NAMPAK LIMITED
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Incorporated in the Republic of South Africa
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("**Nampak**" or the "**Company**")

**UPDATE ON DEBT REFINANCING, TURNAROUND STRATEGY, PROPOSED RIGHTS OFFER AND APPOINTMENT OF CEO**

1. Introduction

1.1. We refer to the various announcements released by the Company regarding the debt refinancing and turnaround programme of the Nampak group ("**Group**"). The purpose of this announcement is to provide Nampak shareholders ("**Shareholders**") with an update regarding certain key milestones achieved and actions taken by the Company in that regard, as well as to provide an update to Shareholders on the Company's proposed R1.0 billion renounceable rights offer ("**Rights Offer**").

2. Debt Refinancing

2.1. Shareholders are hereby advised that following detailed negotiations with the Group's revolving credit facility and term loan lenders ("**RCF Lenders**"), as well as its US Private Placement Noteholders ("**USPP**"), (the RCF Lenders and USPP, collectively the "**Group's Lenders**"), the Company has successfully concluded credit approved term sheets ("**Term Sheets**") in respect of a favourable refinancing package, on terms and conditions which are acceptable to the Company given the prevailing circumstances.

2.2. The only outstanding approval to the Term Sheets is credit approval from one smaller lender for its component of the Group's funding, which is anticipated to be obtained in the coming days. A further announcement will be released by the Company upon receipt of such approval, following which long form agreements will be negotiated and concluded with the Group's Lenders on or before 29 September 2023.

2.3. The revised debt structure will comprise core and non-core debt at Nampak Products Limited ("**NPL**") of ZAR5 098m and Nampak International Limited ("**NIL**") of ZAR286m and USD34.6m, on the basis set out in the table below. The debt overhang of ZAR1 938m, primarily associated with legacy expansion activities in Angola and Nigeria will be housed in a new Intermediate Holding Company, to be interposed between Nampak and both NPL and NIL. The salient features of the revised debt structure are set out below:

2.3.1. a simplified lender structure on implementation date, as one lender will no longer form part of the consortium;

2.3.2. usage of the proceeds from the Rights Offer to repay debt on the implementation date of the Rights Offer;

2.3.3. a borrowing-base facility of ZAR2 577m at NPL and a revolving credit facility of USD10m at NIL, providing flexible working capital financing secured through Nampak's high-quality debtors book and inventory;

2.3.4. a reduction in the US Dollar based financing to minimise exchange rate exposure with a clear path to redeem the USPP debt of USD24.6m (post the application of a proportion of the Rights Offer proceeds) within the next 18 months; and

2.3.5. strong support from the big four South African banks including a commitment to finance Nampak in the long term, underpinned by the turnaround strategy.

Debt Refinance Package*

| Borrower | Type of Facility | Amount** | Tenor |
|---|---|---|---|
| **Core Debt** | | | |
| **NPL** | Borrowing Base | ZAR2 577 000 000 | 36 months revolver |
| | Term Loan A3 | ZAR1 932 000 000 | 30 months – bullet repayment |
| | General Banking Facility | ZAR250 000 000 | On demand overdraft, renewable annually |
| **NIL** | Revolving Credit Facility | USD10 000 000 | 36 months revolver |
| **Non-core Debt** | | | |
| **NIL** | Term Loan A2 | ZAR286 000 000 | 18 months |
| | New Series D Notes | USD24 635 991 | 18 months |
| **NPL** | Term Loan A1 | ZAR339 000 000 | 18 months |
| **Intermediate Holding Company** | Term Loan E | ZAR1 938 000 000 | 30 months – bullet repayment |

** The debt refinance package has been agreed on the basis that it will be implemented in conjunction with the successful implementation of the Rights Offer and the Company's asset disposal plan. The above table assumes that the Rights Offer has been successfully implemented and that the proceeds thereof have been applied to partially settle the USD facilities.*

*** All totals as per Term Sheets concluded with the Group's Lenders. Estimated commitment amounts as per the Term Sheets, to be confirmed on implementation date. Restructuring fees of 25 basis points to be paid on all facilities.*

2.4. During the detailed negotiations of the Term Sheets, the Company was also able to improve its debt repayment schedule from the first payments being due on 30 September 2023 (ZAR350m) and 31 December 2023 (ZAR250m), respectively, to later payments on or before 31 March 2024 (ZAR243m) and September 2024 (ZAR 477m).

2.5. The covenants will be measured mainly at NPL level, being the core debt within the Group. As set out below, these are expected to be normal market standard covenants and will be limited to:

2.5.1. leverage ratio (debt to South African earnings before interest, taxation, depreciation and amortisation ("**EBITDA**"));

2.5.2. interest cover ratio (South African EBITDA to Net Interest Payable);

2.5.3. current ratio measured for South Africa;

2.5.4. group tangible net asset value to debt held by the Intermediate Holding Company; and

2.5.5. a minimum available liquidity threshold.

2.6. The details of the covenant calculations are still being discussed with the financing parties.

2.7. The Company may provide further updates to Shareholders from time to time, as key pricing terms are agreed and/or once the final long form agreements have been finalised.

2.8. Overall, Nampak is of the view that the debt restructure is a suitable enabler to the restructuring and turnaround plan that is underway.

3. Proposed Rights Offer

Nampak is now well positioned to launch the proposed Rights Offer. The Rights Offer is anticipated to be launched on or about 31 August 2023. The declaration and finalisation information in respect of the Rights Offer will be announced in due course and a circular setting out the terms and conditions applicable to the Rights Offer, is anticipated to be published on the Company's website on or about 4 September 2023.

4. Turnaround Strategy

*Vision*

4.1. The turnaround strategy of Nampak is predicated on, *inter alia*, a clear strategy to direct the Group's focus onto its core Metals business (Bevcan SA, Bevcan Angola and Divfood) ("**Core Nampak**"). This will result in:

4.1.1. the disposal of numerous assets over the next 18 months under the Group's asset disposal plan, which is targeted to raise total proceeds of *circa* ZAR2.6bn; and

4.1.2. the reduction of leverage, targeting a more sustainable net debt: EBITDA ratio of below 3.0 times for FY2024 with this ratio expected to improve post the receipt of the proceeds from the asset disposal plan to below 2.0 times by 30 September 2025, with further improvements thereafter from internally generated cash.

4.2. The other key initiatives involved in the turnaround strategy are the following:

4.2.1. right-sizing costs and unearthing inefficiencies;

4.2.2. revenue growth management;

4.2.3. optimised working capital; and

4.2.4. merging Bevcan/ Divfood.

4.3. The net result of the turnaround strategy set out above is that Nampak will become a more focused, better capitalised business, with improved profitability metrics and a lower net investment in operating assets generating a return on invested capital ("**ROIC**") in time that exceeds the Group's last reported weighted average cost of capital ("**WACC**") of 13.6%.

4.4. The greater cohesion created through the restructuring and focus on its core competencies will ensure that the Group can continue to deliver the best solutions for its customers, driving growth in its core categories and increasing its market share.

4.5. The high-level targeted key financial indicators of Core Nampak and a high-level Group outlook are as follows:

- **Revenue**: Circa ZAR10bn based on FY2022 actuals for Bevcan SA, Bevcan Angola and Divfood;
- **EBITDA margin**: Targeted Core Nampak EBITDA margin to be within a range of between 10% - 12%;
- **Target disposal value**: Targeted proceeds in terms of the Group's asset disposal plan of *circa* ZAR2.6bn;
- **Gross Rights Offer proceeds**: ZAR1.0bn;

- **Sustainable capital expenditure ("capex")**: FY2024 includes expansion capex in Bevcan South Africa of *circa* ZAR250m for the line 2 Springs upgrade (FY2023: ZAR86m) and Zimbabwean capex to avoid hyperinflation impacts on monetary items. Capex is expected to taper off to ZAR250m by FY2028;

- **Working capital ratio**: between 19% and 21% of turnover;

- **Short term liquidity ratio (Current ratio)**: between 1.5 times and 1.9 times;

- **EBITDA interest cover ratio**: lender covenants in the process of being finalised;

- **Net debt / EBITDA ratio and net debt** : maximum threshold level is still under discussion with the Group Lenders and will be finalised in due course. Net debt expected to taper off to minimal levels by FY2028;

- **Asset turnover ratio**: anticipated to be between 1.9 times and 2.0 times by FY2025; and

- **ROIC**: ROIC > WACC by FY2027.

*Steps Taken to Date*

4.6. Positive progress is being made by the Group on numerous transformational workstreams, right-sizing initiatives and the Company's proposed asset disposal program. Further announcements will be released by the Company in due course, as negotiations progress further and/or binding offers are obtained.

4.7. The finalisation of the Term Sheets is a critical milestone in the Company's overall turnaround plan as highlighted above.

4.8. The Company is also pleased to announce the appointment of PSG Capital as Independent Corporate Advisor to the Company and Financial Advisor to the board of directors of the Company ("**Board**" or the "**Directors**"), in relation to the Rights Offer and other aspects of the Group's turnaround strategy.

5. Appointment of CEO

5.1. As part of the Group's turnaround strategy, the Board is also pleased to announce that Mr. Phildon Roux ("**Mr. Roux**") has been appointed as chief executive officer ("**CEO**") of the Company, with effect from 1 September 2023, having served as interim CEO since April 2023. Mr. Roux has 32 years' experience in the FMCG sector having held numerous executive positions inclusive of CEO, executive and non-executive director. Mr. Roux has previously held board positions as an executive and non-executive director at Pioneer (CEO), Tiger Brands, Oceana, Sea Harvest, Dairybelle, Langeberg and Ashton Foods and as Chairman of Tiauto. As the CEO of Adcorp Limited, he was instrumental in the turnaround of the organisation.

5.2. Mr. Roux will be supported by Mr. Glenn Fullerton, who has held the position of the Chief Financial Officer of the Group for the last 8 years, Mr. Michael Dorn, the Chief Restructuring Officer of the Company and the Company's newly appointed executive team.

6. A Word of Thanks

The Board would like to thank the Shareholders, lenders and management teams for their constructive engagement and support over the past few months.

7. Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this announcement and confirm that to the best of their knowledge and belief, the information is true and correct. The financial information contained in this announcement has not been reviewed or reported on by the Company's external auditors.

Bryanston
14 August 2023

Independent Corporate Advisor to the Company and Financial Advisor to the Board
PSG Capital

Joint Transaction Sponsors
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
The Standard Bank of South Africa Limited

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

Legal Advisor
Edward Nathan Sonnenbergs Inc. in relation to the Rights Offer

**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 resources and expenditure and the 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 expenditures, acquisition strategy, or future capital expenditure levels.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Nampak cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments including within the industry in which Nampak operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement.

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 the 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 cycles; 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.

Shareholders should keep in mind that any forward-looking statement made in this announcement 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 relate, not to develop as expected and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Nampak has no duty to, and does not intend to, update or revise the forward-looking statements contained in this announcement after the date of this announcement, except as may be required by law.