SENS ANNOUNCEMENT

NAMPAK LIMITED
Registration number 1968/008070/06
Incorporated in the Republic of South Africa
Share Code: NPK ISIN: ZAE000322095
Share Code: NPP1 ISIN: ZAE000004966
Share Code: NPKP ISIN: ZAE000004958
LEI: 3789003820EC27C76729
(“Nampak” or “the group” or “the company”)

AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

COMMENTARY

2023 was a year of much-needed intervention at Nampak. We embarked on implementing a comprehensive turnaround plan, inclusive of board and management changes; a business model review; a capital and debt restructuring programme; rights offer and the adoption of a new strategy focused on our core Metals business. The extensive transformation agenda has been well executed to date notwithstanding macro-economic headwinds and other vagaries in most geographies. Increased competition was particularly evident in the short term attempting to capitalize on the temporary hiatus that the company has been experiencing. We have remained resolute in ensuring that Nampak remains a critical contributor to the extensive value chain within which we participate. Significant milestones have been reached and the momentum of renewal gains traction.

For the year ending 30 September 2023, the group reported a 2% decline in revenue to R16.6 billion. Despite a decline in revenue the group increased trading profit by 2%. Operating profit before net impairments was significantly impacted by forex losses. Net interest costs increased significantly as a consequence of rising interest rates and costs associated with the refinancing of the group’s funding package.

Despite these challenges, we recorded sustainable cash generation of R1.6 billion aided by a working capital improvement of R905 million, in part due to a step change in working capital disciplines.

Overview

The group's revenue declined by 2% with volume reductions primarily in Bevcan Nigeria, DivFood and Bevcan SA. A 5% decrease in Metals revenue was partially offset by increases of 2% and 28% for Plastic and Paper respectively. Bevcan South Africa performed strongly improving its trading profit by 28% and DivFood returned to profitability with an improvement of R77 million in its trading profit.

Forex losses of R1.2 billion were incurred in the year with R1.0 billion attributable to Nigeria.

The Nigerian losses were caused by a consistently weakening Naira in a forex market that was increasingly dysfunctional as foreign exchange became more scarce and dealings in the secondary currency market were commonplace at punitive rates. In June 2023 the Naira was floated and although healthy for the economy in the longer term, this resulted in a further significant weakening of the currency in both the official and secondary market. Due to the significant lack of liquidity in the Nigerian currency market, there are no formal hedging opportunities and our treasury function is reliant upon the allocation of US dollar liquidity by the Central Bank of Nigeria.

The large majority of raw material for our Nigerian Bevcan business is imported and denominated in US dollars. From the date raw materials are procured, until the date foreign suppliers are settled, the group is exposed to foreign currency risks and this can straddle financial reporting periods. The US dollar cost of inputs based on secondary market rates at invoice date is passed on to customers, but the cost of subsequent adverse currency movements on the group's exposure to foreign creditors typically exceeds the cost originally charged to customers. The increased cost to customers has an observed negative impact on local volume demand and this has to be considered when attempting to recover currency losses.

In Nigeria, the naira devalued by 44% during the year from NGN437.74/US dollar to NGN776.79/US dollar. Cash transfers of R1.3 billion (2022: R1.7 billion) were made for raw material costs.

In Angola, the kwanza devalued by 47% from AOA443.55/US dollar to AOA842.04/US dollar. The majority of this devaluation occurred in the 47 days following 6 May 2023. Cash transfers of R621 million (2022: R717 million) were for the majority of the year largely unrestricted and US dollar availability was good although there were signs of a tightening in dollar availability.

Operating net profit before impairment losses of R276 million reflects a decline of 76% compared to R1.2 billion in the prior year with forex losses being the major contributor to this decline in profitability.

Impairment losses of R2.8 billion recognised for the year adversely impacted profitability and reduced the group's shareholder equity base by 61% to R1.6 billion from R4.7 billion.

Net finance costs increased by 109% to R1.2 billion from R586 million inclusive of once off refinancing advisory costs of R335 million. Rising interest rates coupled with an on average higher investment in working capital and the extension of maturity dates on existing funding led to a significant increase in interest cost.

A loss of R4.0 billion attributable to owners of Nampak Limited was incurred compared to a loss of R147 million in the comparative period and results in a loss per share of 117 295.5 cents compared to a loss of 4 879.5 cents per share (cps) in the prior year. Headline loss of R1.6 billion is reported compared to R229 million headline earnings in the prior year, resulting in a headline loss of 46 811.7 cps compared to headline earnings of 7 589.2 cps.

Group financial performance

R million	FY23	FY22	% change
Revenue	**16 634**	16 937	(2)
Trading profit	**1 638**	1 611	2
Devaluation losses from Angolan and Nigerian exchange rate movements	**(1 235)**	(546)	(>100)
Capital and other items	**(127)**	87	(>100)
Operating profit before net impairments	**276**	1 152	(76)
Operating (loss)/profit	**(2 566)**	640	(>100)
Cash generated from operations before working capital changes	**740**	1 504	(51)
Cash generated from operations	**1 645**	845	95
Loss for the year	**(3 952)**	(26)	(>100)
Headline (loss)/earnings	**(1 610)**	229	(>100)
Headline (loss)/earnings per share (cents)	**(46 811.7)**	7 589.2	(>100)
Dividends per share (cents)	**-**	-	
Current ratio	**1.8**	1.4	

The board has decided not to declare an ordinary dividend for 2023 (2022: Nil).

Debt refinancing

The group’s capital and financing structure was strengthened through the successful rights issue of R1.0 billion raising R960 million (net of transaction costs) and the restructuring and refinancing of the group banking facilities. This has significantly improved the group position from a going concern perspective. As a result, the group’s current and acid test ratios were 1.8 times and 1.0 times respectively as at 30 September 2023 reflecting improvements over the prior year ratios of 1.4 times and 0.9 times respectively.

The group's independent auditor, Deloitte & Touche (Deloitte), conducted an audit of the consolidated annual financial statements for the group for the year ended 30 September 2023. Deloitte have issued an unmodified audit opinion in terms of the International Standards on Auditing, with a paragraph on material uncertainty relating to going concern. The Deloitte opinion is not modified in respect of this matter.

Going Concern

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 expenditure, as well as the refinancing of the group and capital raised through the successful rights offer. Notwithstanding the material uncertainty relating to going concern with reference to the group's ability to execute the asset disposal plan and raise R2.7 billion in the next 18 months, based on these assessments, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

Looking ahead, the macro-economic environment will remain tough with sustained low growth and hard currency constraints in key markets. We will continue to strengthen our value proposition and competitor status, build cultural grit and focus on our strategic transformation agenda. In 2023, we overcame challenges that some thought were insurmountable. We still have much work to do in the year ahead. Our sincere thanks to all our stakeholders for their ongoing support.

This short form announcement is the responsibility of the directors and is only a summary of the information in the full announcement.

The full audited consolidated annual financial statements including the audit opinion, of the external auditor, Deloitte, and the basis for its unmodified opinion is available on the JSE website at https://senspdf.jse.co.za/documents/2023/JSE/isse/NPK/FY2023.pdf and on Nampak's website http://www.nampak.com/Investors/Financial-Information under the 2023 financial year.

Any investment decisions made by investors and/or shareholders should be based on consideration of the audited consolidated annual financial statements. The short form announcement has not been audited.

Copies of the audited consolidated annual financial statements may also be requested from the Group Company Secretary, Omeshnee Pillay on omeshnee.pillay@nampak.com, alternatively collected from the company's registered office, at no charge, during office hours.

Annual results presentation webcast

Nampak management will hold a webcast on Monday, 4 December 2023 at 10h00 Central Africa Time (UTC+2) to present the annual results, provide a business update and address questions from the investment community.

Webcast details are available on Nampak's website http://www.nampak.com/Investors. The annual results presentation and announcements will be uploaded on the website on the same morning.

Bryanston

4 December 2023

Sponsor: PSG Capital