned.

Revenue comprises the consideration received or receivable on contracts entered into with customers in the ordinary course of the group's activities and is shown net of taxes, cash discounts, settlement discounts and rebates provided to customers.

Revenue is recognised on the sale of goods when control is transferred to the customer usually by means of delivery of the goods concerned. Transport costs recovered from customers are recognised on provision of the transport concerned. Revenue from providing services is recognised when the services have been performed over the period of the contract(s) concerned.

5.2 Operating profit before net impairment losses

Operating profit is defined as the profit derived from the core operating activities of group companies over which the group has control in terms of IFRS 10: Consolidated Financial Statements. Operating profit is presented after deducting operating expenses, including employee benefit expenses, depreciation and amortisation, net foreign exchange losses and net impairment losses, from gross profit (being revenue less raw materials and consumables used in production) and other operating income. Operating profit excludes finance costs and finance income as these are not part of the core operating activities of the group, while the share of net profit/(loss) in associates and joint venture are excluded from operating profit as the group does not have control over the investing, financing and operating decisions of these entities.

Included in operating profit before net impairment losses are the following items in addition to those indicated in the reconciliation below:

R million	30 Sep 2022	30 Sep 2021
Depreciation	**453.3**	441.2
Amortisation	**18.4**	19.2
Net loss on financial instruments	**534.3**	326.6
Derivatives	**(8.1)**	(11.9)
Net foreign exchange losses excluding Zimbabwe*	**542.4**	338.5

* Includes devaluation losses arising from Angolan and Nigerian exchange rate movements R545.6 million relating to trade receivables, trade payables and bank balances.

Fair value gain on investments	**(17.8)**	—
Legal and related fees	**8.9**	—
Net expected credit losses — financial instruments other than Reserve Bank of Zimbabwe financial instrument	**41.3**	1.1
Net impact of devaluation associated with Zimbabwe	**(69.7)**	4.5
Net foreign exchange gains	**64.8**	0.8
Monetary adjustment for hyperinflation	**(125.5)**	(4.5)
Net expected credit losses — Reserve Bank of Zimbabwe financial instrument	**(9.0)**	8.2

5. Revenue and operating profit before net impairment losses continued

5.3 Reconciliation of operating profit before net impairment losses to trading profit[1]

R million	30 Sep 2022	30 Sep 2021
Operating profit before net impairment losses	**1 152.2**	1 194.9
Adjusted for capital[2] and other items[3]	**459.2**	226.6
Capital items		
Net profit on disposal of investments	**—**	(10.2)
Other items	**459.2**	236.8
Net impact of devaluation in Zimbabwe	**69.7**	(4.5)
Net devaluation loss arising from Angolan and Nigerian exchange rate movements	**545.6**	246.0
Retirement benefit plan surplus[4]	**(221.6)**	—
Insurance loss[5]	**50.0**	—
Retrenchment and restructuring costs[6]	**11.6**	(1.3)
Gain on restructuring lease liabilities	**—**	(0.8)
Net measurement of expected credit loss allowance on loan and lease receivables (other than the Reserve Bank of Zimbabwe financial instrument)	**4.0**	—
Other	**(0.1)**	(2.6)
Trading profit	**1 611.4**	1 421.5

1. Trading profit/(loss) is the main measure of profitability used for segmental reporting purposes and includes foreign exchange movements on forward exchange contracts. Trading profit is determined after excluding capital and other items, as defined below, from operating profit before net impairment losses.
2. Capital items relate to items other than impairment losses/(reversals) that are adjusted for in the headline earnings per share calculation.
3. Other items are defined as losses/(gains) which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the year.
4. Relates to the portion of the actuarial surplus in the Malbak Group Pension Fund accruing to Nampak Products Limited, a direct subsidiary of Nampak Limited.
5. Relates to the gap cover provided to members of Group Risk Holdings (Pty) Ltd for insurance claims intimated due to the exceptional losses arising from the flood damage incurred in KwaZulu-Natal during April 2022.
6. Included in the prior year is a reversal of a provision raised in the 2020 financial year which was reversed in the 2021 financial year for the DivFood operations in Mobeni and Rosslyn due to alternative measures being adopted in the 2021 financial year.

6. Net impairment losses

R million	30 Sep 2022	30 Sep 2021
Impairment losses	**543.6**	436.8
Plant, equipment and vehicles	**345.4**	229.7
Right of use assets	**142.8**	169.5
Goodwill	**45.4**	—
Other Intangible assets	**0.2**	2.4
Assets held for sale	**9.8**	35.2
Reversal of impairment losses	**(31.5)**	(172.5)
Freehold land and buildings	**(0.9)**	(3.0)
Plant and equipment	**(30.6)**	(136.2)
Right of use assets	**—**	(33.3)
Net impairment losses	**512.1**	264.3

Refer to 3.2 for companies and divisions primarily impacted.

7. Net finance costs

R million	2022	2021
Finance costs		
Short-term facilities*	**75.6**	23.2
Long-term facilities	**428.5**	352.5
Lease liabilities	**98.3**	126.1
Other	**3.5**	4.4
Total	**605.9**	506.2
Finance income		
Short-term facilities	**15.9**	12.6
Liquid bonds	**—**	5.6
Equipment sales receivables	**1.9**	2.1
Other	**1.7**	1.3
Total	**19.5**	21.6
Net finance costs	**586.4**	484.6

* Finance costs in respect of short-term facilities includes the factoring loss on the invoice discounting facility of R13.1 million (2021: —).

8. Income tax expense

R million	30 Sep 2022	30 Sep 2021
South Africa		
Current tax		
Current year	**0.3**	0.1
Prior year	**(0.3)**	21.1
Deferred tax		
Current year	**(61.9)**	(71.1)
Prior year	**12.6**	(27.0)
Change in tax rate	**13.3**	—
Withholding tax	**4.9**	1.9
Total South African income tax credit	**(31.1)**	(75.0)
Foreign		
Current tax		
Current year	**109.6**	119.0
Prior year	**9.8**	(0.3)
Capital gains tax	**0.6**	0.6
Hyper-inflation adjustment	**51.5**	20.9
Deferred tax		
Current year	**(71.8)**	(46.5)
Prior year	**(43.7)**	29.3
Change in tax rate	**1.2**	(0.3)
Hyper-inflation adjustment	**32.1**	2.1
Withholding and other taxes	**26.3**	17.9
Total foreign tax charge	**115.6**	142.7
	84.5	67.7

8. Income tax expense continued

The company tax rate in South Africa is 28% (2021: 28%) of the taxable profit for the year. The South African tax rate will be reduced from 28% to 27% for financial years ending on or after 31 March 2023. For years ending on or after 31 March 2022, a rate of 27% is applied to measure deferred taxation and 28% to measure current tax. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

%	2022	2021
Reconciliation of rate of tax		
Statutory tax rate	**28.0**	28.0
Increase in tax rate due to:	**542.0**	24.6
Hyperinflation adjustments	**166.8**	5.8
Deferred taxation not recognised[1]	**135.5**	0.5
Disallowable expenses[2]	**92.3**	8.6
Foreign exchange translation impacts	**68.7**	—
Withholding and other foreign taxes	**53.9**	4.5
Tax rate reduction	**24.8**	—
Adjustment for prior years	**—**	5.2
Reduction in tax rate due to:	**(426.3)**	(37.4)
Foreign currency translation impact when converting local tax computations to functional currency	**—**	(0.7)
Government incentives and exempt income (including capital profits)[3]	**(23.6)**	(3.9)
Recognition of losses and temporary differences not previously recognised[4]	**(34.4)**	(23.4)
Adjustment for prior years	**(36.8)**	—
Foreign tax rate differential	**(84.1)**	(1.0)
Utilisation of tax losses not previously recognised[5]	**(247.4)**	(8.4)
Effective group rate of tax	**143.7**	15.2
Effective tax rate after adjusting for the impact of net impairment losses, tax losses utilised in Angola and the impact of hyperinflation adjustments in Zimbabwe	**36.0**	32.0

1. Deferred tax not recognised relates mainly to deferred tax on Nampak Bevcan Angola LDA tax losses reversed due to forecasted taxable profits in Kwanza terms, tax losses in Kenya and net temporary differences in Nampak Nigeria Ltd.
2. Disallowable expenses includes unproductive interest, impairment losses on goodwill, expenses not in the production of income, expenses not deductible in terms of local tax law and expenses of a capital nature.
3. Government incentives resulted mainly from learnership and research and development allowances claimed. Exempt income includes exempt interest subject to other taxes, the revaluation of an investment and income received from an associate.
4. Recognition of losses and temporary differences not previously recognised in relation to Bevcan Angola LDS on tax losses and provisions not previously recognised.
5. Utilisation of temporary differences on which deferred tax previously have not been recognised, mainly in Nampak Bevcan Angola LDA.

The group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date.

In addition to the income tax charge to profit or loss, a deferred tax charge of R5.8 million (2021: R9.2 million credit) has been recognised in other comprehensive income during the year.

9. (Loss)/earnings per share

R million	30 Sep 2022	30 Sep 2021
(Loss)/profit attributable to equity holders of the company for the year	**(146.9)**	207.2
Less: preference dividend	**(0.1)**	(0.1)
Basic (loss)/earnings	**(147.0)**	207.1
Adjusted for:		
Net impairment losses[1]	**512.1**	264.3
Freehold land and buildings	**(0.9)**	(3.0)
Plant, equipment and vehicles	**314.8**	93.5
Right of use assets	**142.8**	136.2
Goodwill	**45.4**	—
Other intangible assets	**0.2**	2.4
Assets held for sale	**9.8**	35.2
Net profit on disposal of investments	**—**	(10.2)
Net profit on disposal of property, plant, equipment and intangible assets	**(9.8)**	(9.8)
Tax effects and non-controlling interests	**(126.7)**	(49.1)
Headline earnings for the year	**228.6**	402.3
Basic (loss)/earnings per ordinary share (cents)	**(23.1)**	32.1
Diluted basic (loss)/earnings per share (cents)[2]	**(23.1)**	32.1
Headline earnings per ordinary share (cents)	**35.9**	62.3
Diluted headline earnings per share (cents)	**35.2**	62.3

1. Disclosure has been expanded and comparatives have been included accordingly.
2. No dilution in the current year.

10. Property, plant, equipment and investment property

R million	30 Sep 2022	30 Sep 2021
Net carrying value at the beginning of the period	**5 360.9**	5 905.8
Additions	**199.9**	311.6
Depreciation	**(342.4)**	(333.1)
Disposals	**(14.2)**	(7.1)
Net impairment losses	**(313.9)**	(90.5)
Net reclassifications from/(to) assets held for sale	**184.4**	(216.2)
Translation differences	**324.3**	(228.8)
Other movements	**53.0**	19.2
Net carrying value at the end of the period	**5 452.0**	5 360.9

Property, plant and equipment and investment property are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful life, using the straight-line method — other than for the Bevcan operations where the units of production method is applied. Depreciation is not provided in respect of land.

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they have changed.

Impairment losses are recognised on property, plant and equipment where the carrying value exceeds the higher of value-in-use of the assets at the operation/cash generating unit concerned or the fair value of the asset less costs to sell these assets.

11. Loan and lease receivables

R million	30 Sep 2022	30 Sep 2021
Equipment sales receivables[1]	**12.3**	22.4
Reserve Bank of Zimbabwe financial instrument[2]	**105.8**	87.5
Other loan receivables	**18.2**	11.5
Loan and lease receivables	**136.3**	121.4
Less: amounts receivable within one year reflected as current	**(51.8)**	(43.3)
Equipment sales receivables	**(4.3)**	(6.3)
Reserve Bank of Zimbabwe financial instrument	**(42.3)**	(35.0)
Other loan receivables	**(5.2)**	(2.0)
Non-current loan and lease receivables	**84.5**	78.1

1. Equipment sales receivables are repayable from 2023 to 2027. Interest rates charged are from 8.0% to 15.5% (2021: from 7.0% to 15.5%). Amounts are presented net of the calculated expected loss allowance.
2. The Reserve Bank of Zimbabwe (RBZ) financial instrument relates to an agreement in terms of which US$66.8 million owing to the group, was meant to be settled by the RBZ over a five-year period in quarterly repayments commencing 31 March 2021 after an initial two-year holiday. Management determined that at 30 September 2021 the risk of default on this instrument had increased since its initial recognition and that the expected credit loss (ECL) provision was accordingly increased from 85% to 90%. As at 30 September 2022, management has assessed the risk of non-recoverability of the remaining 10% of the RBZ obligation taking into account both quantitative and qualitative factors with no increase in the associated expected credit loss ratio being considered necessary. The gross carrying value of the instrument is R1057.6 million, while the ECL provision relating to this instrument is R951.8 million. The net carrying value of this instrument is therefore R105.8 million. Refer note 3.4.

Loan and lease receivables are measured initially at fair value. Subsequently, loan and lease receivables are measured at amortised cost.

12. Disposal groups and other non-current assets held for sale

12.1 Disposal groups and other non-current assets held for sale

R million	30 Sep 2022	30 Sep 2021
Disposal groups[1]	—	560.2
DivFood Mobeni[2]	—	506.6
Plant and equipment	—	186.3
Right of use assets	—	102.5
Other intangible assets	—	0.6
Inventory	—	144.6
Trade and other receivables	—	72.6
Rigids Tubes[3]	—	53.6
Plant and equipment	—	14.2
Right of use assets[4]	—	—
Inventory	—	22.3
Trade and other receivables	—	17.1
Other non-current assets held for sale — plant and equipment[5]	**51.2**	59.4
DivFood division	**40.2**	59.3
Megapak Swaziland (Pty) Ltd	**0.1**	0.1
Bullpak Kenya Ltd	**10.9**	—
Total	**51.2**	619.6

1. The Nampak Limited board took a decision to dispose of these businesses during March 2021 after consideration of binding offers received for these businesses in terms of the group's degearing plan set out in note 3.1. The group met the criteria of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations as at 31 March 2021 and therefore classified these disposal groups as held for sale at that date. These disposal groups were not recognised as discontinued operations in accordance with this standard as they neither represented a separate major line of business or geographical area of operations. During the year, these disposal groups were classified out of held for sale. Refer note 3.3.
2. No impairment loss of the DivFood Mobeni disposal group was incurred on the measurement of the disposal group to fair value less costs to sell.
3. The Rigids Tubes disposal group was impaired by R37.2 million in consideration of its fair value less costs to sell.
4. Right of use assets were impaired to less than R0.1 million in the financial year ended 30 September 2020.
5. Plant and equipment classified as held for sale in the DivFood division and Megapak Swaziland (Pty) Ltd were regarded as redundant to their operational requirements. Further plant and equipment in Bullpak Kenya Ltd was classified as held for sale due to the decision to close down this business. Impairment losses of R9.8 million (2021: R35.2 million) were recognised in respect of the assets of the DivFood division in the current year.

12.2 Liabilities associated with disposal groups held for sale

R million	30 Sep 2022	30 Sep 2021
DivFood Mobeni	—	239.5
Lease liability	—	144.7
Trade and other payables	—	94.8
Rigids Tubes	—	20.8
Lease liabilities	—	5.2
Trade and other payables	—	15.6
Total	—	260.3

13. Loans

13.1 Loans — non-current

R million	30 Sep 2022	30 Sep 2021
Local*	**3 445.0**	3 186.1
Foreign*	**3 435.4**	2 738.2
Loans	**6 880.4**	5 924.3
Less: amounts due for repayment within one year, reflected as current	**(2 158.5)**	(1 450.0)
Non-current loans	**4 721.9**	4 474.3

* These facilities are subject to covenants relating to interest cover and liquidity of the Nampak Limited group. The Nampak Limited group was within the covenant requirements for the 30 September 2022 measurement period. Interest rates charged range between 8.1% and 9.3% on the local loans, and between 5.2% and 6.4% on the foreign loans. The final repayment date for all loans is 31 December 2023.

13.2 Lease liabilities — non-current

R million	30 Sep 2022	Restated* 30 Sep 2021
Local	**1 287.4**	1 136.2
Foreign	**18.1**	19.9
Lease liabilities	**1 305.5**	1 156.1
Less: amounts due for repayment within one year, reflected as current	**(214.6)**	(183.3)
Non-current lease liabilities	**1 090.9**	972.8

* Refer note 4.

13.3 Loans and lease liabilities — current

R million	30 Sep 2022	Restated* 30 Sep 2021
Current portion of loans (note 13.1)	**2 158.5**	1 450.0
Current portion of lease liabilities (note 13.2)	**214.6**	183.3
Total	**2 373.1**	1 633.3

* Refer note 4.

14. Provisions

R million	Restructuring	Customer claims	Other	Total
At 1 October 2020	256.7	7.1	11.6	275.4
Additions	0.7	5.4	—	6.1
Usage	(37.0)	(0.3)	(0.9)	(38.2)
Reversals	(40.7)	(6.0)	(3.3)	(50.0)
Translation differences	(1.1)	(0.1)	(0.1)	(1.3)
At 30 September 2021	178.6	6.1	7.3	192.0
Additions	8.6	23.0	0.5	32.1
Usage	(19.0)	(20.5)	(0.7)	(40.2)
Reversals	(61.3)	(5.5)	(1.8)	(68.6)
Translation differences	(1.2)	—	0.1	(1.1)
Other	1.5	—	0.2	1.7
At 30 September 2022	**107.2**	**3.1**	**5.6**	**115.9**

Restructuring

Provisions for restructuring are recognised when the group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditures which are necessarily entailed by the restructuring and are not associated with the ongoing activities of the group.

Customer claims

This provision consists of amounts expected to be payable under customer claims in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Other

These provisions mainly relate to matters arising from the Glass disposal for which the group may be responsible.

15. Summarised group statement of cash flows analysis

15.1 Reconciliation of profit before taxation to cash generated from operations

R million	30 Sep 2022	30 Sep 2021
Profit before taxation	**58.8**	445.1
Adjustment for:		
Depreciation and amortisation	**471.7**	460.4
Net profit on disposal of property, plant, equipment, intangible assets and investments	**(9.8)**	(20.0)
Financial instruments fair value adjustment	**(8.1)**	(11.9)
Net defined benefit plan expense	**40.9**	58.2
Retirement benefit plan surplus	**(221.6)**	—
Impairment losses	**543.6**	436.8
Reversal of impairment losses	**(31.5)**	(172.5)
Net devaluation impact associated with Zimbabwe	**69.7**	(4.5)
Foreign exchange gains	**(64.8)**	(0.8)
Monetary adjustment for hyperinflation	**125.5**	4.5
Net expected credit losses — Reserve Bank of Zimbabwe financial instrument	**9.0**	(8.2)
Share of net (profit)/loss in associates and joint ventures	**(5.1)**	0.9
Share-based payments expense	**26.5**	3.3
Fair value gain on investments	**(17.8)**	—
Net finance costs	**586.4**	484.6
Cash generated from operations before working capital changes	**1 503.7**	1 680.4
Net working capital changes	**(658.5)**	(621.2)
Increase in inventories	**(753.8)**	(388.8)
Increase in trade and other current receivables	**(404.2)**	(987.7)
Increase in trade and other current payables	**499.5**	755.3
Cash generated from operations	**845.2**	1 059.2

15.2 Net cash and cash equivalents

R million	30 Sep 2022	30 Sep 2021
Bank balances and deposits	**1 501.6**	1 136.6
Bank overdrafts*	**—**	(25.0)
Total	**1 501.6**	1 111.6

* Bank overdrafts are not considered to be financing as they are overnight facilities that are capable of being drawn down accordingly. These overdrafts are repayable on demand and therefore classified as cash and cash equivalents.

Bank balances and deposits and bank overdrafts are measured at amortised cost.

16. Carrying amount of financial instruments

The carrying amounts of financial instruments as presented on the statement of financial position are measured as follows:

R million	30 Sep 2022	Restated[1] 30 Sep 2021
At fair value — level 2		
Financial assets		
Derivative financial assets[2]	**50.6**	31.1
Financial liabilities		
Derivative financial liabilities[2]	**22.4**	13.5
At fair value — level 3		
Investments	**22.3**	—
At amortised cost		
Financial assets	**4 624.2**	3 865.5
Non-current loan and lease receivables	**84.5**	78.1
Trade and other current receivables[3]	**2 986.3**	2 607.5
Current loan and lease receivables	**51.8**	43.3
Bank balances and deposits	**1 501.6**	1 136.6
Financial liabilities	**11 531.1**	9 920.3
Non-current loans	**4 721.9**	4 474.3
Non-current lease liabilities	**1 090.9**	972.8
Trade and other current payables[4]	**3 345.2**	2 814.9
Current loans and lease liabilities	**2 373.1**	1 633.3
Bank overdrafts	**—**	25.0

1. Restated — refer note 4.
2. Derivative financial assets and liabilities consist of forward exchange contracts and commodity futures. Their fair values are determined using the contract exchange rate at their measurement date, with the resulting value discounted back to the present value.
3. Excludes derivative financial assets (disclosed separately), prepayments and trade and other current receivables presented as part of assets classified as held for sale.
4. Excludes derivative financial liabilities (disclosed separately), shareholders for dividends, VAT payables and trade and other current payables presented as part of liabilities directly associated with assets classified as held for sale.

17. Capital expenditure, commitments and contingent liabilities

R million	30 Sep 2022	30 Sep 2021
Capital expenditure	**208.3**	312.9
Replacement	**192.7**	273.7
Expansion	**15.6**	39.2
Capital commitments	**111.9**	36.3
Contracted	**86.1**	32.5
Approved not contracted	**25.8**	3.8
Lease commitments	**15.6**	27.5
Land and buildings	**1.4**	1.2
Other	**14.2**	26.3
Contingent liabilities — guarantees, customer claims and other	**30.9**	10.0

18. Share statistics

	30 Sep 2022	30 Sep 2021
Ordinary shares in issue (000)	**690 475**	690 475
Ordinary shares in issue — net of treasury shares (000)	**634 435**	645 744
Weighted average number of ordinary shares on which basic (loss)/earnings and headline earnings per share are based (000)	**636 325**	645 469
Weighted average number of ordinary shares on which diluted basic (loss)/earnings per share are based (000)*	**636 325**	646 070
Weighted average number of ordinary shares on which diluted headline earnings per share are based (000)	**650 077**	646 070

* No dilution in current year.

19. Related party transactions

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions, other than sales to an associate of R24.4 million (2021: R23.8 million), is not significant and is included in the financial performance and results of the Group.

20. Subsequent events

There were no material events after the reporting date, up to the date of the approval of these financial statements, that would require disclosure.

21. Independent auditor's opinion

These summarised consolidated financial statements for the year ended 30 September 2022 have been audited by Deloitte & Touche, who have expressed an unmodified opinion in terms of the International Standards of Auditing, including a paragraph on material uncertainty relating to going concern. The auditors also expressed an unmodified opinion in terms of the International Standards on Auditing, with a paragraph on material uncertainty relating to going concern on the annual financial statements from which these summarised consolidated financial statements were extracted. Events or conditions indicate that material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

The full auditor's report, including the key audit matter, is available on the link as follows **http://www.nampak.com/Investors/Financial-Information**. Copies of their unmodified audit report on the consolidated and separate financial statements are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors. The auditor's report does not necessarily report on all of the information contained in this announcement. 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 issuer's registered office.

Independent auditor's report on summary financial statements

To the shareholders of Nampak Limited

Opinion

The summarised consolidated financial statements of Nampak Limited, which comprise the summary consolidated statement of financial position as at 30 September 2022, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended 30 September 2022, and related notes, are derived from the audited consolidated financial statements of Nampak Limited for the year ended 30 September 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Nampak Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, 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 the International Financial Reporting 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 of Nampak Limited and the auditor's report thereon.

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 2 December 2022. That report also includes the following statements:

We draw attention to Notes 1.4 and 5.4 in the financial statements, which indicate that R6 880.4 million of the Group's core funding package is repayable on or before 31 December 2023. As stated in Note 1.4, this condition, along with the Director's plans to reduce and restructure the debt as set forth in Note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. The communication of the key audit matter as reported in the auditor's report of the audited consolidated financial statements.

Directors' 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 abridged reports, set out in note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and to also, as a minimum, contain the information required by IAS 34, Interim Financial Reporting.

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 consolidated audited 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.

DocuSigned by:
Deloitte & Touche
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Deloitte & Touche
Registered Auditors
Per: MH Holme
Partner

2 December 2022

5 Magwa Crescent, Waterfall City, 2090, South Africa

Key ratios

		30 Sep 2022	30 Sep 2021
EBITDA — operating profit[1]	R million	**1 623.9**	1 655.3
EBITDA — covenants[2]	R million	**1 924.5**	1 716.3
Net gearing			
— based on total net borrowings	%	**134**	134
— based on net borrowings excluding capitalised finance leases	%	**108**	105
Current ratio	times	**1.4**	1.5
Acid-test ratio	times	**0.8**	0.9
Net debt: EBITDA — debt covenants	times	**2.8**	2.7
EBITDA: Interest cover — debt covenants	times	**3.9**	4.8
Return on equity	%	**(3.0)**	4.1
Return on net assets			
— based on trading profit	%	**14.2**	12.8
— based on operating profit	%	**5.7**	8.4
Return on invested capital			
— based on trading profit	%	**10.6**	9.8
— based on operating profit	%	**4.2**	6.4
Net asset value per ordinary share[3]	cents	**735**	772
Tangible net asset value per ordinary share[3]	cents	**401**	486

1. EBITDA — operating profit is calculated as operating profit before depreciation, amortisation and net impairment losses.
2. EBITDA — covenants is calculated as trading profit before depreciation and amortisation, and adjusted for unrealised foreign exchange losses/(gains) and lease payments.
3. Calculated on shareholders' equity and ordinary shares in issue, net of treasury shares.

Exchange rates

Key currency conversion rates used for the periods concerned were as follows:

	30 Sep 2022	30 Sep 2021
Rand/UK pound		
Average	**20.22**	20.29
Closing	**20.21**	20.34
Rand/Euro		
Average	**17.12**	17.73
Closing	**17.74**	17.49
Rand/US dollar		
Average	**15.82**	14.83
Closing	**18.09**	15.11
Naira/US dollar		
Average	**419.25**	400.33
Closing	**437.74**	413.05
Kwanza/US dollar		
Average	**490.60**	655.82
Closing	**443.55**	614.21
RTGS dollar/US dollar*		
Closing	**621.53**	87.67

* No average rate is disclosed as Zimbabwe is considered to be a hyperinflationary economy and the results of the Zimbabwe group companies are, therefore, translated at the closing rate.

Corporate information

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Company secretary

Ilse van Lochem

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