Unaudited consolidated interim results for the six months ended 31 March 2023

Salient features

Revenue of
R8.4bn
up 4%

Trading profit of
R899m
up 17%

Operating profit before net impairment losses
R259m
down 62%

Net impairment losses of
R2.4bn
up from R10m

Operating loss of
R2.1bn
(1H22: operating profit of R668m)

Net finance costs of
R494m
up 77%

Loss for the period of
R2.4bn
(1H22: profit of R321m)

Loss of
396.6cps
(1H22: earnings of 34.9cps)

Headline loss of
54.5cps
(1H22: headline earnings of 35.6cps)

Cash generated from operations before working capital of
R591m
down 45%

Investment in working capital of
R570m
down 30%

Group funding covenants complied with

Net debt:EBITDA (threshold: ≤3.0x)	2.9x
EBITDA:interest cover (threshold: ≥3.0x)	3.4x

Commentary

"2023 is a defining year for Nampak. Our group is a formidable business that is faced with unsustainable debt levels. Our strategic imperative is to focus on a new business model, that aims to unlock value in the short to medium term with a glide path that is configured to be fit for growth.

Bevcan South Africa has been successful in growing its volumes in the period under review driven by a consumer preference for large cans in the energy drink and beer markets. An opportunity exists to upgrade the beverage can lines to harness growth in these market segments. Our Plastic and Paper division is yielding mixed fortunes and there are options to carve out an optimal portfolio.

Green shoots in Angola are re-appearing as volumes improved after a period of contraction. In contrast, our business in Nigeria experienced worsening economic conditions including a sharp increase in inflation levels, foreign currency illiquidity, higher interest rates and a shortage of bank notes. These factors, together with the need to increase our prices to recover higher import costs, caused a decline in volumes.

The contracting South African economy, the reducing consumer disposable income, the heightened competitor activity and the very difficult trading conditions in Nigeria represent key performance inhibitors that continue to impact demand and affect the group's volumes. Our immediate strategic imperative is to urgently implement an optimal portfolio structure to take advantage of market opportunities and minimise the negative impact of these macroeconomic indicators. Load shedding is by all accounts set to intensify in South Africa over the medium to long term and will impact our business by varying degrees. Our capable leadership are continuously responding to the manufacturing disruptions and the impacts in different geographies brought about by power supply interruptions.

Group revenue increased by 4%. The Metals and Paper divisions' revenue increased by 7% and 3% respectively while Plastic's revenue declined by 4%. Profitability in the period was adversely impacted by devaluation losses in Angola and Nigeria of R571 million, net impairment losses of R2.4 billion and net finance costs of R494 million resulting in a net loss of R2.4 billion in the period. A headline loss of 54.5 cents per share is reported compared to a headline earnings of 35.6 cents per share in the comparative period ("1H22").

The equity base has been adversely impacted by net impairment losses represented by a goodwill impairment of R1.5 billion in Bevcan Nigeria and asset impairments in Angola and South Africa of R0.9 billion. The impairments in Nigeria and Angola were significantly increased due to the higher weighted average cost of capital (WACC) with a decline in current and future expected volumes in Nigeria also being a contributing factor.

The debt maturity dates were successfully renegotiated with our lenders with an extension being granted to 30 June 2024. This has improved the structure of the group's balance sheet at the reporting date. Discussions are progressing with the group's advisors and lenders regarding the refinancing and an appropriate future debt/equity structure. The revised funding package for the next five years is required to be finalised in due course inclusive of an asset disposal plan and will pave the way for the launching of an appropriately sized rights offer. The requirement for a rights offer of R1.5 billion has been reduced to a maximum of R1.0 billion.

A rigorous cost reduction program, business remodelling and signficant reduction in net working capital will be fundamental to our efforts in the short term. The divestiture program requires increased impetus as a critical enabler to reducing our debt encumberance to manageable levels. The medium term will deliver a honed portfolio of assets with a fit for purpose business model, and consequently, a reinvigorated Nampak as an outcome. Customer centricity will be at the heart of the organisation as we refine our go to market practices enabled by an efficient supply chain."

Phil Roux
Interim Chief Executive Officer

Our overall performance

Group financial performance

R million	1H23	1H22	% change
Revenue	**8 422**	8 065	4
Trading profit	**899**	770	17
Net devaluation losses arising from Angolan and Nigerian exchange rate movements	**(571)**	(49)	>(100)
Capital and other items	**(69)**	(43)	(60)
Operating profit before net impairment losses	**259**	678	(62)
Net impairment losses	**(2 359)**	(10)	>(100)
Operating (loss)/profit	**(2 100)**	668	>(100)
(Loss)/profit before tax	**(2 597)**	392	>(100)
(Loss)/profit for the period	**(2 447)**	321	>(100)
Cash generated from operations before working capital changes	**591**	1 080	(45)
Net cash utilised in operating activities	**(513)**	(91)	>(100)
(Loss)/earnings per share (cents)	**(396.6)**	34.9	>(100)
Headline (loss)/earnings per share (cents)	**(54.5)**	35.6	>(100)
Dividends per share (cents)	**–**	–	–

Revenue growth of 4% to R8.4 billion was enabled by increased volumes in Bevcan South Africa and improving volumes in Angola, partially offset by significant volume reduction in Bevcan Nigeria and DivFood. The Rest of Africa's volumes were stable.

Trading profit grew by 17% assisted by a pleasing Bevcan South Africa result and improved revenue from Bevcan Angola and Nigeria partially offset by trading losses incurred in DivFood and Rigid Plastic. The new pass-through pricing mechanism in the Nigerian beverage can market allowed for the partial recovery of the forex differential between the spot and parallel naira rate. This, however, contributed to reduced volumes which reflects the highly sensitive elasticity of demand in Nigeria for aluminium beverage cans. Group trading margins increased to 10.7% from 9.5% in 1H22 while the operating margin decreased to 3.1% from 8.4% in 1H22 primarily due to significant foreign exchange losses in Nigeria and Angola, and the losses in DivFood and Rigid Plastic divisions. The group continues to manage overheads in an inflationary environment. The opportunity for further enhanced cost-cutting measures exists within the scope of the restructuring plan.

Operating profit before net impairment losses of R259 million declined 62% from R678 million in 1H22 primarily due to significant foreign exchange losses in Nigeria (R531 million) and Angola (R40 million). The group remains exposed to the foreign currency devaluation risks in these markets due to very limited availability of foreign currency. Bevcan Nigeria, DivFood and Rigid Plastics incurred operating losses compared to an operating profit in 1H22, the combined effects of which contributed to a R340 million reduction in operating profit.

A decline of 50% in Plastic's operating profit is attributed to a loss being reported in the Rigid Plastic division which resulted in an adverse swing of R58 million. The operating loss results mainly from protecting market share while cost saving opportunities are still being implemented to mitigate the margin impact effect. The slowdown in demand for plastic bottles and drums, due to lacklustre demand in the dairy and export chemical markets respectively, negatively impacted volumes. Overhead cost savings initiatives remain the focus to counter the effects of the declining demand.

A strong performance from our paper business in Zimbabwe contributed to Paper's operating profit improving by 82%.

The operating loss of R2.1 billion is net of R2.4 billion impairment losses related to Bevcan Nigeria, Bevcan Angola, DivFood and Rigid Plastics. Increases in-country risk premiums, risk-free rates and interest rates have resulted in substantially higher WACC rates in Angola and Nigeria, with 50% or R1.0 billion of the impairments being attributable to the higher WACC rate in Angola and Nigeria.

Net finance costs increased by 77% to R494 million from R279 million driven by increased interest rates, comparably higher debt levels primarily due to elevated working capital and the impact of refinancing transaction costs incurred on the restructuring of the debt package being expensed in the period.

The effective group tax rate for the period is 5.8%. The main contributors to the lower effective rate are the net effects of the goodwill impairment, disallowable expenses and other impacts of foreign exchange-related items. The effective tax rate in 1H22 was 18.1%.

The loss of R2.5 billion attributable to equity holders of the group is mainly a result of the effects of the net impairment losses of R2.4 billion.

A basic loss of R2.5 billion translated into a loss of 396.6 cents per share from earnings of 34.9 cents per share in 1H22 while a headline loss of R342 million translated into a headline loss of 54.5 cents per share compared to a headline earnings of 35.6 cents per share in 1H22.

Cash generated from operations before working capital changes declined 45% to R591 million from R1.1 billion in 1H22 and was adversely impacted by foreign exchange losses that increased by R522 million.

Capital expenditure of R137 million was incurred in the period. The majority of this expenditure related to replacement capex to ensure that operations and production capacity levels were maintained. A deposit of R5 million was paid on the Bevcan Springs Line 2 upgrade at the end of March 2023 with further payments to be paid during the second half of the financial year.

The group complied with loan covenants at the quarterly measurement periods. Net interest-bearing debt excluding lease liabilities was 23% higher at R5.9 billion compared to R4.8 billion in the prior period partially impacted by a 22% weaker rand/US dollar exchange rate. Interest rates charged for the period range between 10.3% and 10.5% on local loans and between 5.3% and 8.0% on foreign loans. Interest rates on the revolving credit facilities and term loan ("RCF funding") have increased by 86 basis points with effect from 1 April 2023. The interest rates on the US Private Placement funding ("USPP") have increased from 5.25%, being a fixed rate set in 2013, to 12.0% effective 1 April 2023. The final repayment date for all the RCF funding and USPP funding is 30 June 2024 with the exception of R479 million owing to one funding institution having a maturity date of 31 December 2023 at the reporting date.

Net gearing excluding capitalised leases of 252% has increased from 104% in 1H22 mainly as a result of the effect of the R2.4 billion impairments and higher than planned net working capital.

Divisional reviews

Trading performance by substrate:

	Revenue		Trading profit		Trading margin %		Operating profit before net impairment losses		Operating margin %	
R million	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22
Metals	**6 375**	5 973	**849**	752	**13.3**	12.6	**279**	702	**4.4**	11.8
Plastic	**1 513**	1 576	**86**	143	**5.7**	9.1	**61**	122	**4.0**	7.7
Paper	**534**	516	**113**	81	**21.2**	15.7	**98**	54	**18.4**	10.5
Corporate services			**(149)**	(206)			**(179)**	(200)		
Group total	**8 422**	8 065	**899**	770	**10.7**	9.5	**259**	678	**3.1**	8.4

Metals

Revenue from the Metals division increased by 7% to R6.4 billion from R6.0 billion in 1H22. Improved trading conditions yielded an enhanced trading profit margin of 13.3% compared to 12.6% in 1H22. The operating margin decreased to 4.4% from 11.8% primarily due to foreign exchange losses incurred in Angola, Nigeria and an operating loss reported by DivFood.

Bevcan SA experienced increased overall market demand for beverage cans in the alcoholic and energy drink sectors. The Bevcan production lines producing larger can sizes remain fully utilised. Despite the strong demand for larger cans, overall sales volumes for the period were slightly lower than the previous period, mainly as a result of the national shortage of carbon dioxide.

Good progress has been made during the period regarding the improvement of operational efficiencies, most notably throughput on our lines coupled with a reduction of product spoilage. Cost optimisation and working capital reduction remain key focus areas throughout all our operations.

During the period, Bevcan Nigeria actioned an initiative to recover the forex differential between the official and parallel rate which resulted in a substantial increase in the cost of our beverage cans impacting demand. Consumers experiencing disposal income pressures opted for cheaper packaging options such as PET and returnable glass. This resulted in a significant decline in can volumes and led to an overstocked position which is anticipated to be corrected from July 2023. Significant forex losses were incurred in settling foreign currency denominated creditors through a rapidly weakening parallel exchange rate rather than through official exchange rates that have effectively been unavailable. Of the group's forex losses of R571 million, R531 million relate to settling of creditors for raw materials imported into Nigeria.

Bevcan Angola sales volumes increased by 8% for the six months period compared to 1H22 albeit off a low base. Consumer demand was enhanced by improving key economic indicators such as lower inflation and interest rates. The re-commissioning of three previously mothballed customer beverage can filling lines should result in improved future can demand.

DivFood continued to trade at levels below installed volume capacity due to a reduction in consumer demand exacerbated by poor economic conditions and agricultural vagaries. The lower volumes have negatively impacted profitability.

A decision to close Nigeria Metals (the non-beverage can business) was made in the period. Key customers decided to backwards integrate which resulted in a loss of critical volumes. The weakening of the Nigerian economy led to subdued demand for metal paint, polish and brake fluid products. In addition, the lack of US dollar availability at the official rates contributed to this decision. Plans to close the operation are progressing well with an exit planned for July 2023 when the last of the existing tinplate will be used up in the production process. No new orders for any raw materials are being placed.

Volumes in Kenya for food and shoe polish cans were stable. Demand for food and diversified cans in Zimbabwe remained robust although raw material and electricity supply challenges impacted manufacturing activities negatively, causing sales to decrease against the previous year.

Plastic

Revenue for the Plastic division decreased by 4% to R1.5 billion from R1.6 billion reported in 1H22 largely due to lacklustre economic activity. The trading profit reduced to R86 million from R143 million in 1H22. The negative trading environment resulted in a reduced trading profit margin of 5.7% from 9.1% achieved in 1H22. The operating margin decreased to 4.0% in the period from 7.7% in 1H22.

The weak South African economy continued to hamper demand for commodity products with lower-than-expected volumes for bottles and drums. Demand for drums was further impacted by a weaker export market for chemical products. Demand for closures remained stable. The Tubes business recorded good volume growth, coming off a low base in 1H22. Demand in Zimbabwe remained strong although sales were lower than anticipated due to raw material and electricity supply constraints. The Zimbabwean businesses remain self funding. Zambian crates demand was strong.

The exit of the Crates business was successfully concluded with the proceeds of R40 million to be received in the second half of the financial year.

Paper

Revenue increased by 4% to R534 million from R516 million in 1H22. Overall trading profit for the Paper division increased by a pleasing 40% to R113 million from R81 million. The operating margin increased to 18.4% from 10.5%.

Demand for corrugated cartons in Zimbabwe continued to surpass expectations with tobacco crops estimated to reach record highs for the 2023 financial year. Increased demand for conical cartons in Malawi continued, although Zambia conical carton volumes remain under threat from sales of traditional beer in bulk containers.

The weak economic conditions continue to curtail demand for conical carton volumes in South Africa, whilst PurePak volumes remain stable.

Corporate services

Corporate services include the management of head office activities such as procurement, treasury, legal, human resources, property services, risk and insurance and group accounting.

Trading performance by region

	Revenue		Trading profit		Trading margin %		Operating profit		Operating margin %	
R million	**1H23**	1H22	**1H23**	1H22	**1H23**	1H22	**1H23**	1H22	**1H23**	1H22
South Africa	**5 491**	5 373	**232**	327	**4.2**	6.1	**213**	325	**3.9**	6.0
Rest of Africa	**2 931**	2 692	**816**	649	**27.8**	24.1	**225**	553	**7.7**	20.5
Corporate services			**(149)**	(206)			**(179)**	(200)		
Group total	**8 422**	8 065	**899**	770	**10.7**	9.5	**259**	678	**3.1**	8.4

Detailed segmental information

In order to provide shareholders and potential investors with a better understanding of the underlying profitability, return on net operating assets and cash flow generation of Nampak's various business units, the company provides hereunder a more granular breakdown of its segmental results for 31 March 2023 ("1H23") and 31 March 2022 ("1H22"):

Category	Description	Businesses or territories
Profitable: lower foreign exchange risk	Stable businesses with a good or reasonable level of operating profit.	Bevcan RSA, Liquid Cartons RSA, Malawi, Zambia
Profitable: higher foreign exchange risk	Stable businesses with a good or reasonable level of trading profit, but high foreign exchange risk to operating profit.	Bevcan Angola, Bevcan Nigeria
DivFood and Plastic SA	Businesses with strong revenues, but a poor level of current trading profit and reasonable prospects of becoming profitable. Currently in a turnaround phase.	DivFood, Plastic SA
Other	Businesses outside of South Africa that are unprofitable and/or subscale, or which the group plans to exit in the short term.	East Africa and General Metals Nigeria
Corporate	Central and/or unallocated costs.	Corporate Offices in South Africa and Isle of Man
Zimbabwe	Stable businesses with a good or reasonable level of trading profit but operating in a hyperinflationary environment.	Carnaud MetalBox, Hunyani, Megapak

It should be noted that the additional segmental information based on the above classifications has been provided for information purposes only and does not reflect or represent the way the group is managed, nor will it be disclosed in future reporting periods, unless deemed necessary. The breakdown of the financial information below reconciles to the group's unaudited interim results on an aggregated basis, however the format and descriptions are not intended to comply with IFRS. The segmental breakdown provided is intended to provide shareholders and/or potential investors with a deeper insight into the profitability and cash generation of the various business categories, as per the above classifications.

Profitability

R million	Revenue	EBITDA[1]	Depre-ciation	Trading profit	Forex losses	Capital and other items	Operating profit/(loss) before net impair-ment losses	Operating assets before working capital	Net working capital	Total net operating assets[2]
1H23										
Profitable: lower foreign exchange risk	**3 525**	**414**	**90**	**324**	**—**	**—**	**324**	**2 680**	**1 492**	**4 172**
Profitable: higher foreign exchange risk	**1 744**	**652**	**55**	**597**	**(544)[3]**	**—**	**53**	**3 699**	**485**	**4 184**
DivFood	**1 517**	**(55)**	**21**	**(75)**	**—**	**11**	**(64)**	**611**	**561**	**1 172**
Plastic SA	**859**	**(15)**	**18**	**(32)**	**—**	**(19)**	**(51)**	**246**	**270**	**515**
	2 376	**(70)**	**39**	**(107)**	**—**	**(8)**	**(115)**	**857**	**831**	**1 687**
Other	**235**	**31**	**3**	**28**	**(27)**	**—**	**—**	**89**	**(145)[4]**	**(56)**
Corporate	**(267)**	**(91)**	**15**	**(108)**	**—**	**(54)**	**(161)**	**(1 573)[5]**	**611[6]**	**(961)**
Territories without hyperinflation	**7 613**	**936**	**202**	**734**	**(571)**	**(62)**	**101**	**5 752**	**3 274**	**9 026**
Zimbabwe	**809**	**172**	**7**	**165**	**43**	**(49)[7]**	**158**	**83**	**317**	**400**
Territories with hyperinflation	**809**	**172**	**7**	**165**	**43**	**(49)**	**158**	**83**	**317**	**400**
Total	**8 422**	**1 108**	**209**	**899**	**(528)**	**(111)**	**259**	**5 835**	**3 591**	**9 426**
1H22										
Profitable: lower foreign exchange risk	3 397	464	170	294	—	—	294	2 718	1 389	4 106
Profitable: higher foreign exchange risk	1 421	550	103	447	(48)[8]	—	399	3 903	310	4 213
DivFood	1 563	93	102	(9)	—	(2)	(11)	1 043	687	1 730
Plastic SA	832	41	37	4	—	—	4	251	184	435
	2 395	134	139	(5)	—	(2)	(7)	1 294	871	2 165
Other	258	36	15	21	—	—	21	105	(47)	58
Corporate	(283)	(96)	44	(140)	—	5	(135)	(515)	750	236
Territories without hyperinflation	7 188	1 088	471	617	(48)	3	572	7 505	3 273	10 778
Zimbabwe	877	171	18	153	11	(58)[7]	106	103	277	380
Territories with hyperinflation	877	171	18	153	11	(58)	106	103	277	380
Total	8 065	1 259	489	770	(37)	(55)	678	7 608	3 550	11 158

Notes:

1 EBITDA represents earnings before interest, tax, depreciation and amortisation.

2 Net operating assets consists of total assets, excluding current and deferred tax balances, bank balances and deposits, and liquid bonds and other loan receivables, less trade and other current payables, provisions and other non-current liabilities.

3 Includes a foreign exchange losses of R40 million in Angola and R531 million in Bevcan Nigeria.

4 Impacted by operational ability to access dollars in country to transfer to the group's central treasury and procurement operation in the Isle of Man.

5 Goodwill impairment in Bevcan Nigeria.

6 Consists primarily of accounts payable in the SA corporate entity and the trade debtors owing to the group's central treasury and procurement operation in the Isle of Man.

7 Net impact of devaluation associated with Zimbabwe.

8 Foreign exchange loss lower than 1H23 due to lower transfer rates in Nigeria in 1H22 and the narrower gap between official and parallel Naira rate.

Commentary continued

Cash generation

R million	Cash generated from/(utilised by) operations before working capital changes	Net working capital changes	Cash (utilised by)/ generated from operations (%)	Capital expenditure	Cash (utilised by)/ generated from operations after capital expenditure (%)
1H23					
Profitable: lower foreign exchange risk	**416**	**(500)**	**(84)**	**(53)**	**(137)**
Profitable: higher foreign exchange risk	**109**	**(44)**	**65**	**(38)**	**27**
DivFood	**(53)**	**99**	**46**	**(15)**	**31**
Plastic SA	**(39)**	**(34)**	**(73)**	**(13)**	**(86)**
	(92)	**65**	**(27)**	**(28)**	**(55)**
Other	**(3)**	**39**	**36**	**–**	**36**
Corporate	**(3)**	**(10)**	**(13)**	**(4)**	**(17)**
Territories without hyperinflation	**427**	**(450)**	**(23)**	**(123)**	**(146)**
Zimbabwe	**164**	**(120)**	**44**	**(14)**	**30**
Territories with hyperinflation	**164**	**(120)**	**44**	**(14)**	**30**
Total	**591**	**(570)**	**21**	**(137)**	**(116)**
Interest received					**6**
Interest paid					**(428)**
Retirement benefits, contributions and settlements					**(38)**
Income tax paid					**(74)**
Proceeds on disposal of property, plant, equipment and investments					**55**
Decrease in other non-current financial assets					**11**
Net cash utilised before financing activities					**(584)**
1H22					
Profitable: lower foreign exchange risk	395	(92)	303	(23)	280
Profitable: higher foreign exchange risk	451	(254)	197	(8)	189
DivFood	60	(249)	(189)	(25)	(214)
Plastic SA	23	(50)	(27)	(11)	(38)
	83	(299)	(216)	(36)	(252)
Other	28	(20)	8	(5)	3
Corporate	(31)	(60)	(91)	(1)	(92)
Territories without hyperinflation	925	(725)	200	(73)	128
Zimbabwe	155	(88)	67	(22)	45
Territories with hyperinflation	155	(88)	67	(22)	45
Total	1 080	(813)	267	(94)	173
Interest received					**5**
Interest paid					**(252)**
Retirement benefits, contributions and settlements					**(38)**
Income tax paid					**(74)**
Proceeds on disposal of property, plant, equipment and investments					**14**
Decrease in other non-current financial assets					**1**
Net cash utilised before financing activities					**(170)**

Goodwill

The Nigerian economy has been adversely impacted during the period by the Nigerian government's demonetisation plan which has resulted in a shortage of banknotes and higher exchange rates. These actions have slowed economic growth and resulted in lower volumes than previously anticipated.

The post-tax WACC has increased to 17.3% from 12.5% at 30 September 2022 due to an increase in the risk-free rate, the higher cost of debt due to the downgrade of the Nigerian credit rating and the increased country risk premium. In light of these developments, the group assessed the carrying value of goodwill in Bevcan Nigeria for possible impairment as of 31 March 2023. As a result, an impairment loss was recognised of R1.5 billion (US$84.8 million) during the period which reduced the carrying value of goodwill attributed to Bevcan Nigeria to R316.3 million (US$17.8 million). The recoverable amount of the Bevcan Nigeria operation is R1.3 billion (US$71.1 million).

Reserve Bank of Zimbabwe debt

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 amounting to US$66.8 million. Repayments of US$4.0 million were received up to 30 September 2022. A further repayment of US$0.5 million was received in March 2023, with a further US$0.5 million received in April 2023.

The expected credit loss provision has been maintained at 90%.

Impairments

The group's net asset value continues to significantly exceed the group's market capitalisation.

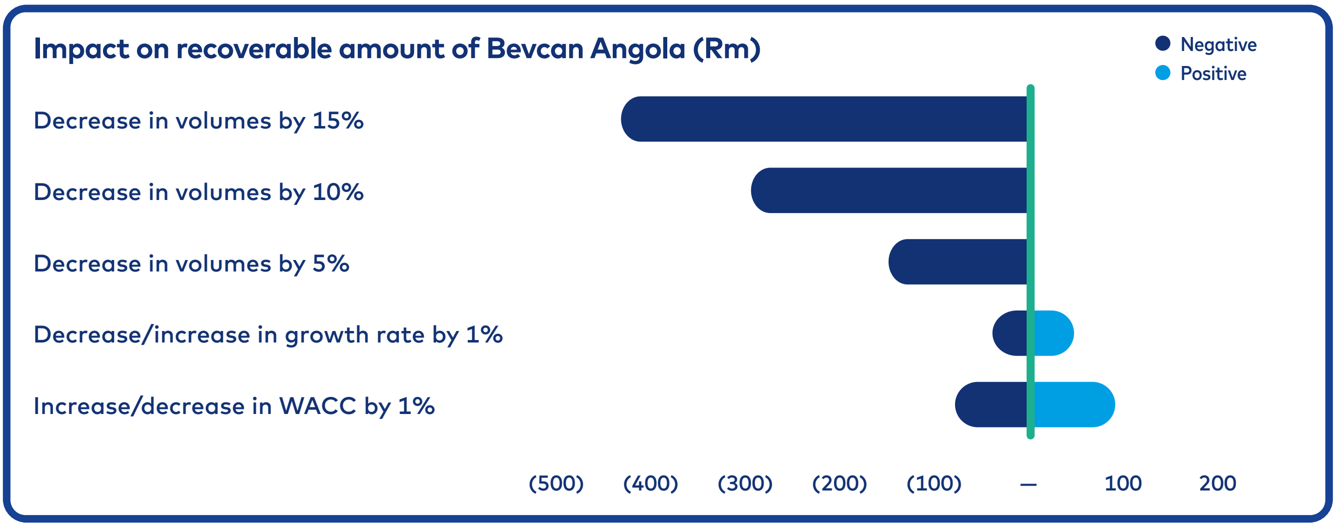
Assessments for potential impairment losses were completed for individual operations/cash-generating units. These valuations were performed at 31 March 2023 taking into account the approved forecast for 2023 and the strategic plans for 2024 to 2027 resulting in net impairment losses of R2.4 billion, of which R1.5 billion related to the Bevcan Nigeria goodwill impairment.

Rest of Africa

Bevcan Angola

The Angolan economy is expected to continue its current growth trajectory, as commenced in the previous financial year, with GDP growth expected to be over 3.0% in 2023 flowing from increased demand for Angolan oil. These developments are expected to continue driving volumes and are supported by the continued efforts of existing customers to increase market share and introduce new product lines, as well as the interventions of the Angolan government that are expected to improve regional demand and increase consumer buying power and consumption.

In Bevcan Angola, the post-tax WACC has increased to 17.7% from 14.9% at 30 September 2022 mainly due to weakening global conditions, resulting in the recognition of an impairment loss at 31 March 2023 of R493.4 million (US$27.0 million). The increase in the WACC rate contributed R291.1 million (59%) to the asset impairment.

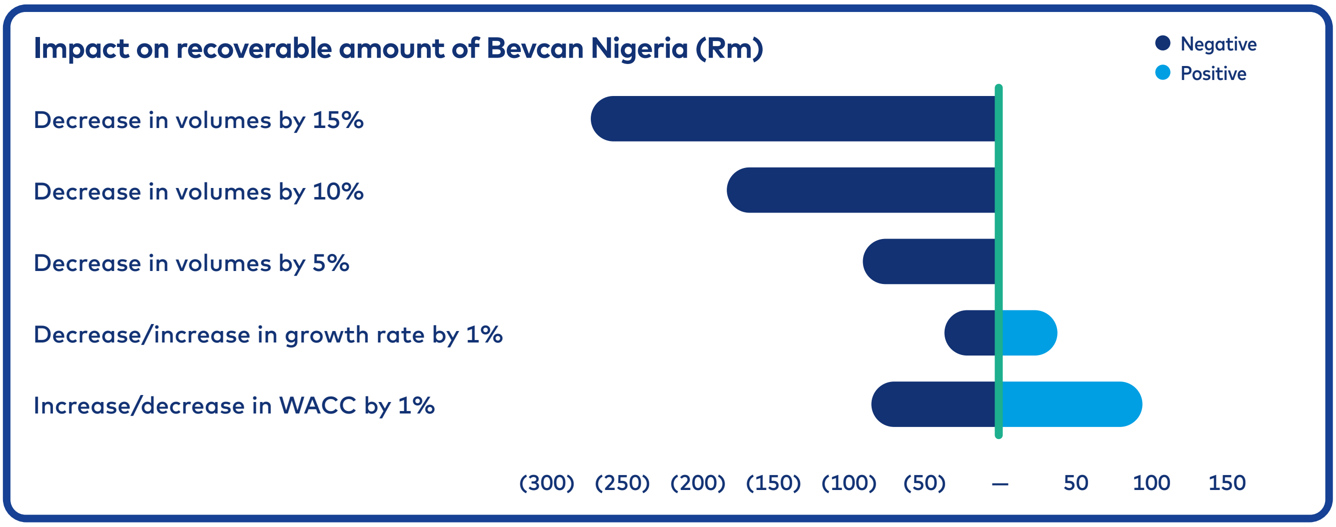


Bevcan Nigeria

A softening in consumer demand as a result of high foreign exchange rates and a shortage of bank notes currently experienced in Nigeria, strained customer affordability caused by higher recoveries of forex losses in the selling price of cans contributed to impairment losses.

Recently Moody's downgraded the country's credit rating to 'Caa1' and S&P Global Ratings downgraded the outlook to negative, citing expectations of further deterioration in the government's fiscal position. Mainly as a result of weakening global economic conditions, but also the down-grading of the Nigerian credit rating to 'Caa1', WACC rates for Nigeria have increased significantly since September 2022.

In Bevcan Nigeria, an after-tax WACC rate of 17.3% compared to 12.5% at 30 September 2022 is mainly due to weakening country risk premiums, increases in risk-free rates and forecast volume revisions owing to reduced demand. Goodwill amounting to R1.5 billion (US$84.8m) was derecognised. The increase in the WACC rate contributed R721.5 million (47%) to the goodwill impairment.



Commentary continued

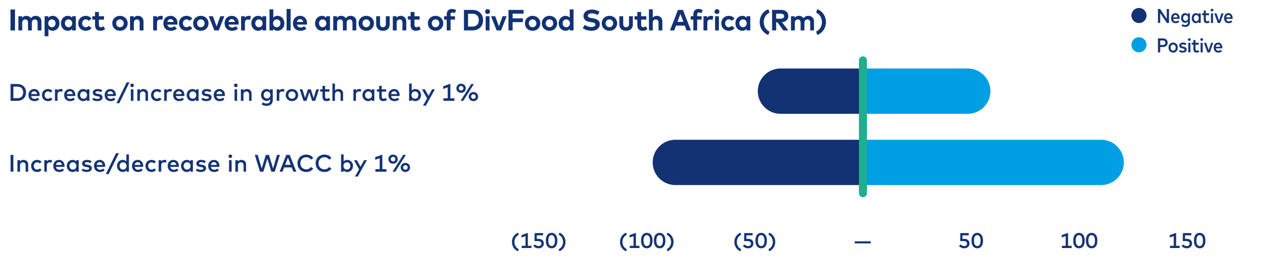
South Africa

The WACC rate in South Africa, with the exception of DivFood has been maintained at 13.6% in line with the WACC rate used at 30 September 2022. A WACC rate of 13.9% was applied to DivFood.

DivFood

DivFood is in the early stages of a business turnaround strategy with focused management actions to improve profitability. DivFood Mobeni's impairment was based on the assumption of fair value less cost to sell based on a binding offer received with an impairment of R134 million recognised in the period. A further impairment of R166 million was recognised for the DivFood tinplate operation based on a value-in-use model.

Impact on recoverable amount of DivFood South Africa (Rm)



Outlook

South Africa

Bevcan continues to enhance its operational efficiency and execute disciplined maintenance scheduling for existing equipment. The Springs Line 2 expansion for 500ml cans is expected to be funded from cash generated from operations in response to market opportunities.

Trading term reviews, revenue growth management, cost reduction and extracting efficiencies are the focus areas to return DivFood to profitability.

Rest of Africa

Green shoots of volume recovery, improving macroeconomic indicators and filling opportunities represent exciting opportunities for the trading relationships with our key customers.

In Nigeria, the inauguration of the new President should allow the necessary policy changes for greater economic stability. The difficulty in dealing with the parallel exchange rate in Nigeria and the timing of the transfer of funds creates uncertainty and challenges to the business model in Nigeria. The translation of transactions and monetary items for accounting purposes takes place at the official naira rates, but transfers of cash from Nigeria are only currently possible at the parallel rate. The board and management have identified mitigation of foreign exchange losses as a critical issue and this is receiving ongoing attention.

In general metal packaging, our operations in Zimbabwe are expected to sustain robust demand. Production volumes will continue to depend on the availability of electricity and foreign exchange required to procure raw materials while the operations are expected continue self-funding.

The group foresees a rise in demand in the medium to long term to counter the decline in the consumption of liquid cartons in recent months. This trend is an indicator of consumer rationing that is taking place because of the reduced disposable income.

The sale of traditional beer in bulk is adversely impacting the demand for conical cartons. Nampak Zambia is working with regulators to address the lack of enforcement of regulations related to the sale of beer in bulk. Demand for Zambia's other products is healthy and anticipated to remain strong as the business continues to generate healthy returns.

In Malawi, the group still foresees the conical cartons for sorghum beer continuing to regain pack share of the market, building on collaboration initiatives with our main customer.

Resumption of proposed capital raise from a rights offer

The requirement for a minimum rights offer of R1.5 billion has been reduced to a rights offer of up to R1.0 billion. Nampak will convene an EGM in respect of which a circular will be published on or about 31 May 2023, seeking all relevant authorisations required to enable the company to proceed with a potential rights offer to raise gross proceeds of up to R1.0 billion during the course of 4Q23 which, if successful, will enable management to further reduce the company's debt, result in a more appropriate capital structure thereby providing management the opportunity to focus on delivering its strategy.

As communicated in previous SENS announcements, negotiations to conclude credit-approved term sheets for the refinancing package for the next five years will continue over the next two months with the outcome expected to be announced at, or shortly after the release of the group's half-year results in May 2023. These negotiations, together with the group's progress in terms of the implementation of the restructuring plan will determine the size of the required rights offer, which will be announced in due course as part of Nampak's ongoing shareholder updates.

Dividend

The board decided not to declare an interim dividend for 2023, a decision aligned with the requirements of Nampak's funding agreements and stated the objective to actively reduce net interest-bearing debt.

Changes to the board

The board has formally assessed and determined that Mr Andre van der Veen is an independent non-executive director.

Ms Lesego Sennelo has resigned as an independent non-executive director of the Company, and as member of the Audit and Risk, and Social and Ethics Committees, all with effect from 23 May 2023, due to her personal circumstances. The board would like to extend its appreciation to Ms Sennelo for her commitment and service to the Company over the last three years. The board resolved to dissolve the Restructuring Committee with effect from 23 May 2023 given that much of the committee's scope of work, has been and will be carried out by the board, Chief Restructuring Officer and Interim Chief Executive Officer.

The board resolved to dissolve the Restructuring Committee with effect form 23 May 2023 given that much of the Committees scope of work, has been and will be carried out by the board, CRO and Interim CEO.

Interim results presentation

Nampak management will conduct an in-person and webcast presentation on Wednesday, 24 May 2023 at 10h00 South Africa Standard Time (UTC+2) to present the interim 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 interim results announcement and presentation will be uploaded on the website on the morning of the webcast.

On behalf of the Board

PM Surgey	**PM Roux**	**GR Fullerton**
Chairman	Interim Chief Executive Officer	Chief Financial Officer

Bryanston

24 May 2023

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 with thin 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 are 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 is 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.

Condensed group statement of comprehensive income

R million	Notes	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Change %	Audited Year ended 30 Sep 2022
Revenue	5.1	**8 422.3**	8 064.8	4	16 936.5
Operating profit before net impairment losses	5.3	**259.5**	677.8	(62)	1 152.2
Net impairment losses	6	**(2 359.3)**	(10.2)		(512.1)
Operating (loss)/profit		**(2 099.8)**	667.6		640.1
Finance costs	7	**(506.3)**	(284.2)	(78)	(605.9)
Finance income	7	**12.1**	5.2		19.5
Share of net (loss)/profit from associates and joint ventures		**(2.8)**	3.5		5.1
(Loss)/profit before tax		**(2 596.8)**	392.1		58.8
Income tax benefit/(expense)	8	**150.0**	(71.1)		(84.5)
(Loss)/profit for the period		**(2 446.8)**	321.0		(25.7)
Other comprehensive (loss)/income, net of tax		**(92.1)**	(169.7)		464.0
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations excluding Zimbabwe operations		**(20.1)**	(107.3)		609.7
Exchange differences on translation and hyperinflation effects of Zimbabwe operations		**(67.8)**	(70.0)		(160.1)
(Loss)/gain on cash flow hedges		**(4.2)**	–		3.3
Items that will not be reclassified to profit or loss					
Net actuarial gain from retirement benefit obligations		**–**	7.6		11.1
Total comprehensive (loss)/income for the period		**(2 538.9)**	151.3		438.3
(Loss)/profit attributable to:					
Owners of Nampak Limited		**(2 490.1)**	221.9		(146.9)
Non-controlling interests in subsidiaries		**43.3**	99.1		121.2
Total		**(2 446.8)**	321.0		(25.7)
Total comprehensive (loss)/income attributable to:					
Owners of Nampak Limited		**(2 548.8)**	66.4		375.1
Non-controlling interests in subsidiaries		**9.9**	84.9		63.2
Total		**(2 538.9)**	151.3		438.3
(Loss)/earnings per share					
Basic (cents per share)	9	**(396.6)**	34.9		(23.1)
Diluted (cents per share)	9	**(396.6)**	34.2		(23.1)

Condensed group statement of financial position

R million	Notes	Unaudited 31 Mar 2023	Restated* Unaudited 31 Mar 2022	Audited 30 Sep 2022
Assets				
Non-current assets				
Property, plant, equipment and investment property	10	**4 619.5**	5 352.0	5 452.0
Right of use assets		**510.0**	758.0	679.5
Goodwill		**437.4**	1 661.4	1 976.1
Other intangible assets		**132.0**	124.1	141.8
Investments in associates, joint venture and other		**36.4**	20.9	39.3
Retirement benefit asset		**233.2**	—	221.6
Deferred tax assets		**612.1**	377.8	436.0
Loan and lease receivables — non-current	11	**20.0**	74.0	84.5
		6 600.6	8 368.2	9 030.8
Current assets				
Inventories		**3 806.5**	3 625.6	3 934.9
Trade and other current receivables		**3 468.7**	2 904.2	3 258.4
Tax assets		**19.1**	10.3	24.0
Loan and lease receivables — current	11	**112.0**	44.2	51.8
Bank balances and deposits		**877.3**	1 397.3	1 501.6
		8 283.6	7 981.6	8 770.7
Non-current assets classified as held for sale	12	**77.7**	49.4	51.2
Total assets		**14 961.9**	16 399.2	17 852.7
Equity and liabilities				
Capital and reserves				
Share capital		**35.5**	35.5	35.5
Capital reserves		**(243.2)**	(257.3)	(245.9)
Other reserves		**608.4**	(46.0)	667.1
Retained earnings		**1 715.6**	4 610.4	4 205.7
Shareholders' equity		**2 116.3**	4 342.6	4 662.4
Non-controlling interests		**216.7**	235.6	213.9
Total equity		**2 333.0**	4 578.2	4 876.3
Non-current liabilities				
Loans — non-current	13.1	**5 443.4**	5 554.5	4 721.9
Lease liabilities — non-current	13.2	**1 031.0**	1 047.6	1 090.9
Retirement benefit obligation		**749.9**	775.1	746.3
Deferred tax liabilities		**29.0**	84.5	95.6
Other non-current liabilities		**9.9**	12.1	10.5
		7 263.2	7 473.8	6 665.2
Current liabilities				
Trade and other current payables		**3 546.8**	3 111.6	3 753.8
Provisions	14	**105.2**	189.4	115.9
Tax liabilities		**67.8**	81.9	68.4
Loans and lease liabilities — current	13.3	**1 285.6**	927.5	2 373.1
Bank overdrafts		**360.3**	36.8	—
		5 365.7	4 347.2	6 311.2
Total equity and liabilities		**14 961.9**	16 399.2	17 852.7

* Refer to note 4.

Condensed group statement of changes in equity

R million	Unaudited 6 months ended 31 Mar 2023	Restated Unaudited 6 months ended 31 Mar 2022	Audited Year ended 30 Sep 2022
Opening balance as previously reported	**4 876.3**	4 301.1	4 459.1
Correction of error[1]	**—**	158.0	—
Opening balance restated	**4 876.3**	4 459.1	4 459.1
Share-based payment expense	**15.3**	15.1	26.5
Share grants forfeited	**—**	(1.8)	(2.0)
Treasury shares purchased[2]	**(12.6)**	(45.5)	(45.5)
Total comprehensive (loss)/income for the period	**(2 538.9)**	151.3	438.3
Dividends paid[3]	**(7.1)**	—	(0.1)
Closing balance	**2 333.0**	4 578.2	4 876.3
Comprising:			
Share capital	**35.5**	35.5	35.5
Capital reserves	**(243.2)**	(257.3)	(245.9)
Share premium	**270.9**	270.9	270.9
Treasury shares	**(571.5)**	(558.9)	(558.9)
Share-based payments reserve	**57.4**	30.7	42.1
Other reserves	**608.4**	(46.0)	667.1
Foreign currency translation reserve	**1 259.3**	624.5	1 313.8
Financial instruments hedging reserve	**(0.9)**	—	3.3
Recognised actuarial losses reserve	**(623.8)**	(627.3)	(623.8)
Other[4]	**(26.2)**	(43.2)	(26.2)
Retained earnings	**1 715.6**	4 610.4	4 205.7
Shareholders' equity	**2 116.3**	4 342.6	4 662.4
Non-controlling interests	**216.7**	235.6	213.9
Total equity	**2 333.0**	4 578.2	4 876.3

1. Refer to note 4. During August 2022, the error relating to the adoption of IFRS 16: Leases was established and the comparatives for the financial year ended 30 September 2022 were restated accordingly. As such, the opening balance as reported for the financial year reflected the impact of this correction.
2. During the period 8 884 629 Nampak Limited shares were acquired at a cost of R12.6 million as the deferred incentive portion of the Executive Share Plan. In the previous year, 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).
3. Dividends paid relate to the outside shareholders' portion of an interim distribution by Nampak Zimbabwe Ltd to its parent, Nampak Southern Africa Holdings Ltd, which was accruing at 31 March 2023.
4. Other reserves relate to deferred tax on the equity contribution by Nampak International Ltd to Nampak Zimbabwe Ltd of R26.2 million.

Condensed group statement of cash flows

R million	Notes	Unaudited 6 months ended 31 Mar 2023	Restated Unaudited 6 months ended 31 Mar 2022*	Audited Year ended 30 Sep 2022
Cash generated from operations before working capital changes	15.1	**591.1**	1 080.2	1 503.7
Net working capital changes	15.1	**(569.7)**	(813.1)	(658.5)
Cash generated from operations	15.1	**21.4**	267.1	845.2
Net interest paid		**(422.3)**	(246.7)	(546.7)
Retirement benefits, contributions and settlements		**(37.8)**	(37.8)	(75.4)
Income tax paid		**(74.4)**	(73.5)	(169.6)
Cash flows from operations		**(513.1)**	(90.9)	53.5
Dividends paid		**—**	—	(0.1)
Net cash (utilised in)/generated from operating activities		**(513.1)**	(90.9)	53.4
Cash flows from investing activities				
Capital expenditure	17	**(137.0)**	(94.2)	(208.3)
Replacement		**(130.8)**	(86.9)	(192.7)
Expansion		**(6.2)**	(7.3)	(15.6)
Proceeds on disposal of property, plant, equipment and investments		**55.2**	14.2	43.0
Proceeds from RBZ receivable		**9.1**	—	—
Other investing activities		**1.7**	1.4	3.4
Cash utilised in investing activities		**(71.0)**	(78.6)	(161.9)
Net cash utilised before financing activities		**(584.1)**	(169.5)	(108.5)
Cash flows from financing activities				
Non-current loans raised		**107.5**	847.9	912.1
Non-current loans repaid		**(400.2)**	(414.8)	(511.6)
Invoice discounting finance raised		**10.8**	160.5	177.9
Lease liabilities repaid		**(57.9)**	(48.6)	(125.4)
Treasury shares purchased		**(12.6)**	(45.5)	(45.5)
Net cash (repaid)/raised in financing activities		**(352.4)**	499.5	407.5
Net (decrease)/increase in cash and cash equivalents		**(936.5)**	330.0	299.0
Net cash and cash equivalents at beginning of period		**1 501.6**	1 111.6	1 111.6
Translation of cash in foreign subsidiaries		**(48.1)**	(81.1)	91.0
Net cash and cash equivalents at end of period	15.2	**517.0**	1 360.5	1 501.6

* Re-presented to include treasury shares purchased with cash flows from financing activities (previously included as part of cash flows from operating activities) and to separately disclose invoice discounting finance raised (previously included as part of net working capital changes) in order to be consistent with the disclosures of 30 September 2022.

Notes

1. Basis of preparation

The condensed interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act of South Africa applicable to condensed financial statements. The Listings Requirements require interim reports to be prepared in accordance with and contain the information required by IAS 34: Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council.

The interim 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 2022 annual financial statements other than for the amendments to new standards.

2.2 New and revised International Financial Reporting Standards in issue

The standard IFRS 17: Insurance Contracts is in issue and is effective for annual reporting periods beginning on or after 1 January 2023. It is envisaged that Nampak Insurance Company Ltd (NICL), a subsidiary of Nampak International Ltd (which is in turn a subsidiary of Nampak Ltd), may be impacted by the implementation of this standard. A full assessment of this impact is underway in line with the group's proposed restructure. NICL is well capitalised and as such is likely to support an increase in liabilities under this standard.

There are also 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's balance sheet, gearing levels, funding structures and covenants remained our top priority. Significant focus has been placed on complying with the group's funding covenants, the prudent management of capital expenditure and the optimisation of working capital particularly given increased input costs and growing demand. Additional focus has been placed on addressing structural imbalances in the group's South African beverage can working capital cycle which has placed working capital under pressure. The group complied with both its covenants at its quarterly measurement periods during the half year ended 31 March 2023.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

Successful negotiations were held with the Revolving Credit Facility (RCF) and term loan lenders and the US Private Placement (USPP) noteholders that extended the debt maturity dates from 31 December 2023 to 30 June 2024 which have had a material positive impact on the group's structure of its statement of financial position and in particular on its short-term solvency position. Acceptable trigger points were negotiated with the RCF and USSP funders that avoid automatic defaults. This is reflected in the current ratio at 31 March 2023 of 1.6 times compared to 1.4 times at 30 September 2022. The ratio is however below the 1.8 times reported at 31 March 2022. The debt extension avoided a current ratio of 0.8 times being reported given that all the RCF and USPP debt would have been repayable within a year from the 31 March 2023 reporting date.

Working capital absorption has been an issue in the period and is reflective of a structural imbalance in Bevcan South Africa's working capital cycle. Post 31 March 2023 an agreement was reached with certain major customers for tighter credit terms which is expected to result in an approximate improvement of R500 million in working capital over the next two months. These actions will significantly improve the group's cash flows, improve liquidity, reduce debt and contribute to lower interest costs.

R0.4 billion of the R1.0 billion trade finance facility remains utilised at 31 March 2023. Capital expenditure is being closely managed with only essential capital expenditure being approved.

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 31 December 2023 to 30 June 2024;
- extension of the maturity date for the USPP noteholders' funding from 28 May 2023 to 30 June 2024;
- increased interest rates through higher margins as per table below. There have been significant increases in US Dollar interest rates and the South African country risk premium since this rate was originally agreed in 2013;
- an amendment fee of 0.43%;
- imposition of ratchet interest costs linked to certain net debt to EBITDA leverage ratios and if certain key milestones are not met;
- an asset disposal plan being shared with the lenders by 30 April 2023;
- the group maintaining a minimum liquidity of R1.0 billion at all times;
- requested security per the term sheets is delivered to the lenders;
- Nampak to make a repayment of R350.0 million on or before 30 September 2023 from internal resources in addition to the proceeds from the rights offer;
- rights offer milestones:

  Nampak Limited shall meet the following milestones (each a "milestone") with respect to the rights offer:
  - obtain final Board approval of the announcement of the rights offer on or before 30 June 2023;
  - post an extraordinary general meeting ("EGM") circular on or before 30 June 2023; and
  - host an EGM to approve the proposed resolutions relating to the rights offer on or before 31 July 2023.

  The milestone dates may be extended by the lenders and the USPP noteholders in writing.

  Failure to meet or otherwise comply with any of the above milestones will constitute an event of default.
- certain trigger events being included the most salient of which are the following:
  - a credit approved term sheet for the refinancing of the group is not finalised by 15 June 2023;
  - an EGM to approve the required resolutions to launch a rights issue is held on or before 31 July 2023;
  - Nampak does not announce a declaration reading the rights offer on or before 21 August 2023;

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

- » Nampak does not receive the rights issue proceeds on or before 30 September 2023; and
- » disposal proceeds of no less than R250.0 million are received no later than 31 December 2023;
- › maintenance of the group's current net interest bearing debt to EBITDA covenant at 3.0 times and the EBITDA interest covenant at 3.0 times (it was however tabled that these covenant thresholds would need to be revised given the impacts of the delay in the rights issue).

At 31 March 2023, one of the funders was not able to obtain the required approvals to sign the term sheet. Accordingly, R1 079.6 million represented by R479.6 million owed to this lender, the R350.0 million required reduction in debt from internal sources by 30 September 2023 and the minimum disposal proceeds of R250.0 million required by 31 December 2023 have been disclosed as short-term debt at 31 March 2023 with the balance of the group debt amounting to R5 443.4 million disclosed as long-term debt. Subsequent to 31 March, this lender obtained approval to extend repayment to 30 June 2024 in April 2023. The dollar component of the group's net debt was 42% at 31 March 2023 in line with the 42% reported at 30 September 2022.

RCF and term loan margins

With effect from 1 April 2023

%	Facility A	Facility B	Facility C	Facility D	Facility F	Facility G
Greater than or equal to 3.0:1	4.26	4.39	4.36	3.21	3.88	4.36
Less than 3.0:1 but greater than or equal to 2.5:1	3.78	3.89	3.88	3.21	3.45	3.88
Less than 2.5:1	3.27	3.5	3.37	3.21	3.2	3.37
USPP interest	12.00% per annum, effective as of 1 April 2023.					

Margin step-up

The margin would step-up (increase) if any of the following events occurs:

- › a credit approved term sheet for a refinancing of all of the facilities under the Facilities Agreement (as amended) and the USPP notes is not finalised by 15 June 2023: 1.5% per annum;
- › if the EGM does not approve the resolutions required to launch the rights offer: 1.5% per annum;
- › if the EGM approves the resolutions required to launch the rights offer but the rights offer is not concluded by 30 September 2023: 1.5% per annum; and
- › if asset sales resulting in business disposal proceeds of at least R250.0 million have not been implemented and the business disposal proceeds received by 31 December 2023: 0.5% per annum.

Margin step-up to apply retrospectively with effect from 1 April 2023.

With effect to 31 March 2023

%	Facility A	Facility B	Facility C/G	Facility D	Facility F	Facility G
Greater than or equal to 3.0:1 times						
Less than 3.0 times but greater than or equal to 2.50 times	3.40	3.53	3.50	2.35	3.40	3.02
Less than 2.5 times	2.92	3.03	3.02	2.35	2.98	2.59
USPP interest	2.41	2.64	2.51	2.35	2.63	2.34
USPP interest	5.25% per annum, effective to 31 March 2023.					

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

Solvency and liquidity

Solvency

At 31 March 2023, after impairments, the valuations of the group's assets, fairly valued, exceed the group's 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 31 March 2023 and at the date of this report.

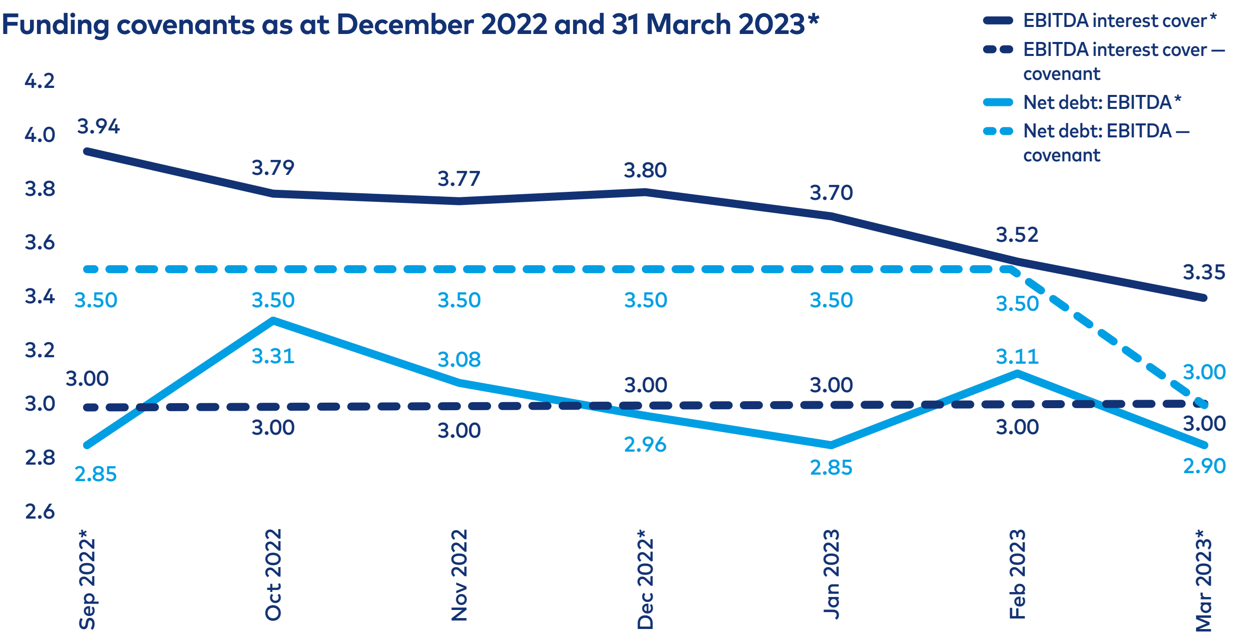
Liquidity management

Covenants have been complied with for all measurement periods to 31 March 2023. A net debt to EBITDA ratio of 2.9 times achieved was below the threshold limit of 3.0 times cover with the EBITDA interest cover ratio of 3.4 times above the minimum required ratio of 3.0 times as at 31 March 2023. EBITDA on a 12-month rolling average for banking covenant purposes of R2 092.4 million was 17% up on the R1 788.1 million of the prior 12-month rolling average to 31 March 2022. The effects of higher interest rates have impacted negatively on net finance costs and along with the higher average debt levels for the rolling 12-month period have resulted in the EBITDA to interest cost cover covenant declining to 3.4 times but still exceeding the minimum threshold of 3.0 times at 31 March 2023.

The current ratio as at 31 March 2023 was 1.6 times and the acid test ratio at 0.8 times falling slightly below the comparative period ratios of 1.8 times and 1.0 times, respectively. This is due to the required R350.0 million and R250.0 million requiring settlement by 30 September 2023 and 31 December 2023 respectively as well as the utilisation of R479.6 million of facility G becoming short-term as at 31 March 2023 as they only obtained approval to extend repayment to 30 June 2024 in April 2023.

The group complied with its covenants at December 2022 and 31 March 2023 as follows:

Funding covenants as at December 2022 and 31 March 2023*



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.

* Covenant measurement dates.

3. Critical judgements and key sources of estimation uncertainty continued

3.1 Going concern continued

Security

On 31 March 2023, the group signed a binding term sheet with its lenders (both the RCF Lenders and the holders of the USPP notes) in terms of which the termination dates under both the RCF facilities agreement and the USPP note purchase agreement have been extended to 30 June 2024. Legal agreements to give effect thereto were concluded by 23 May 2023.

In terms of the extension to the termination dates, all interest-bearing loans and facilities will now be secured through a security special purpose vehicle which requires that inter alia, the following security is granted to the lenders:

Nampak Limited

- A first ranking pledge and cession in security under South African law in terms of which Nampak Limited pledges its shares in, and cedes its shareholder claims against, Nampak Products Limited and any other entity incorporated in South Africa (other than a member of the group which is a dormant company); and
- To the extent applicable, local law governed first ranking security over its shares in and shareholder claims against Nampak International Limited and any other entity incorporated in a jurisdiction other than South Africa (other than a member of the group which is a dormant company).

Nampak Products Limited

- A first ranking cession in security of its present and future claims (including book debts), cash and cash equivalents, bank accounts, intellectual property rights (other than trademarks), insurances, insurance proceeds and disposal proceeds Deed of hypothecation over trademarks under South African law:
  - first mortgage bonds over fixed assets;
  - general notarial bond over moveable assets and inventory; and
  - special notarial bond over certain specified moveable assets.

Nampak International Limited

- local law governed first ranking security agreements in terms of which it charges its shares in, and assigns its shareholder claims against Nampak Bevcan Nigeria Limited and Nampak Bevcan Angola, LDA; and
- to the extent possible, customary local law all asset security over its present and future assets, including but not limited to all present and future claims (including book debts), cash and cash equivalents, bank accounts, insurances, insurance proceeds, disposal proceeds intellectual property rights (including trademarks and patents).

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, the management of working capital and capital expenditures, as well as the group's 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 group has the ability to continue as a going concern and that the going concern assumption is appropriate in the preparation of the condensed financial statements.

3. Critical judgements and key sources of estimation uncertainty continued

3.2 Impairment of assets

In terms of IAS 36: Impairment of Assets, the group is required to perform tests for the impairment of property, plant and equipment, right of use assets and intangible 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 or, as with the aforementioned assets, whenever there is an indication that goodwill may be impaired.

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 the weighted average cost of capital (WACC). 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.

Sensitivities with respect to WACC rates, growth rates and volumes are set out in the commentary on pages 10 and 11.

Goodwill

The Nigerian economy has been adversely impacted in the current financial year by the Nigerian government's demonetisation plan which has resulted in a shortage of bank notes and higher exchange rates that have slowed economic growth and resulted in volume growth being lower than previously anticipated. The post-tax WACC has also increased to 17.3% from 12.5% in the previous year (September 2022) due to an increase in the risk-free rate, the higher cost of debt due the downgrade of the Nigerian credit rating and the increased country risk premium. In light of these developments, the group assessed the carrying value of goodwill in Bevcan Nigeria for impairment at 31 March 2023. As a result, an impairment loss was recognised of R1 549.2 million (US$84.8 million) reducing the carrying value of goodwill attributed to Bevcan Nigeria to R316.3 million (US$17.8 million). The recoverable amount of the Bevcan Nigeria operation is R1.3 billion (US$71.1 million).

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 31 March 2023 taking into account the approved forecast for 2023 and the strategic plans for 2024 to 2027.

The impairment assessments impacted the assets of three divisions in particular. The divisions impacted and the circumstances in which the impairment losses occurred are as follows:

Bevcan Angola

The Angolan economy is expected to continue its current growth trajectory, as commenced in the previous financial year, with GDP growth expected to be over 3.0% in 2023 flowing from the increased demand for Angolan oil. These developments are expected to continue driving volumes and are supported by the continued efforts of existing customers to increase market share and introduce new product lines, as well as the interventions of the Angolan government that are expected to improve regional demand and increase consumer buying power and consumption. Despite these positive developments, the post-tax WACC has increased to 17.7% from 14.9% in the previous year (September 2022) due to the higher risk-free rate, higher cost of debt and increased country risk premium, resulting in the recognition of an impairment loss at 31 March 2023 of R493.4 million (US$27.0 million). The recoverable amount of the Bevcan Angola operation amounts to R1 217.3 million (US$68.4 million).

3. Critical judgements and key sources of estimation uncertainty continued

3.2 Impairment of assets continued

DivFood South Africa

The DivFood business continues to experience low demand for certain product categories despite encouraging demand in other categories. Volumes are, however, expected to recover in the second half of the year. The net working capital continues to benefit from the reduction in commodity prices and the focused efforts of management to reduce these levels. Several initiatives to increase the profitability of this business are also currently being pursued. In light of the current circumstances however, as well as the risk adjusted WACC for this business being increased to 13.9%, management has determined that an impairment loss at 31 March 2023 of R299.5 million should be recognised. The recoverable amount of the DivFood business amounts to R1 336.8 million.

Rigids South Africa

The Rigids business continues to experience competition for volumes with imported material impacting margins. Internal projects to simplify and optimise operations are ongoing and the benefits have not yet been fully realised. In line with the accounting standard, however, each business unit was separately assessed for possible impairment losses to its assets. As a result, an impairment loss of R17.2 million was recognised specifically at 31 March 2023 in respect of one of its business units due to the expected loss of two customers for which replacement volumes have not been fully identified. The recoverable amount of the Rigid business amounts to R398.2 million.

3.3 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 amounting to US$66.8 million.

The RBZ defaulted on the terms of the agreement during the financial year ended 30 September 2021 but repayments totalling US$5.0 million have been received, including the most recent repayment of US$0.5 million in April 2023. The 90% impairment of the debt as at 30 September 2022 has accordingly been maintained.

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

3.4 Classification of non-current assets as held for sale

The classification of non-current assets as 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 circumstances pertaining to the property, plant and equipment of the divisions involved, the directors determined that these assets met the above criteria as at 31 March 2023 and therefore are classified as held for sale at that date.

Details of these assets are disclosed in note 12.

3. Critical judgements and key sources of estimation uncertainty continued

3.5 Modification of financial liabilities

The contractual terms for the revolving credit facilities, defined as a floating rate financial liability measured at amortised cost, were amended on 31 March 2023. 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.

In limited circumstances, a qualitative assessment will be sufficient to establish that the terms of the modified financial liability are substantially different from those of the original instrument. If this assessment is not sufficient, an entity applies a quantitative assessment based on the guidance in the standard.

Based on a qualitative assessment of the revised contractual terms, management determined that these terms were substantially different from the terms of the previous facility. Accordingly, the financial liabilities were extinguished and the unamortised transaction fees relating to these liabilities were recognised in profit and loss.

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

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. Critical judgements and key sources of estimation uncertainty continued

3.7 Functional currency and translation of 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.

Nampak has adopted the use of the exchange rate movements between the Zimbabwe Dollar (functional currency) and the US Dollar (a relatively stable foreign currency) in determining the general price index from February 2023 onwards. Management has applied these factors in determining the hyperinflation numbers for the March 2023 half year reporting period.

The economy in Zimbabwe remained hyperinflationary during the 2023 financial year with annual inflation reaching 248.4% as at 31 March 2023.

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 31 March 2023 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.

3.8 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.

3.9 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.

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 (as previously disclosed in the financial statements for the year ended 30 September 2022)

The group has leases with escalations linked to changes in inflation. During August 2022, 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 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.

This error was consequently corrected and disclosed in the financial statements for the year ended 30 September 2022.

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.

The impact of this error on the previously reported results for March 2022 is as follows:

Consolidated statement of financial position

R million	As previously reported	Impact of restatement	As currently reported
Right of use assets	733.7	24.3	758.0
Deferred tax assets	435.8	(58.0)	377.8
Non-current assets	8 401.9	(33.7)	8 368.2
Total assets	16 432.9	(33.7)	16 399.2
Retained earnings	4 452.4	158.0	4 610.4
Shareholders' equity	4 184.6	158.0	4 342.6
Total equity	4 420.2	158.0	4 578.2
Lease liabilities — non-current	1 298.5	(250.9)	1 047.6
Non-current liabilities	7 724.7	(250.9)	7 473.8
Loans and lease liabilities — current	868.3	59.2	927.5
Current liabilities	4 288.0	59.2	4 347.2
Total equity and liabilities	16 432.9	(33.7)	16 399.2

Consolidated statement of changes in equity

R million	As previously reported	Impact of restatement	As currently reported
Retained earnings	4 452.4	158.0	4 610.4
Shareholders' equity	4 184.6	158.0	4 342.6
Total equity	4 420.2	158.0	4 578.2

5. Revenue and operating profit before net impairment losses

5.1 Revenue

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Sale of goods	**8 187.5**	7 778.3	16 304.7
Transport cost recoveries	**31.5**	52.9	171.9
Rendering of services	**20.3**	19.4	38.1
Other*	**183.0**	214.2	421.8
Total	**8 422.3**	8 064.8	16 936.5

* 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 we have 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, therefore, excludes finance costs and finance income as these are not part of the core operating activities of the group, while the share of net profits/(losses) of associates and joint ventures 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	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Depreciation	**(201.2)**	(242.2)	(453.3)
Property, plant and equipment	**(150.5)**	(187.4)	(342.4)
Right of use assets	**(50.7)**	(54.8)	(110.9)
Amortisation	**(7.5)**	(9.7)	(18.4)
Net loss on financial instruments	**(588.7)**	(156.4)	(534.3)
(Loss)/gain on derivatives	**(37.6)**	(71.7)	8.1
Net foreign exchange losses excluding Zimbabwe*	**(551.1)**	(84.7)	(542.4)

* Includes devaluation losses arising from Angolan and Nigerian exchange rate movements R571.4 million (March 2022: R48.7 million; September 2023: R545.6 million) relating to trade receivables, trade payables and bank balances.

5. Revenue and operating profit before net impairment losses

5.2 Operating profit before net impairment losses continued

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Fair value gain on investments	**—**	—	(17.8)
Net expected credit losses — financial instruments other than Reserve Bank of Zimbabwe financial instrument	**(12.0)**	(3.5)	(41.3)
Net impact of devaluation associated with Zimbabwe	**(17.3)**	(40.1)	(69.7)
Net foreign exchange gains	**43.0**	11.2	64.8
Monetary adjustment for hyperinflation	**(68.5)**	(51.3)	(125.5)
Net expected credit loss reversals/(losses) — Reserve Bank of Zimbabwe financial instrument	**8.2**	—	(9.0)

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

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Operating profit before net impairment losses	**259.5**	677.8	1 152.2
Adjusted for capital[2] and other items[3] (excluding net impairment losses separately disclosed)	**639.8**	92.6	459.2
Capital items	**31.8**	—	—
Net loss on liquidation of business[4]	**37.5**	—	—
Net profit on plant and equipment disposed due to business closure[5]	**(5.7)**	—	—
Other items	**608.0**	92.6	459.2
Net impact of devaluation associated with Zimbabwe	**17.3**	40.1	69.7
Net devaluation loss arising from Angolan and Nigerian exchange rate movements	**571.4**	48.7	545.6
Retirement benefit plan surplus[6]	**—**	—	(221.6)
Insurance loss[7]	**—**	—	50.0
Retrenchment and restructuring costs	**19.3**	4.2	11.6
Net measurement of expected credit loss allowance on loan and lease receivables (other than the Reserve Bank of Zimbabwe financial instrument)	**—**	—	4.0
Other	**—**	(0.4)	(0.1)
Trading profit	**899.3**	770.4	1 611.4

1. Trading profit is the main measure of profitability used for segmental reporting purposes and includes foreign exchange movements on forward exchange contracts.
2. Capital items relate to items other than net impairment losses/loss 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 period.
4. Relates to the foreign currency translation reserve balance pertaining to Nampak Holdings (UK) Ltd which was recycled through profit and loss on the liquidation of this business in October 2022.
5. Relates to the profit on disposal of plant and equipment of Nampak Nigeria Ltd and Bullpak Ltd disposed due to the anticipated closure of these businesses.
6. 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.
7. 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. Net impairment losses

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Impairment losses	**(2 359.3)**	(10.2)	(543.6)
Plant, equipment and vehicles	**(699.3)**	–	(345.4)
Right of use assets	**(109.8)**	–	(142.8)
Goodwill	**(1 549.2)**	–	(45.4)
Other intangible assets	**(1.0)**	–	(0.2)
Non-current assets classified as held for sale	**–**	(10.2)	(9.8)
Reversal of impairment losses	**–**	–	31.5
Freehold land and buildings	**–**	–	0.9
Plant and equipment	**–**	–	30.6
Total	**(2 359.3)**	(10.2)	(512.1)

7. Net finance costs

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Short-term facilities	**(58.8)**	(30.4)	(75.6)
Long-term facilities	**(307.7)**	(191.3)	(428.5)
Lease liabilities	**(51.9)**	(62.3)	(98.3)
Other[1]	**(87.9)**	(0.2)	(3.5)
Finance costs	**(506.3)**	(284.2)	(605.9)
Short-term facilities	**3.8**	3.0	15.9
Equipment sales receivables	**0.8**	1.0	1.9
Other[2]	**7.5**	1.2	1.7
Finance income	**12.1**	5.2	19.5
Net finance costs	**(494.2)**	(279.0)	(586.4)

1. Included in other interest paid are refinancing transaction costs of R87.9 million that were previously capitalised and expensed upon the substantial modification of the loan agreements in March 2023 (refer note 3.5).
2. Other interest includes an amount of R6.7 million, relating to interest received on the Malbak Pension Fund Surplus.

8. Income tax benefit/(expense)

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Current tax			
Current year	**(69.1)**	(100.7)	(109.9)
Prior year	**0.4**	(8.3)	(9.5)
Capital gains tax	**0.2**	–	(0.6)
Hyper-inflation adjustment	**(2.8)**	(7.1)	(51.5)
Deferred tax			
Current year	**246.4**	57.4	133.7
Prior year	**(12.0)**	27.8	31.1
Change in tax rate	**–**	(12.5)	(14.5)
Hyper-inflation adjustment	**10.8**	(13.9)	(32.1)
Withholding and foreign tax	**(23.9)**	(13.8)	(31.2)
Total	**150.0**	(71.1)	(84.5)

8. Income tax benefit/(expense) continued

The company tax rate in South Africa is 27% (2022: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

Tax rate reconciliation

%	Unaudited 6 months ended 31 Mar 2023*	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Statutory group tax rate	**27.0**	28.0	28.0
(Decrease)/increase in tax rate due to:	**(21.7)**	24.1	542.0
Impairment of goodwill	**(15.8)**	—	—
Foreign exchange rate impacts	**(2.3)**	—	68.7
Disallowable expenses	**(1.5)**	6.7	92.3
Withholding and other foreign taxes	**(0.9)**	3.5	53.9
Deferred taxation not recognised	**(0.6)**	1.5	135.5
Adjustment for prior year	**(0.4)**	—	—
Tax effect of Zimbabwe hyperinflation	**(0.1)**	9.2	166.8
Foreign tax rate differential	**(0.1)**	—	—
Tax rate decrease	**—**	3.2	24.8
Increase/(decrease) in tax rate due to:	**0.5**	(34.0)	(426.3)
Adjustment for prior year	**—**	(4.9)	(36.8)
Foreign currency translation impact when converting local tax computations to functional currency	**—**	(5.7)	—
Foreign tax rate differential	**—**	(1.7)	(84.1)
Utilisation of prior year losses	**—**	(20.3)	(247.4)
Government incentives and exempt income (including capital profits)	**0.2**	(1.4)	(23.6)
Recognition of losses and temporary differences not previously recognised	**0.3**	—	(34.4)
Effective group tax rate	**5.8**	18.1	143.7

* Signs of reconciling items are impacted due to the group having a loss before tax for the period ending March 2023 but in the 2022 reporting periods had a profit before tax reported.

The group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. In addition to the income tax charge to profit and loss, no deferred tax charge (March 2022: R1.9 million; September 2022: R5.8 million credit) has been recognised in equity during the year.

9. (Loss)/earnings per share

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
(Loss)/profit attributable to equity holders of the company for the period	**(2 490.1)**	221.9	(146.9)
Less: preference dividend	**—**	—	(0.1)
Basic (loss)/earnings	**(2 490.1)**	221.9	(147.0)
Adjusted for:			
Net impairment losses	**2 359.3**	10.2	512.1
Freehold land and buildings	**—**	—	(0.9)
Plant, equipment and vehicles	**699.3**	—	314.8
Right of use assets	**109.8**	—	142.8
Goodwill	**1 549.2**	—	45.4
Other intangible assets	**1.0**	—	0.2
Assets held for sale	**—**	10.2	9.8
Net loss on liquidation of business	**37.5**	—	—
Net profit on disposal of plant, equipment and non-current assets classified as held for sale	**(21.4)**	(4.0)	(9.8)
Tax effects and non-controlling interests	**(227.4)**	(1.7)	(126.7)
Headline (loss)/earnings for the period	**(342.1)**	226.4	228.6
Basic (loss)/earnings per share (cents)	**(396.6)**	34.9	(23.1)
Diluted basic (loss)/earnings per share (cents)	**(396.6)**	34.2	(23.1)
Headline (loss)/earnings per share (cents)	**(54.5)**	35.6	35.9
Diluted headline (loss)/earnings per share (cents)	**(54.5)**	34.9	35.2

10. Property, plant, equipment and investment property

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Net carrying value at the beginning of the period	**5 452.0**	5 360.9	5 360.9
Additions	**133.4**	92.6	199.9
Depreciation	**(150.5)**	(187.4)	(342.4)
Disposals	**(31.8)**	(8.9)	(14.2)
Net impairment losses	**(699.3)**	—	(313.9)
Net reclassifications (to)/from assets held for sale	**(48.6)**	200.5	184.4
Translation differences	**(70.8)**	(105.5)	324.3
Other movements	**35.1**	(0.2)	53.0
Net carrying value at the end of the period	**4 619.5**	5 352.0	5 452.0

Property, plant and equipment and investment property are stated at cost less accumulated depreciation and accumulated net 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	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Reserve Bank of Zimbabwe financial instrument[1]	**103.2**	85.6	105.8
Equipment sales receivables[2]	**11.8**	13.7	12.3
Other loan receivables	**17.0**	18.9	18.2
Loans and lease receivables	**132.0**	118.2	136.3
Less: Amounts receivable within one year reflected as current	**(112.0)**	(44.2)	(51.8)
Reserve Bank of Zimbabwe financial instrument	**(103.2)**	(34.2)	(42.3)
Equipment sales receivables	**(3.9)**	(7.3)	(4.3)
Other loan receivables	**(4.9)**	(2.7)	(5.2)
Loans and lease receivables — non-current	**20.0**	74.0	84.5

1. Refer to note 3.3. The gross carrying value of the instrument is R1 032.0 million, while the expected credit loss (ECL) provision relating to the instrument is R928.8 million being 90% of the gross carrying value. The net carrying value of this instrument is therefore R103.2 million. Management has assessed the risk of the non-recoverability of the net carrying value of the instrument taking into account both quantitative and qualitative factors, including the receipt of a further R9.1 million (US$0.5 million) in March 2023, with no increase in the associated ECL ratio being considered necessary at 31 March 2023. A net measurement of the ECL provision relating to the instrument, being a gain of R8.2 million, was recognised at 31 March 2023 to maintain the ECL ratio at 90% on the receipt in March.
2. Equipment sales receivables are repayable from 2023 to 2025. Interest rates earned are between 9.3% and 14.0%.

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

12. Non-current assets classified as held for sale

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
DivFood division	**19.6**	49.4	40.2
Megapak Swaziland (Pty) Ltd	**—**	—	0.1
Bullpak Kenya Ltd	**10.8**	—	10.9
Nampak Nigeria Ltd	**47.3**	—	—
Total	**77.7**	49.4	51.2

13. Loans and lease liabilities

13.1 Loans — non-current

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Local	**3 445.0**	3 551.8	3 445.0
Foreign	**3 078.0**	2 709.7	3 435.4
Loans	**6 523.0**	6 261.5	6 880.4
Less: Amounts due for repayment within one year reflected as current	**(1 079.6)**	(707.0)	(2 158.5)
Loans — non-current	**5 443.4**	5 554.5	4 721.9

These facilities are subject to covenants relating to interest cover and liquidity of the Nampak Ltd group. The Nampak Ltd group was within the covenant requirements for the 31 March 2023 measurement period. Interest rates charged range between 10.3% and 10.5% on the local loans, and between 5.3% and 8.0% on the foreign loans. In terms of the revised terms for these loans agreed at 31 March 2023, the interest rates on these loans have been increased from 1 April 2023. Refer note 3.1. The final repayment date for all loans as revised is 30 June 2024.

13. Loans and lease liabilities continued

13.2 Lease liabilities — non-current

R million	Unaudited 6 months ended 31 Mar 2023	Restated* Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Local	**1 219.6**	1 251.1	1 287.4
Foreign	**17.4**	17.0	18.1
Lease liabilities	**1 237.0**	1 268.1	1 305.5
Less: amounts due for repayment within one year, reflected as current	**(206.0)**	(220.5)	(214.6)
Lease liabilities — non-current	**1 031.0**	1 047.6	1 090.9

* Refer note 4.

13.3 Loans and lease liabilities — current

R million	Unaudited 6 months ended 31 Mar 2023	Restated* Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Current portion of loans	**1 079.6**	707.0	2 158.5
Current portion of lease liabilities	**206.0**	220.5	214.6
Total	**1 285.6**	927.5	2 373.1

* Refer note 4.

14. Provisions

R million	Restructuring	Customer claims	Other	Total
At 1 April 2022	172.2	10.2	7.0	189.4
Additions	7.0	13.7	0.5	21.2
Usage	(11.7)	(17.0)	(0.4)	(29.1)
Reversals	(61.3)	(3.8)	(1.8)	(66.9)
Translation differences	(0.5)	—	0.1	(0.4)
Other	1.5	—	0.2	1.7
At 30 September 2022	107.2	3.1	5.6	115.9
Additions	0.6	2.9	0.2	3.7
Usage	(13.6)	—	—	(13.6)
Translation differences	(0.2)	—	—	(0.2)
Other	—	—	(0.6)	(0.6)
At 31 March 2023	**94.0**	**6.0**	**5.2**	**105.2**

Restructuring

The provision for restructuring is 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. The restructuring provision only includes those direct expenditures which are necessarily entailed by the restructuring and are not associated with the ongoing activities of the group.

14. Provisions continued

Customer claims

The provision for customer claims 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. Condensed group statement of cash flows analysis

15.1 Reconciliation of (loss)/profit before tax to cash generated from operations

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
(Loss)/profit before tax	**(2 596.8)**	392.1	58.8
Adjustment for:			
Depreciation and amortisation	**208.7**	251.9	471.7
Net profit on disposal of property, plant, equipment, right of use assets, intangible assets and non-current assets classified as held for sale	**(21.4)**	(4.0)	(9.8)
Net loss on liquidation of business	**37.5**	—	—
Financial instruments fair value adjustment	**37.6**	71.7	(8.1)
Net defined benefit plan expense	**36.6**	27.6	40.9
Retirement benefit plan surplus	**—**	—	(221.6)
Impairment losses	**2 359.3**	10.2	543.6
Reversal of impairment losses	**—**	—	(31.5)
Net devaluation impact associated with Zimbabwe	**17.3**	40.1	69.7
Net foreign exchange gains in Zimbabwe operations	**(43.0)**	(11.2)	(64.8)
Monetary adjustment for hyperinflation	**68.5**	51.3	125.5
Net expected credit (loss reversals)/losses — Reserve Bank of Zimbabwe financial instrument	**(8.2)**	—	9.0
Share of loss/(profit) in associates and joint ventures	**2.8**	(3.5)	(5.1)
Share based payment expense	**15.3**	15.1	26.5
Fair value gains on investments	**—**	—	(17.8)
Net finance costs	**494.2**	279.0	586.4
Cash generated from operations before working capital changes	**591.1**	1 080.2	1 503.7
Net working capital changes	**(569.7)**	(813.1)	(658.5)
Decrease/(increase) in inventories	**15.8**	(673.6)	(753.8)
Increase in trade and other current receivables	**(445.1)**	(418.3)	(404.2)
(Decrease)/increase in trade and other current payables	**(140.4)**	278.8	499.5
Cash generated from operations	**21.4**	267.1	845.2

15. Condensed group statement of cash flows analysis

15.2 Net cash and cash equivalents at the end of the period

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Bank balances and deposits	**877.3**	1 397.3	1 501.6
Bank overdrafts*	**(360.3)**	(36.8)	—
Total	**517.0**	1 360.5	1 501.6

* 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 are 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	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
At fair value through profit or loss — level 2			
Derivative financial assets[1]	**—**	—	50.6
Derivative financial liabilities[1]	**10.1**	53.0	22.4
At fair value through profit or loss — level 3			
Investments	**22.3**	—	22.3
At amortised cost			
Financial assets	**4 227.6**	4 168.8	4 624.2
Non-current loan and lease receivables	**20.0**	74.0	84.5
Trade and other current receivables[2]	**3 218.3**	2 653.3	2 986.3
Current loan and lease receivables	**112.0**	44.2	51.8
Bank balances and deposits	**877.3**	1 397.3	1 501.6
Financial liabilities	**11 396.5**	10 758.9	11 531.1
Non-current loans	**5 443.4**	5 554.5	4 721.9
Non-current lease liabilities	**1 031.0**	1 298.5	1 090.9
Trade and other current payables[3]	**3 276.2**	3 000.8	3 345.2
Current loans and lease liabilities	**1 285.6**	868.3	2 373.1
Bank overdrafts	**360.3**	36.8	—

1. 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.
2. Excludes derivative financial assets (disclosed separately), prepayments and VAT refunds due.
3. Excludes derivative financial liabilities (disclosed separately), payroll accruals and VAT payables.

17. Capital expenditure, commitments and contingent liabilities

R million	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Capital expenditure	**137.0**	94.2	208.3
Replacement	**130.8**	86.9	192.7
Expansion	**6.2**	7.3	15.6
Capital commitments	**486.5**	42.9	111.9
Contracted	**96.6**	25.7	86.1
Approved not contracted*	**389.9**	17.2	25.8
Lease commitments	**3.9**	42.8	15.6
Land and buildings	**1.0**	0.3	1.4
Other	**2.9**	42.5	14.2
Contingent liabilities — customer claims and guarantees	**26.3**	25.7	30.9

* Included is capital expenditure of R210.0 million relating to the Springs line 2 in the Bevcan South Africa operation that will be incurred in the 2024 financial year.

18. Share statistics

	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Ordinary shares in issue (000)	**690 475**	690 475	690 475
Ordinary shares in issue — net of treasury shares (000)	**626 496**	634 435	634 435
Weighted average number of ordinary shares on which basic (loss)/earnings and headline earnings per share are based (000)	**627 823**	636 325	636 325
Weighted average number of ordinary shares on which diluted basic (loss)/earnings per share are based (000)*	**627 823**	649 587	636 325
Weighted average number of ordinary shares on which diluted headline (loss)/earnings per share are based (000)*	**627 823**	649 587	650 077

* No dilution of basic loss per share for the six months ended 31 March 2023 or for the full year ended 30 September 2022. Similarly, no dilution of headline loss per share for the six months ended 31 March 2023.

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 being not significant, is included in the financial performance and results of the Group.

20. Subsequent events

The ZAR/US dollar exchange rate has deteriorated to trade at ZAR/USD 19.20 on 23 May 2023 from ZAR/USD 17.80 as at 31 March 2023, after reports that the United States may take economic action against South Africa for having allegedly provided weapons and ammunition to Russia. At these levels the medium to long term impacts of the deterioration may be considered material to the group.

The ZWL/US dollar exchange rate has also deteriorated materially since 31 March 2023 with the official rate published at ZWL/USD 1 448.94 on 23 May 2023 from ZWL/USD 928.59 as at 31 March 2023. This deterioration may materially impact the group's results.

An agreement to dispose the plant and equipment relating to the closure of the Crates manufacturing unit was concluded on 21 March 2023 subject to certain conditions precedent for an amount of R40.0 million excluding VAT. The purchase price is payable in three tranches with the full purchase price required to be settled within three months of the disposal. The proceeds from the Crates asset disposals will be used to reduce the group's debt levels. The disposals are also expected to result in significant disposal profits for the group with a consequent positive impact on the group's earnings.

Annexure

Key ratios

		Unaudited 6 months ended 31 Mar 2023	Restated[1] Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
EBITDA[2]	R million	**468.2**	929.7	1 623.9
EBITDA — debt covenants[3]	R million	**2 092.4**	1 788.1	1 924.5
Net gearing				
— based on total net borrowings	%	**305**	132	134
— based on net borrowings excluding capitalised finance leases	%	**252**	104	108
Current ratio	times	**1.6**	1.8	1.4
Acid-test ratio	times	**0.8**	1.0	0.8
Net debt: EBITDA — debt covenants	times	**2.9**	2.8	2.8
EBITDA: Interest cover — debt covenants	times	**3.4**	4.7	3.9
Return on equity	%	**(154.2)**	9.7	(3.0)
Return on net assets				
— based on trading profit	%	**17.4**	14.3	14.2
— based on operating profit	%	**(40.8)**	12.4	5.7
Return on invested capital				
— based on trading profit	%	**13.1**	10.9	10.6
— based on operating profit	%	**(30.5)**	9.4	4.2
Net asset value per ordinary share[4]	cents	**338**	684	735
Tangible net asset value per ordinary share[4]	cents	**247**	403	401

1. Refer note 4.
2. EBITDA is calculated as operating profit before depreciation, amortisation and net impairment losses.
3. EBITDA — debt covenants is calculated as trading profit before depreciation and amortisation, and adjusted for unrealised foreign exchange losses/(gains) and lease payments.
4. 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:

	Unaudited 6 months ended 31 Mar 2023	Unaudited 6 months ended 31 Mar 2022	Audited year ended 30 Sep 2022
Rand/UK pound			
Average	**21.13**	20.62	20.22
Closing	**21.95**	19.23	20.21
Rand/Euro			
Average	**18.52**	17.37	17.12
Closing	**19.29**	16.22	17.74
Rand/US dollar			
Average	**17.69**	15.33	15.82
Closing	**17.80**	14.64	18.09
Naira/US dollar			
Average	**452.87**	415.17	419.25
Closing	**461.15**	416.09	437.74
Kwanza/US dollar			
Average	**506.97**	546.32	490.60
Closing	**516.70**	448.92	443.55
RTGS dollar/US dollar			
Closing*	**928.59**	142.42	621.53

* 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.

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