REVIEWED CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2023 AND DIVIDEND ANNOUNCEMENT

Transpaco LIMITED

Registration number 1951/000799/06 | ISIN: ZAE000007480 | Share code: TPC
("Transpaco" or "the group")

A leading manufacturer and distributor of plastic and paper packaging products

NAV UP 12,6% TO 2 958 CENTS PER SHARE ■ HEPS UP 19,4% TO 567,8 CENTS ■ TOTAL DIVIDEND PER SHARE 260 CENTS

INTRODUCTION

Transpaco's pleasing performance, under challenging conditions is testament to the group's resilience.

Notwithstanding a flat economy, reduced consumer spend and the negative impact of excessive load shedding, Transpaco's results for the 12 months ended 30 June 2023 ("the year") reflect operating profit up 13,3% to R252,5 million (June 2022: R222,8 million) with an operating margin increase to 9,7% (June 2022: 9,6%).

This translated into a 19,4 % growth in headline earnings per share (HEPS) to 567,8 cents (June 2022: 475,5 cents).

Group revenue increased by 10,8% to R2,6 billion (June 2022: R2,3 billion) from growth of 7,4% in the Plastics Division and 15,0% in the Paper and Board Division, both ahead of expectations.

Notably, revenue in the first six months of the financial year is traditionally greater than in the second six months due to the seasonal nature of the business.

Load shedding during the second six months of the financial year was substantially greater than that of the first, which impacted negatively on the group's performance. This resulted in extraordinary expenses, including diesel spend of R6 million, exceptional repairs and maintenance, overtime and excessive scrap levels.

FINANCIAL RESULTS

Total operations	June 2023	June 2022	% increase
Revenue (R'm)	**2 591,1**	2 338,0	10,8
Operating profit (R'm)	**252,5**	222,8	13,3
Profit before taxation (R'm)	**239,7**	207,8	15,4
Total comprehensive income (R'm)	**176,6**	152,6	15,7
Headline earnings (R'm)	**176,6**	150,4	17,4
Earnings per share (cents)	**567,9**	482,6	17,7
HEPS (cents)	**567,8**	475,5	19,4
Net asset value per share (cents)	**2 958**	2 627	12,6

Transpaco's healthy balance sheet is attributable to the group's continued sound investment strategy, considered capital allocation and strict working capital management.

With the supply of plastic and paper raw material stabilised, Transpaco's stock holding of raw material reduced comfortably.

The net interest-bearing debt-to-equity (gearing) position improved to net cash positive (June 2022: 9,3 %).

The weighted average number of ordinary shares in issue in calculating EPS and HEPS is 31 106 183 (June 2022: 31 499 388). Shareholders are reminded of the specific share buy-back of 1 560 000 ordinary shares that took place during March 2023 representing 4,95% of the issued share capital of Transpaco, reducing the number of shares in issue to 29 939 388.

EVENTS AFTER THE REPORTING PERIOD

There were no subsequent events after the reporting period.

TRANSFORMATION

Transpaco maintained a level 2 BEE contributor based on the revised BBEEE scorecard through various strategic initiatives, including participation in the YES programme.

PROSPECTS

The group will continue its proven business strategy of targeting organic growth, maintaining strict financial control and identifying and pursuing appropriate acquisitions.

While difficult trading conditions are expected to continue, Transpaco will endeavour to counter this by driving sales, containing costs and maintaining gross profit contributions.

The negative impact of load shedding on Transpaco during the reporting period is expected to continue for the foreseeable future.

Although partial replacement of electricity capacity has been installed, Transpaco's level of usage precludes sufficient substitution through generators or solar energy.

In line with Transpaco's preference of owning properties housing manufacturing operations, the group has entered into an agreement to purchase the Gauteng property from which Transpaco Cores and Tubes operates for an amount of R44 million. The transaction is expected to close in the following financial year.

BOARD OF DIRECTORS

There were no changes to the board of directors during the year.

DECLARATION OF ORDINARY DIVIDEND IN RESPECT OF THE YEAR ENDED 30 JUNE 2023

The board has declared a final gross cash dividend out of income reserves of 175,0 cents per share, resulting in total dividends of 260,0 cents per share for the year ended 30 June 2023 (June 2022: 215,0 cents per share). After applying the dividend withholding tax of 20% a net final dividend of 140,00000 cents per share will be paid to those shareholders who are not exempt from the dividends tax. The issued shares at the date of declaration is 29 939 388 ordinary shares. The Income Tax reference number is 9975/112/71/6.

The salient dates for the dividend are as follows:

Last date to trade shares *cum* dividend	Tuesday, 19 September 2023
Shares trade *ex*-dividend	Wednesday, 20 September 2023
Record date	Friday, 22 September 2023
Payment date	Tuesday, 26 September 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 September 2023 and Friday, 22 September 2023, both days inclusive.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

Condensed consolidated financial statements

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SA financial reporting requirements and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

The fair value of the financial assets and liabilities approximate the carrying amounts largely due to the short-term maturities of these instruments. Interest-bearing borrowings are not materially different from their calculated fair values due to market related rates embedded into the terms of these borrowings.

REVIEW BY INDEPENDENT AUDITOR

The group's auditor BDO South Africa Incorporated has reviewed the condensed consolidated financial information for the year. The unmodified review report is set out below. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditor. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should refer to the review report below together with the accompanying financial information.

DIRECTORS' RESPONSIBILITY

The directors take full responsibility for the condensed consolidated results.

APPROVAL AND PREPARATION

The preparation of the group's reviewed condensed consolidated results was supervised by Louis Weinberg CA (SA) (Chief Financial Officer).

On behalf of the board

DJJ Thomas	**PN Abelheim**	**L Weinberg**
Chairman	Chief Executive Officer	Chief Financial Officer

29 August 2023

DIRECTORS

DJJ Thomas (Chairman)*; PN Abelheim (Chief Executive); L Weinberg (Chief Financial Officer); HA Botha**; SR Bouzaglou; SY Mahlangu**; SP van der Linde (Lead Independent Director)**
** Non-executive* *** Independent non-executive*

Transpaco Limited Registration number: 1951/000799/06, Share code: TPC, ISIN ZAE000007480
Auditors BDO South Africa Incorporated **Company secretary** HJ van Niekerk **Sponsor** Investec Bank Limited
Registered office 331 6th Street Wynberg Sandton **Transfer secretaries** Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, Johannesburg **Website** www.transpaco.co.za

BDO

INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Transpaco Limited

We have reviewed the condensed consolidated financial statements of Transpaco Limited, contained in the accompanying financial statement which comprise the condensed consolidated statement of financial position as at 30 June 2023 and the condensed consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Listings Requirements for condensed consolidated financial statements, as set out in "Basis of preparation and accounting policies" to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Transpaco Limited for the year ended 30 June 202.3 are not prepared, in all material respects, in accordance with requirements of the JSE Listings Requirements for condensed consolidated financial statements, as set out in the "Basis of preparation and accounting policies" to the financial statements, and the requirements of the Companies Act of South Africa.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

Serena Ho
Director
Registered Auditor

29 August 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

CONDENSED STATEMENTS OF FINANCIAL POSITION

R'000	Reviewed 12 months June 2023	Audited 12 months June 2022
ASSETS		
Non-current assets	**620 470**	624 815
Property, plant and equipment	**486 111**	486 898
Right-of-use assets	**40 217**	47 097
Intangibles	**17 855**	17 855
Goodwill	**64 182**	64 182
Financial asset	**4 500**	3 000
Deferred taxation	**7 605**	5 783
Current assets	**842 231**	817 961
Inventories	**308 167**	329 720
Trade and other receivables	**365 687**	414 298
Taxation receivable	**1 700**	1 693
Cash and cash equivalents	**166 677**	72 250
TOTAL ASSETS	**1 462 701**	1 442 776
EQUITY AND LIABILITIES		
Capital and reserves	**885 595**	827 543
Issued share capital	**299**	314
Share premium	**10 029**	10 554
Retained income	**875 267**	816 675
Non-current liabilities	**175 448**	193 796
Interest-bearing borrowings	**104 653**	119 872
Lease liability	**27 006**	34 812
Deferred income	**593**	884
Deferred taxation	**43 196**	38 228
Current liabilities	**401 658**	421 437
Trade payables and accruals	**347 434**	370 735
Interest-bearing borrowings	**32 805**	29 295
Lease liability	**19 525**	18 731
Deferred income	**241**	855
Taxation payable	**1 653**	1 821
TOTAL EQUITY AND LIABILITIES	**1 462 701**	1 442 776
Number of shares in issue ('000)		
Opening balance	**31 499**	31 839
Shares repurchased and cancelled	**(1 560)**	(340)
Number of shares	**29 939**	31 499
Salient features		
Net asset value per share (cents)	**2 958**	2 627
Operating margin %	**9,7%**	9,6%
Net interest-bearing debt : equity ratio %	**Net cash positive**	9,3%

CAPITAL COMMITMENTS

R'000	Reviewed 12 months June 2023	Audited 12 months June 2022
Capital expenditure authorised and contracted		
Property, plant and equipment	**51 745**	2 085

STATEMENTS OF CHANGES IN EQUITY

R'000	Issued share capital	Share premium	Distributable reserve	Total
Balance at 30 June 2021	**318**	**10 668**	**723 311**	**734 297**
Profit for the year	–	–	152 644	152 644
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	152 644	152 644
Shares repurchased and cancelled	(4)	(114)	(5 357)	(5 475)
Dividend paid	–	–	(53 923)	(53 923)
Balance at 30 June 2022	**314**	**10 554**	**816 675**	**827 543**
Profit for the year	–	–	176 645	176 645
Other comprehensive income	–	–	–	–
Total comprehensive income	–	–	176 645	176 645
Share repurchased and cancelled	(15)	(525)	(42 454)	(42 994)
Dividend paid	–	–	(75 599)	(75 599)
Balance at 30 June 2023	**299**	**10 029**	**875 267**	**885 595**

STATEMENTS OF COMPREHENSIVE INCOME

R'000	Reviewed 12 months June 2023	Audited 12 months June 2022	% change
Revenue	**2 591 074**	2 338 021	10,8
Revenue – plastic products (recognised at a point in time)	**1 364 663**	1 271 147	7,4
Revenue – paper and board products (recognised at a point in time)	**1 226 411**	1 066 874	15,0
Cost of sales	**(1 918 039)**	(1 707 783)	
Gross profit	**673 035**	630 238	6,8
Operating costs	**(405 439)**	(387 064)	4,8
Impairment of property, plant and equipment	**–**	(2 552)	
Depreciation	**(15 132)**	(17 864)	(15,3)
Operating profit	**252 464**	222 758	13,3
Finance income	**5 348**	2 663	100,8
Finance costs	**(18 105)**	(17 625)	2,7
Profit before taxation	**239 707**	207 796	15,4
Taxation	**(63 062)**	(55 152)	14,3
Profit for the year	**176 645**	152 644	15,7
Other comprehensive income	**–**	–	
Total comprehensive income	**176 645**	152 644	15,7
Weighted average ranking number of shares in issue ('000)	**31 106**	31 628	
Diluted weighted average ranking number of shares in issue ('000)	**31 106**	31 628	
Earnings and diluted earnings per share (cents)	**567,9**	482,6	17,7
Headline and diluted headline earnings per share (cents)	**567,8**	475,5	19,4
Dividend per share (cents)*	**260,0**	215,0	20,9
**Includes interim dividend of 85 cents (June 2022 – 60 cents) and a dividend declared after the period of 175 cents (June 2022 – 155 cents)*			
Reconciliation of headline earnings (R'000)			
Net profit attributable to ordinary equity holders for basic earnings	**176 645**	152 644	
Profit on disposal of property, plant and equipment	**(50)**	(6 309)	
Impairment on property, plant and equipment	**–**	2 552	
Total tax effect	**14**	1 511	
Headline earnings	**176 609**	150 398	17,4

STATEMENTS OF CASH FLOW

R'000	Reviewed 12 months June 2023	Audited 12 months June 2022
Cash flow from operating activities		
Cash generated from operations	**323 036**	285 584
Changes in working capital	**48 804**	(71 632)
Dividends paid	**(75 599)**	(53 923)
Finance income received	**5 348**	2 663
Finance costs paid	**(18 105)**	(17 625)
Taxation paid	**(60 091)**	(57 301)
Net cash inflow from operating activities	**223 393**	87 766
Cash flow used in investing activities		
Proceeds on disposal of property, plant and equipment	**3 058**	28 040
Expansion and replacement of property, plant and equipment	**(41 122)**	(31 954)
Repayment of financial asset	**2 000**	–
Granting of financial asset	**(3 500)**	–
Net cash outflow from investing activities	**(39 564)**	(3 914)
Cash flow used in financing activities		
Repurchase of shares	**(42 994)**	(5 475)
Payment of principal portion of lease liability	**(20 426)**	(19 349)
Proceeds from borrowings	**20 771**	–
Repayment of borrowings	**(46 753)**	(63 025)
Net cash outflow from financing activities	**(89 402)**	(87 849)
Net movement in cash for the year	**94 427**	(3 997)
Cash and cash equivalents at the beginning of the year	**72 250**	76 247
Cash and cash equivalents at the end of the year	**166 677**	72 250

SEGMENTAL ANALYSIS

R'000	Plastic products	Paper and board products	Properties and group services	Total
Revenue from external customers – 2023 (recognised at a point in time)	**1 364 663**	**1 226 411**	**–**	**2 591 074**
Revenue from all customers	1 423 073	1 290 371	–	2 713 444
Less revenue from internal customers	(58 410)	(63 960)	–	(122 370)
Revenue from external customers – 2022 (recognised at a point in time)	**1 271 147**	**1 066 874**	**–**	**2 338 021**
Revenue from all customers	1 336 755	1 146 519	–	2 483 274
Less revenue from internal customers	(65 608)	(79 645)	–	(145 253)
Operating profit – 2023	**133 938**	**98 817**	**19 709**	**252 464**
Operating profit – 2022	128 990	68 755	25 013	222 758
Profit before tax – 2023	**128 291**	**93 336**	**18 080**	**239 707**
Profit before tax– 2022	124 472	61 281	22 043	207 796
Capital expenditure – 2023	**20 630**	**28 728**	**4 869**	**54 227**
Capital expenditure – 2022	44 373	4 869	4 602	53 844
Total assets – 2023	**571 796**	**590 408**	**300 497**	**1 462 701**
Total assets – 2022	701 345	507 396	234 035	1 442 776
Total liabilities – 2023	**230 831**	**259 323**	**86 952**	**577 106**
Total liabilities – 2022	294 552	240 124	80 557	615 233

Geographical segment disclosures have not been provided because the group operates mainly in South Africa.

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