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All are available on our website: nampak.com

Report feedback

We strive to improve our reporting and welcome any comments that may assist us in doing so. Please contact teboho.lempe@nampak.com

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Directors' responsibility for annual financial statements

for the year ended 30 September 2022

The directors of Nampak Limited have the pleasure of presenting the consolidated and separate annual financial statements (hereinafter referred to as annual financial statements) for the year ended 30 September 2022.

The directors are responsible for the preparation and integrity of the annual financial statements and related financial information of Nampak Limited. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards, the requirements of the Companies Act, No. 71 of 2008 ("the Companies Act") and the Listings Requirements of the JSE Limited ("the Listings Requirements") and incorporate full and responsible disclosure in line with the accounting philosophy of Nampak Limited.

The Audit and Risk Committee assessed the effectiveness of the system of internal controls and risk management for the year under review, principally through self-assessment by, and information from, management and reports from the internal and external auditors. On the recommendation by the Audit and Risk Committee, the directors considered and are satisfied that adequate accounting records, risk management and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the annual financial

statements and to sufficiently safeguard, verify and maintain accountability for the group's assets and ensure that the possibility of material loss or misstatement is minimised.

The directors have reviewed the appropriateness of the accounting policies and concluded that judgements and estimates are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the group as at 30 September 2022 and believe that the group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis and the external auditors concur.

The annual financial statements for the year ended 30 September 2022, set out on pages 14 to 116, were approved by the board of directors at its meeting on 2 December 2022 and were signed on their behalf by:



PM Surgey
Chairman



EE Smuts
Chief executive
officer



GR Fullerton
Chief financial
officer

Preparer of financial statements

The annual financial statements have been prepared under the supervision of GR Fullerton CA(SA).



GR Fullerton

Certificate by company secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 71 of 2008, that for the year ended 30 September 2022, the Company has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.



IH van Lochem
Company Secretary

2 December 2022

Independent auditor's report

To the Shareholders of Nampak Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Nampak Limited (the Group and Company) set out on pages 22 to 116, which comprise the consolidated and separate statements of financial position as at 30 September 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 September 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters are addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report continued

Key audit matter

How the matter was addressed in the audit

Impairment testing of group wide assets and the investment in subsidiaries (consolidated and separate financial statements)

IAS 36: *Impairment of Assets* ("IAS 36") requires an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset.

Nampak's share price on the Johannesburg Stock Exchange has been trading at a significant discount to its net asset value ("NAV"). Where the carrying amount of the net assets of an entity is more than its market capitalisation on a sustained basis, this is considered an impairment indicator of its long-term assets.

In the Nampak Limited separate financial statements, the investment in subsidiaries is carried at R4.8 billion. The recoverable amount of these investments is closely linked to Nampak's underlying business valuations and as such, was considered a Key Audit Matter for the separate financial statements.

Impairment risks were pinpointed to Bevcn Nigeria's significant goodwill balance and the following underperforming operations: Bevcn Angola, DivFood, and Rigids in South Africa.

The Director's oversaw the calculation of a "value in use" for each of the Group's significant operations which was regarded as being equal to their fair values less costs of disposal in all material respects.

In performing these valuations, the following key assumptions and judgements were made:

- › Identifying cash generating units ("CGUs");
- › Determining an appropriate weighted average cost of capital, utilising relevant capital structures, risk free rates and country-risk premiums;
- › Determining a relevant terminal growth rate with consideration given to plant production capacity;
- › Forecasting future sales volumes, pricing strategies and volume growth rates; and
- › Utilising operating budgets and forecasts for the next 5 years, ignoring restructuring plans.

Given the materiality of the difference between Nampak's NAV and its market capitalisation as well the technical nature of the estimates and judgements applied by the Directors in their impairment assessments, we determined that this was a Key Audit Matter.

Net impairments to property plant and equipment of R512.1 were recorded in the current year. No further impairment was required to the Bevcn Nigeria goodwill.

The Directors' impairment considerations have been disclosed in notes 1, 2.3, 6.1, 6.2 and 6.3 of the consolidated financial statements and note 4 of the separate financial statements.

We evaluated the design and implementation of the Group-wide controls implemented by the directors in the execution of the Group's and Company's year-end impairment tests.

These included controls designed and implemented to ensure the robustness of the key assumptions used in the impairment tests, such as the utilisation of in-house corporate finance expertise and detailed scrutiny of operational forecasts by the central team, who we regard as having appropriate knowledge, experience and expertise in the Group's manufacturing operations.

With respect to the impairment models, we utilised internal valuation specialists on the audit team to assist with:

- › checking the construct of the 5-year discounted cash flow valuation model, to ensure that it complied with the requirements of IAS 36;
- › testing the mathematical integrity and formulas in the model;
- › auditing and challenging the WACC and terminal growth rates used by comparing key inputs to external market data, industry practice and relevant industry data published by specialist agencies; and
- › auditing and challenging the cost of debt and equity including allowing for country specific adjustments.

With respect to the individual CGUs of Bevcn Angola, DivFood, Rigids and Bevcn Nigeria, we challenged, with the assistance of the component auditors, the reasonableness of future sales volume projections, margins and pricing strategies. These forecasts were checked against budgets approved by the board, external market data and the historic performance of the CGUs against their budgets.

We assessed the reasonability of management's sensitivity calculations in determining the impact of possible changes in key assumptions and considered management's disclosure of these sensitivities in the notes to the financial statements.

Where relevant, we assessed the allocation of the impairment loss to the particular assets of a CGU, which was done on a pro-rata basis unless a better economic answer was apparent.

We concluded that the impairments were appropriately calculated in terms of the standard and that the disclosures are in line with the requirements of IAS36, in all material respects. Where no impairments were passed, we are comfortable that the value in use exceeds the asset's carrying amount.

Similarly, the disclosures made, and conclusions reached, in the separate financial statements, in respect of the carrying value of investments are appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Nampak Limited Annual Financial Statements for the year ended 30 September 2022, which includes the Directors' Report, the Audit and Risk Committee report, the Certificate by the Company Secretary and the Supplementary Information as required by the Companies Act of South Africa, the Chief Executive Officer and Chief Financial Officer's internal financial control responsibility statement and the Director's responsibility statement, which we obtained prior to the date of this report, and the Integrated Report, which is not yet finalised at the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- › Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- › Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- › Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

- › Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

- › Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- › Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Nampak Limited for 54 years.

DocuSigned by:
 Deloitte & Touche
1A4C698024FC49D...

Deloitte & Touche
Registered Auditor

Per: MH Holme
Partner

2 December 2022

5 Magwa Crescent, Waterfall City, 2090 South Africa

Report of the audit and risk committee

for the year ended 30 September 2022

The Audit and Risk Committee (“the Committee”) oversees the quality and integrity of the company’s financial results and integrated reporting, the efficacy of internal financial controls, risk management and governance and the effectiveness of the internal and external audit functions.

The Committee is constituted as a statutory committee of Nampak Limited (“Nampak”) and acts as the audit committee for all the South African subsidiaries in the Group in line with the Companies Act, No. 71 of 2008 as amended (“the Companies Act”) and is accountable in this regard to both the board of directors (“the Board”) and Nampak shareholders.

The Committee is satisfied that it fulfilled all its statutory duties as required by section 94(7) of the Companies Act and has executed the responsibilities set out in section 3.84(g) of the JSE Listings Requirements. A formal charter, setting out the Committee’s duties and responsibilities, is reviewed annually by the Committee and the Board and is available on our website: www.nampak.com.

Overview

The Committee plays an oversight role in respect of the quality and integrity of the company’s financial results and integrated reporting, the effectiveness of the internal and external audit functions and the adequacy of internal financial controls, risk management and governance.

In 2022 the Group and Committee maintained focus on the internal control environment, accounting judgements and financial reporting.

The Committee considered management’s going concern conclusion by reviewing the assessment of solvency and liquidity, the debt covenants and arrangements agreed with financial institutions as well as by testing the robustness of the deleveraging plans.

Nampak complied with all its covenant ratios during the year. Funding agreements were amended in September 2022 which included the extension of maturity dates for the Group’s revolving credit

During the year we focused on:

- › The review of significant financial risks, including financial liquidity risks, the delivery of deleveraging plans and balance sheet management, key audit matters and significant areas of judgement.
- › The consideration of the classification of assets held for sale, tax matters and impairments.
- › A critical assessment of management’s going concern assumptions.
- › Sound financial management, financial performance and balance sheet strengthening.
- › A review of the Group risk profile and appetite, and assessment of the effectiveness of controls and mitigation measures in the determination of our top ten risks.
- › An information management transformation project designed to introduce sufficient flexibility and scalability in order to rebase associated costs.
- › Ensuring sound governance, enhanced internal control and effective reporting.

and term loan facilities to 31 December 2023, the maintenance of the net debt: adjusted EBITDA covenant at 3.5 times, until 31 March 2023 when it will be lowered to 3.0 times, a reduction in the minimum threshold of the EBITDA: interest cover from 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023 and a repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

The aforementioned amendments have provided the necessary time for the Group to embark upon a process to potentially proceed with a rights offer early in 2023, while providing the necessary flexibility for the Group to operate under conditions of elevated commodity prices and higher interest rates.

Going forward, the Group will continue to focus on overheads and working capital control, cash generation and conservative capital expenditure so as to remain cash positive and comply with funding covenant ratios and other funding obligations and commitments.

Composition and meetings

All members have adequate and relevant knowledge and the experience to equip the Committee to effectively perform its functions.

Members	Meeting dates					
	29 Nov 2021	14 Mar 2022 [#]	6 May 2022 [#]	17 May 2022	12 Sep 2022	13 Sep 2022 [#]
100% attendance						
Independent non-executive director						
SP Ridley (chairman)	✓	✓	✓	✓	✓	✓
KW Mzondeki	✓	✓	✓	✓	✓	✓
LJ Sennelo	✓	✓	✓	✓	✓	✓
N Khan	✓	✓	✓	✓	✓	✓

[#] Special meeting.

For details regarding the members' qualifications and experience see the integrated report: our board of directors.

The Chairman of the Board, the Lead Internal Auditor, the external auditors, the Chief Executive Officer and the Chief Financial Officer are invited to attend and have attended all Committee meetings. The Committee also meets with the external and internal auditors without management being present.

Executing on our statutory duties and other areas of responsibilities

Reporting

The Committee carried out the following duties in overseeing the quality and integrity of the company's interim results, its annual financial statements and integrated report and in ensuring that Nampak has established appropriate financial reporting procedures which operate effectively and has adequate and effective internal financial controls:

- › Considered the going concern assumptions by reviewing the assessment on solvency and liquidity, compliance with the conditions of loan covenants and arrangements held with financial institutions and testing the robustness of the deleveraging plans and confirmed the going concern as the basis for preparation of the annual financial statements.
- › Considered the appropriateness of the accounting policies adopted and changes thereto, accounting treatments, significant unusual transactions and accounting judgements and considered whether any concerns and/or risks were identified regarding significant tax, legal and other matters that could have a material bearing on the financial statements.
- › Reviewed the JSE's reports on its proactive monitoring of financial statements in 2021 and the limited scope thematic review on cash flow information and disclosures of liquidity and going concern, and considered that management had

reviewed the content, designed remedial actions, where necessary, and improved upon certain disclosures and presentations, where required. Where applicable, the actions to implement the recommendations made by the JSE are monitored by the Committee.

- › Considered the adequacy and effectiveness of the internal financial controls relied upon by management in compiling the annual financial statements in order to discharge their obligations in terms of section 3.84(k) of the JSE Listings Requirements.
- › Reviewed the interim financial results and oversaw the preparation of Nampak's annual financial statements and is satisfied that they fairly present the consolidated and separate results of the operations, cash flows and financial position of Nampak for the year ended 30 September 2022 and comply, in all material respects with the Companies Act and the International Financial Reporting Standards (IFRS).
- › Reviewed reports to shareholders and other announcements on the Group's 2022 financial results and is satisfied that they comply in all material respects with IFRS and other appropriate standards as required by the JSE.
- › Confirmed that it is satisfied with the quality and integrity of the integrated report, the annual financial statements and the sustainability information published, and wish to highlight the following key audit matters and significant areas of judgement taken under consideration during the year.

Significant areas of judgement

Going concern	In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the Nampak Group (the group) will continue as a going concern for the next twelve months and for the foreseeable future. Covenants have been complied with for all measurement periods in the year. A net debt to EBITDA ratio of 2.85 times was achieved well below the threshold limit of 3.5 times as well as below the original level for this covenant of 3.0 times cover. Higher average debt levels for the year, coupled with the effects of the recent interest rate increases and the inclusion of R64 million of ratchet interest costs, have impacted negatively on net finance costs resulting in the EBITDA: interest cover ratio of 3.94 times falling below the historic minimum threshold covenant level of 4.0 times but comfortably above the renegotiated minimum covenant threshold of 3.0 times as at September 2022. EBITDA for banking covenant purposes of R1.9 billion for the year was 12% up on the R1.7 billion of the prior year. The current ratio as at 30 September 2022 was 1.4 times and the acid test ratio at 0.8 times fell slightly below the prior year ratios of 1.5 times and 0.9 times respectively. This is due to all USPP debt settlement of \$56 million in May 2023 and the minimum net proceeds from the rights offer of R1.35 billion to be settled by 31 March 2023 being reflected as current liabilities. The refinancing of the group is dependent on the successful implementation of the rights issue with improvements in the group's capital structure and short-term liquidity being derived from these initiatives. Improvements in global and country specific economic outlooks would positively impact growth rates, limit foreign exchange fluctuations, reduce interest rates and resultant net interest costs and be reflected in declining WACC rates resulting in possible asset impairment reversals. The aforementioned would be expected to reduce earnings volatility. Management of the group's operating margin, active management of working capital cycles through addressing the current imbalance together with the prudent management of capital expenditure are key initiatives to improve the group's cash generative ability going forward. The committee has assessed all matters related to the going concern assumption and are comfortable that the group will continue as a going concern for the foreseeable future. Refer notes 1.3 and 1.4 of the consolidated financial statements.
Goodwill	Goodwill is assessed annually for impairment. The key assumptions used are cash flow projections, growth rates and discount rates. The cash flow projections are prepared by divisional management and approved by executive management. The discount rates are established by the corporate finance and treasury team taking into account the geographic and other risk factors. The Nigerian market performed well with a strong recovery in volumes. The strong demand for beverage cans is expected to continue and is supported by our customers forecasts despite limited foreign exchange availability and higher can prices potentially slowing economic growth. Sales contracts are in place for our three major customers comprising 95% of total sales volumes. Despite the increase in the Nigerian WACC rate which negatively impacted the headroom, after careful consideration of current market conditions, selling price assumptions and the increase in the WACC rate primarily due to an increase in the country risk premium, no impairment of goodwill was required. However, primarily due to the increased Nigerian WACC rate there has been a reduction in the headroom to USD17 million from USD93 million in the prior year. No reversal of the goodwill previously impaired is permissible in terms of International Financial Reporting Standards. A decision was made to close the Bullpak Kenya business and as a result the goodwill carried at Nampak Holdings Limited level of R45.4 million (USD2.7 million) was impaired. The committee agreed that no impairment of goodwill related to Bevcan Nigeria was required and agreed with the impairment of goodwill related to Bullpak Kenya as at September 2022. Refer notes 1.3 and 2.3 of the consolidated financial statements.
Group market capitalisation below consolidated shareholders' equity indicating potential group-wide asset impairment	Asset impairment assessments A group sum-of-the-parts valuation was performed based on discounted cash flow valuation principles with individual operations/cash generating units being tested for specific impairment. These valuations were performed at year-end taking into account the 2023 approved budget and stratplans to 2027 and resulted in net impairment losses of R512 million. This comprised asset impairment losses of R543 million and reversal of impairment losses of R31 million. Bevcan Angola The Angolan economy has shown signs of recovery during the year but the border to the Democratic Republic of the Congo (DRC) has remained closed for the entire year impacting our customers' ability to export to the DRC. Domestic demand was strong during the year with a significant improvement in profitability and cash generation. A stable government and a higher oil price resulted in a stronger kwanza which has benefited the Angolan economy. After considering volume projections based on expected demand, improving profitability and cash flow generation, a conservative terminal growth rate and an increased WACC rate because of a higher country risk premium and higher interest rates an impairment of R79 million (\$4.5 million) has been recognised in the year under review. In 2021 a reversal of an impairment of R70 million (\$4.7 million) was recognised.

Report of the audit and risk committee continued

Group market capitalisation below consolidated shareholders' equity indicating potential group-wide asset impairment continued	DivFood SA DivFood has had a challenging year and delivered an operating loss. Based on the expected future cash flows and the significantly higher WACC rate, an asset impairment of R191 million and a right of use asset impairment of R101 million was required. This has been materially influenced by the increase in the South African WACC rate to 13.6% from 11.9% in the prior year. In addition, an impairment of R10 million on specific assets held for sale has been recognised. Rigid SA The final impairment assessment as at 30 September 2022 resulted in an impairment of R67 million. A reversal of the previous impairment of R31 million in Liquids SA cash generating unit has been processed as at 30 September 2022. Net impairments in Rigid SA amounted to R36 million. The committee agreed that the net impairment in Bevan Angola, DivFood SA, and Rigid SA are appropriate. Refer notes 1.3 and 2.3 of the consolidated financial statements.
Taxation	The group is exposed to tax laws in various jurisdictions. The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income and includes adjustments for prior year under provisions and hyperinflation impacts. Deferred taxation is recognised in profit or loss except when it relates to items credited or charged to other comprehensive income, in which case it is also recognised in other comprehensive income. The deferred tax credit was impacted by the net impairment losses and the recognition of deferred tax assets on tax losses in Angola. A deferred taxation asset represents the amount of income taxes 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. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The deferred tax asset value is R436 million as at 30 September 2022. The deferred tax asset value is considered to be recoverable against future taxable profits and taxable temporary differences. The deferred tax asset arises mainly from tax losses carried forward, right of use assets and liabilities, and retirement benefit obligations, mainly in Nampak Products Limited. A deferred taxation liability represents the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt. The deferred tax liability value is R96 million as at 30 September 2022 and arises mainly on the translation of the tax base of non-monetary assets due to the local currency being different from the functional currency. Refer notes 1.3 and 3 of the consolidated financial statements.
Reserve Bank of Zimbabwe agreement and expected credit losses	During the 2019 financial year, Nampak Zimbabwe Limited (NZL) entered into a legal agreement with the Reserve Bank of Zimbabwe (RBZ) in terms of which the RBZ agreed to settle blocked funds related to legacy debt owing by NZL to Nampak International Limited (NIL) amounting to US\$67 million. The 5-year agreement was based on payments being made on a one for one basis to the US dollar in equal quarterly instalments of \$5.6 million commencing on 31 March 2021, with an initial 2-year holiday. On 31 March 2021, the RBZ failed to make the first payment and through further correspondence requested that they be afforded an opportunity to arrange compliance with the original agreement through their Blocked Funds Framework. The RBZ settled \$4.0 million by the end of August 2021 after which a further default occurred. Based on the net present value of expected future payments, the receivable, net of the expected credit loss ratio, has been maintained at \$5.9 million and an expected credit loss ratio of 90% as at 30 September 2022. Whilst the timing and nature of the settlement of this debt remains unclear the committee agreed that the expected credit loss of 90% at 30 September 2022 be maintained at a level consistent with the prior year. Refer note 1.3 and 5.3 of the annual financial statements.

External and internal auditors¹

The Committee:

- › Nominated Deloitte & Touche ("Deloitte") for appointment by the shareholders as the external auditor of Nampak for the financial year ending 30 September 2023. Mr Jurie de Kock, appointed in May 2019, was re-confirmed as the designated auditor, but replaced by Mr Mark Holme with effect 13 September 2022 due to personal circumstances with respect to Mr de Kock.

After evaluating Mr Holme's independence, experience and effectiveness, the Committee concluded that he was independent of the company as required by the Companies Act. Deloitte and Mr Holme are accredited on the JSE list of auditors as required by the JSE Listings Requirements and in compliance with the JSE Listings Requirements, the Committee obtained and considered all information required in its assessment of the suitability of Deloitte, as well as Mr Holme, for re-appointment.

- › Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors, Deloitte confirmed in an annual written statement that their independence has not been impaired.

Deloitte maintains professional scepticism on material issues and significant judgements and continue to demonstrate an independence of mind in all their engagements. They have a risk-focused approach and the team is selected to ensure that they have the right subject matter expertise and industry knowledge at hand.

Deloitte does not receive any direct or indirect remuneration or other benefit from Nampak, except as auditor or for rendering permissible non-audit services to Nampak, pre-approved in line with the approval thresholds and to the extent permitted by the approved non-audit services policy, which was reviewed during the year.

- › Approved the external audit plan, which was based on the principles of ISA600, the terms of engagement and the agreed audit fee.
- › Approved the internal audit plan and associated budget, the focus areas of which had been aligned to the three-year internal audit roadmap, Nampak's current business environment and associated risks.
- › Assessed the performance of the Lead Internal Auditor, as well as the independence and effectiveness of the internal audit function against the plan and found their performance to be satisfactory.

The internal auditor's reports on the effectiveness of Nampak's systems of internal control as well as their insights, highlighting operational efficiencies that could be leveraged across the Group and assist the Committee to assess the adequacy and robustness of controls and the application of any corrective actions required.

It was confirmed that no unresolved issues of concern exist between Nampak and the external or internal auditors.

Information and information technology

- › The Committee monitors the ethical and responsible use of technology and information and compliance with relevant laws in order to assist the Board in carrying out its information and information technology responsibilities.
- › The Committee reviewed the appropriateness of the control environment in respect of the management of material information and communication technology risks.

Combined assurance, internal controls and risk management

The Group continues to develop and refine its control environment with the assistance of technology and continues to facilitate increased automation of processes; generation of more risk-focused analytical capability and related insights and reporting through the implementation of innovative digital displays, while optimising costs and providing enhanced value through more focused processes.

- › The CEO and CFO, through delegated authority to executive management and routine reporting, continually evaluate internal controls and the consolidated control environment. This evaluation includes, inter alia:
 - » the identification of risks and the determination of their materiality;
 - » testing the design and implementation of controls that address significant and high-risk areas impacting the financial reporting process;
 - » utilising the assurance function to test the operating effectiveness of controls; and
 - » review of control self-assessments performed by management.

Management identified 573 critical financial risk controls which were evaluated and which addressed significant and high risk-areas.

1. Nampak's internal audit function is outsourced to EY Advisory Services Limited.

In 2022, a material reporting error relating to the first-time adoption of IFRS 16: Leases was identified which required restatement of the 2020 and 2021 statement of financial position and statement of changes in equity and will require similar restatement in the 2023 interim results as it pertains to the 2022 comparative information. This error was remediated during the 2022 financial year end process. A previously commissioned independent review by the Audit and Risk Committee, to analyse control deficiencies which resulted in restatements, identified areas for improvement to minimise the potential for recurrence. A comprehensive set of recommendations were implemented, which included obtaining formal written accounting opinions on all future material technical accounting matters. This principle was not applied retrospectively and as a result this issue was not detected. Further rectification measures have been implemented that will require a second formal written accounting opinion on each material technical matter to avoid any future restatements. With respect to the 2022 financial year, no further material deficiencies were identified. See note 1.5 for detailed disclosure and financial impacts.

During the financial year under review, the CEO and CFO reviewed the controls for financial reporting and presented their findings and remedial actions to the Committee.

The Committee considered management's evaluation of the effectiveness of the controls for financial reporting and discussed and documented the basis for its conclusion, which included discussions with internal and external auditors as well as management.

The Committee was not made aware of any material breaches of any laws or regulations or material breaches of internal controls or procedures during the 2022 financial year.

The Committee:

- › considered reports from management as well as the internal and external auditors on the effectiveness of the Group's systems of internal control, including internal financial controls and enterprise risk controls, reviewed the findings and significant matters and conclusions reported and considered the adequacy of any corrective action proposed and taken, and is of the opinion that there were no material weaknesses nor breakdowns in internal control during the financial year.
- › is committed to continue ensuring effective reporting and that financial systems, processes and internal controls operate effectively and adapt to changes in the environment. It will continue to actively monitor balance sheet and liquidity management and ensure that the financial systems, processes and controls operate effectively and appropriately respond to risks in the operating and regulatory environment.
- › reviewed the company's approach to risks and its risk appetite as they pertain to financial reporting,
- › as well as Nampak's combined approach to address the significant risks and fluctuations thereto.
- › continuously refine the coordination, integration and alignment of assurance activities to support the development of the Combined Assurance Policy and Framework which provides the Committee with a holistic view of risks, controls and risk mitigation interventions.
- › received and considered tip-offs anonymous' reports in so far as they related to the financial and reporting affairs of the Group and is comfortable that there were no material areas of concern identified.

The Committee assessed the finance function and Chief Financial Officer

The Committee's assessment included the various areas across the Group's finance function and concluded that it is satisfied that the Chief Financial Officer, Mr GR Fullerton CA(SA), has the appropriate expertise and experience and is supported by a sufficiently experienced financial function.

Mandatory audit firm rotation

In June 2017, the Independent Regulatory Board for Auditors (IRBA) issued a rule prescribing that auditors of public interest entities in South Africa must comply with mandatory audit firm rotation with effect for financial years commencing from 1 April 2023.

Deloitte's 54-year tenure as Nampak's audit firm exceeds the new maximum of ten consecutive financial years and, accordingly, a new audit firm must be appointed at Nampak's annual general meeting in 2024. The Committee believed it important to allow sufficient time for the incoming firm to plan and execute a smooth transition, and so launched and completed a selection process in 2022. Following a thorough process, the Committee recommended the appointment of Pricewaterhouse Coopers as incoming audit firm for the 2024 financial year and this will accordingly be proposed to shareholders at the commencement of that financial year.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, as well as its statutory and other responsibilities for the 2022 financial year.

Having had regard to all material risks and factors that may impact on the integrity of the integrated report and annual financial statements and following appropriate review, the Committee recommended the consolidated and separate annual financial statements and the integrated report for the year ended 30 September 2022 for approval to the board.

On behalf of the Audit and Risk Committee



SP Ridley CA(SA)

Chairman of the Audit and Risk Committee

2 December 2022

Directors' report

for the year ended 30 September 2022

The directors wish to present their report which forms part of the annual financial statements of Nampak Limited for the year ended 30 September 2022.

Nature of business of the company

Nampak Limited, the ultimate holding company of the group, is incorporated and domiciled in the Republic of South Africa and has been listed on the JSE Limited (Johannesburg Stock Exchange) since 1969.

Nampak offers packaging products across metal, plastic and paper substrates and is Africa's leading diversified packaging manufacturer.

Many of our customers are among the world's largest FMCG companies. Our world-class research and

development facility assists our businesses in achieving operational excellence and supports our customers' varied packaging requirements. Nampak is a market leader in the manufacture of beverage cans in South Africa and Angola and a major player in Nigeria. We also have strong positions in other metal and plastic packaging in South Africa and other parts of the continent. More detail on the nature of Nampak's businesses can be found in our integrated report.

Financial results

Group revenue of R16.9 billion increased by 21%, boosted by stronger volumes in our South African beverage can market, Nigeria, Angola and Zimbabwe. Profitability has benefited from improved trading conditions partly offset by impacts of higher commodity prices, a once-off insurance loss, higher net foreign exchange losses, the impact of increased net finance costs and significant net impairments in FY22. A pension fund surplus also benefited FY22.

A loss of R147 million attributable to owners of Nampak Limited was incurred compared to a net profit of R207 million in 2021 with a loss per share of 23.1 cents compared to a profit of 32.1 cents per share (cps) in the prior year. Headline earnings of R229 million decreased by 43% compared to R402 million in 2021, resulting in headline earnings of 35.9 cps compared to 62.3 cps.

The net asset value per share of 735 cents decreased by 5% from 772 cents in 2021.

Net debt of R5.2 billion, excluding capitalised leases, increased by 12% impacted by higher working capital and a 20% weaker rand dollar exchange rate. The debt maturity dates for the group's revolving credit facilities and term loans were extended to 31 December 2023. The group complied with its quarterly covenants. As part of the refinancing of the group's debt package the group plans to launch a rights issue to raise a minimum of R1.35 billion net of costs with proceeds to be received by 31 March 2023. These proceeds will be utilised to repay debt.

Cash generated from operations before working capital changes of R1.5 billion decreased 11% from R1.7 billion while cash generated from operations declined to R53 million from R307 million in the prior year mainly due to higher forex losses and the higher investment in working capital. Capital expenditure was well controlled at R208 million down from R313 million. Cash and cash equivalents at the end of the year of R1.5 billion increased from R1.1 billion in 2021.

Goodwill and other asset impairment reviews

A group sum-of-the-parts valuation was performed based on discounted cash flow valuation principles with individual operations/cash generating units being tested for specific impairment. These valuations were performed at year-end considering the approved 2023 budget, stratplans to 2027 and updated weighted average cost of capital (WACC) rates. The valuations were adversely impacted by higher in country risk premiums and interest rates as reflected in the higher WACC for each region resulting in a net impairment loss of R512 million. This loss related to the net impairment of plant and equipment of R324 million and right of use assets of R143 million predominantly in Bevcan Angola, DivFood and Rigids, as well as the impairment of goodwill of R45 million in Bullpak Kenya.

Disposal groups held for sale

Disposals of businesses or operations that were previously classified as assets held for sale at 30 September 2021 are no longer classified as assets held for sale at 30 September 2022 as these disposals were unsuccessful despite meeting the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations in the prior year. Given challenging market conditions, Nampak was not able to conclude the Mobeni and Tubes disposals nor has it been possible to dispose of other anticipated businesses at fair value.

Increased equity holding in Bevcan Angola

The group restructured its Angolan operation, converting a significant portion of its loan into equity thereby increasing its equity holding to 93% from 70% with the remaining minority equity position of 7% funded by an interest-bearing loan provided to the minorities by the group. This transaction was effective 31 March 2022 and did not require any additional funding. Until such time as there is an economic value to this minority's shareholding, the group will account for 100% of the equity of this subsidiary as currently this is considered an option held by the Angolan minority.

Borrowing facilities

In terms of the funding agreements negotiated in September 2021, the group's debt funders required interest-bearing debt to be reduced by R1.0 billion by 30 June 2022 or the group to be able to settle R1.0 billion by 30 September 2022, through a strategic asset disposal process or a combination of asset disposals and rights offer.

The utilisation of all cash flows generated through normal operating activities, inclusive of the repayments of historical debt by the Reserve Bank of Zimbabwe was also permitted, but subject to the cancellation of commensurate committed funding facilities. This milestone was not achieved primarily due to disposals at fair value proving to be challenging in current market conditions.

The structure and the maturity dates of facilities within the group's funding package were extended from 1 April 2023 and 25 September 2023 to 31 December 2023 to optimise the group's funding structure at the reporting date.

The group complied with both its covenants at its quarterly measurement periods during the year. Management is in the process of addressing the group's capital and funding structure and is committed to reduce the complexity of the lending consortium, simplify the funding structure and refinance the debt maturing on 31 December 2023 (as extended from 1 April 2023 and 25 September 2023).

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

Covenant relaxation and extension of revolving credit and term loan facilities' maturity date

Negotiations were successfully concluded with Nampak's lenders to revise certain funding requirements as set out below:

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

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

Rights offer

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

Directors' report continued

These milestones include:

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

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

Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, No. 71 of 2008 as amended.

Share capital

	Authorised		Issued	
	Number of shares	R million	Number of shares	R million
Ordinary shares of 5 cents each	776 857 200	38.8	690 474 523	34.5
6.5% cumulative preference shares of R2 each	100 000	0.2	100 000	0.2
6% cumulative preference shares of R2 each	400 000	0.8	400 000	0.8

Notes:

1. The issued ordinary share capital includes 44 719 787 treasury shares and 11 096 shares held by the Nampak Black Management Trust.
2. At the annual general meeting of 16 February 2022, shareholders granted the authority to Nampak's directors to authorise a repurchase of up to 10% of Nampak's ordinary issued shares. No shares were repurchased during the year under review.
3. Share premium as at 30 September 2022: R270.9 million (2021: R270 million).
4. There were no changes to the 6.5% and 6% preference shares.

Share plans

Details of the share plans are set out on pages 93 to 97.

The Nampak Share Appreciation Plan 2009 (SAP)

The table below indicates the number of share appreciation rights conditionally awarded in terms of the SAP, and the maximum number of share appreciation rights which may be exercised. The actual number of share appreciation rights which may be exercised will depend on the extent to which performance conditions were satisfied and, consequently, may be less than the number stated below. A Participant shall be entitled to be settled with such number of shares as calculated in terms of the formula set out in the SAP rules:

Number of shares	2022	2021
Balance at the commencement of the financial year	1 411 518	1 705 355
Forfeitures/cancellations	(186 472)	(238 837)
Share appreciation rights forfeited as at 30 September of each year due to performance targets not being fulfilled	—	(55 000)
Balance at the end of the financial year	1 225 046	1 411 518

The Nampak Performance Share Plan 2009 (PSP)

The table below indicates the number of shares conditionally awarded in terms of the PSP and the maximum number of shares which might be released. However, the actual number of shares which will be released to participants will depend on the extent to which performance conditions were satisfied and, consequently, may be less than the number stated below:

Number of shares	2022	2021
Balance at the commencement of the financial year	4 712 815	7 283 475
Forfeitures/cancellations	(145 301)	(239 594)
PSP rights forfeited as at 30 September of each year due to underachievement of performance criteria	(973 627)	(2 003 302)
PSP rights exercised	—	(327 764)
Balance at the end of the financial year	3 593 887	4 712 815

The Nampak Deferred Bonus Plan 2009 (DBP)

Selected employees are able to apply up to a maximum of 50% of their after-tax annual bonus to purchase bonus shares. Employees will receive a matching award, which is a conditional right to receive shares equal in value to the bonus shares held as at the respective vesting dates, on a 1:1 basis. Vesting of the matching award is dependent upon continued employment and is not subject to the satisfaction of performance targets.

Number of shares	2022	2021
Balance at the commencement of the financial year	680 816	791 991
Number of bonus shares purchased by employees during the year:	—	242 254
Executive directors (Nampak Limited)	—	222 927
Employees	—	19 327
Number of bonus shares transferred/sold by employees during the year:	—	(335 255)
Cancellations	—	(18 174)
Balance at the end of the financial year	680 816	680 816

The Executive Incentive Plan (EIP)

The EIP represents the total variable pay opportunity for the Chief Executive Officer, Chief Financial Officer and other group executives and is aligned with the turnaround strategy. On 7 December 2021, 11 308 712 shares at a volume weighted average price per share of R4.00 were purchased in Nampak Limited on behalf of the participants in the EIP for the one-year performance period to 30 September 2022.

Number of shares	2022	2021
Balance at the commencement of the financial year	—	—
Shares purchased on behalf of the participants during the year	11 308 712	—
Balance at the end of the financial year	11 308 712	—

Placement of unissued shares under the control of the directors for purposes of the share plans

In terms of resolutions passed by shareholders of the company at the annual general meeting held on 8 February 2006, no more than 7.13% of the total issued ordinary shares as at 24 January 2006 (46.4 million shares) may be set aside from the unissued share capital of the company for purposes of all share plans. The total unissued shares under the control of the directors for purposes of all share plans at 30 September 2022 is summarised below:

Number of shares	30 September 2022
Balance at the commencement of the financial year	14 393 061
Less:	
Number of conditional shares purchased in prior financial years in terms of DBP	(680 816)
Add:	
Share appreciation rights forfeited in terms of SAP during the current financial year	186 472
Awards forfeited in terms of the PSP during the current financial year	1 118 928
Maximum available for future allocations:	15 017 645

The above calculation illustrates the maximum potential available shares for future allocations of all the share plans and it is unlikely that the maximum limit will be reached. This is because the SAP are much less dilutive than conventional option plans, as only the appreciation in the share price is settled in shares. One award granted will therefore never result in a full share being issued.

In respect of the SAP, and as amended by a shareholders resolution passed on 11 February 2020, the company will be limited to issuing no more than 4 400 000 (four million four hundred thousand) shares. This limit also takes into account awards granted under the SAP Trust in 2006.

In respect of the PSP, and as amended by a shareholders resolution passed on 11 February 2020, the company will be limited to issuing no more than 22 600 000 (twenty two million six hundred thousand) shares. This limit also takes into account awards already granted under PSP Trust in 2006.

In respect of the DBP, the company will be limited to issuing no more than 5 000 000 (five million) shares.

Taking all the Plans together, the company will be limited to issuing no more than 32 000 000 (thirty two million) shares. This is the limit previously approved in respect of the SAP Trust and PSP Trust and does not increase the overall dilution of shareholders through the operation of the Plans.

Dividends

Ordinary dividend

The board has decided not to resume dividends to shareholders until debt levels are significantly reduced.

Cumulative preference dividend

Details of dividends paid, dealt with in the financial statements, are shown below:

Class of share	Dividend number	Cents per share (gross)	Declaration date	Last day to trade	Payment date
6% cumulative preference	106	6.00	03/12/2021	01/02/2022	07/02/2022
	107	6.00	25/05/2022	26/07/2022	01/08/2022
6.5% cumulative preference	106	6.50	03/12/2021	01/02/2022	07/02/2022
	107	6.50	25/05/2022	26/07/2022	01/08/2022

Directors

The composition of the Board of directors is set out in the integrated report.

Mr PM Surgey and Ms N Khan are the directors who are required to retire as directors of the company in terms of clause 29.1 of the memorandum of incorporation. They are both eligible and available for re-election. The remuneration of Nampak Limited's directors is set out on pages 98 to 100 of these annual financial statements.

Interests of directors, prescribed officers and group executive committee members

The total direct and indirect beneficial and non-beneficial interests of the directors, the prescribed officers and group executive committee members of Nampak Limited (including directors and prescribed officers who retired during the financial year) in the issued ordinary share capital of the company at 30 September 2022 are shown below:

	Ordinary shares	
	2022	2021
Beneficial interests		
Executive directors		
EE Smuts	785 598	785 598
GR Fullerton	94 994	94 994
Non-executive directors		
PM Surgey	240 001	240 001
SP Ridley	176 000	176 000
Prescribed officers		
C Burmeister ¹	273 237	273 237
H Nel	63 724	63 724
LD Kidd	88 965	88 965
SB McGill	60 928	60 928
IH van Lochem	31 341	31 341

1. Resigned on 30 November 2022.

There have been no changes to the directors' shareholdings outlined above since the end of the financial year-end and to the date of this report.

Litigation statement

The directors are not aware of any material legal or arbitration proceedings (including proceedings which are pending or threatened) which may have a material effect on the financial position of the group.

Going concern

Going concern note 1.4 of the financial statements sets out the group's going concern assessment. The board has assessed the group consolidated budget for 2023 and stratplans to 2027, the resultant profitability levels, financial position and cash flows, taking into account the material factors in each of the geographies and substrates in which the group operates, the group's available funding facilities and debt refinancing plans, rights offer and potential assets for disposal and are of the view that the group has adequate access to liquidity for the foreseeable future. The events, conditions, judgements and assumptions 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 inclusive of the refinancing and rights offer plans, cost reductions and optimisation plans, as well as the management of working capital and capital expenditures. 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 and that the group will continue to operate for the foreseeable future.

Subsequent events

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

Retirement funds

Details of retirement funds are reflected in note 7.1 to the annual financial statements.

Subsidiaries, joint ventures and associate companies

Details of the company's significant subsidiaries, joint ventures and associates are reflected on pages 104 to 107 in these annual financial statements.

External auditors

Deloitte & Touche was the external auditor of Nampak Limited and other group companies for the financial year ended 30 September 2022.

At the annual general meeting of 15 February 2023, shareholders will be requested to re-appoint Deloitte & Touche as auditor of Nampak Limited following the audit and risk committee's decision to nominate Deloitte & Touche as its independent auditor for the financial year commencing 1 October 2022. Mr Mark Holme will be the individual responsible for performing the functions of the auditor.

Company Secretary

The company secretary of Nampak Limited is Ms IH van Lochem. Her contact details appear on page 120 of these annual financial statements.

CEO and CFO's internal financial control responsibility statement

for the year ended 30 September 2022

In accordance with paragraph 3.84(k) of the JSE Limited Listings Requirements, the CEO and CFO hereby confirm that:

- i) Each of the directors, whose names are stated below, hereby confirm that:
- a. the annual financial statements set out on pages 22 to 116, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
 - b. to the best of our knowledge and belief, no facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
 - c. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
 - d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
 - e. where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and
 - f. we are not aware of any fraud involving directors.



EE Smuts
Chief executive officer

2 December 2022



GR Fullerton
Chief financial officer

Consolidated statement of comprehensive income

for the year ended 30 September 2022

R million	Notes	2022	Restated* 2021
Revenue	2.1, 2.4	16 936.5	13 958.4
Raw materials and consumables used		(10 305.7)	(7 695.8)
Employee benefit expense		(2 074.3)	(2 330.0)
Depreciation and amortisation expense		(471.7)	(460.4)
Net expected credit losses — financial instruments other than the Reserve Bank of Zimbabwe financial instrument		(41.3)	(1.1)
Other operating expenses		(2 958.8)	(2 458.4)
Other operating income		137.2	177.7
Operating profit before items below		1 221.9	1 190.4
Net impact of devaluation associated with Zimbabwe		(69.7)	4.5
Net foreign exchange gains		64.8	0.8
Monetary adjustment for hyperinflation		(125.5)	(4.5)
Net expected credit losses — Reserve Bank of Zimbabwe financial instrument		(9.0)	8.2
Operating profit before net impairment losses	2.2, 2.4	1 152.2	1 194.9
Net impairment losses	2.3	(512.1)	(264.3)
Operating profit		640.1	930.6
Finance costs	5.2	(605.9)	(506.2)
Finance income	5.2	19.5	21.6
Share of net profit/(loss) in associates and joint venture		5.1	(0.9)
Profit before taxation		58.8	445.1
Income tax expense	3.1	(84.5)	(67.7)
(Loss)/profit for the year		(25.7)	377.4
Other comprehensive income/(loss) for the year, net of tax		464.0	(284.6)
Items that will not be reclassified to profit or loss		11.1	(32.4)
Net actuarial gain/(loss) from retirement benefit obligations			
Items that may be reclassified to profit or loss		609.7	(237.1)
Exchange differences on translation of foreign operations excluding Zimbabwe operations			
Exchange differences on translation and hyperinflation effects of Zimbabwe operations		(160.1)	(14.6)
Gain/(loss) on cash flow hedges		3.3	(0.5)
Total comprehensive income for the year		438.3	92.8
(Loss)/profit attributable to:			
Owners of Nampak Limited		(146.9)	207.2
Non-controlling interest in subsidiaries	8.4	121.2	170.2
Total		(25.7)	377.4
Total comprehensive income/(loss) attributable to:			
Owners of Nampak Limited		375.1	(151.9)
Non-controlling interest in subsidiaries	8.4	63.2	244.7
Total		438.3	92.8
(Loss)/earnings per share			
Basic (cents per share)	4.1	(23.1)	32.1
Diluted basic (cents per share)	4.2	(23.1)	32.1

* Represented in terms of IAS 1: Presentation of Financial Statements to disaggregate net expected credit losses relating to financial instruments other than the Reserve Bank of Zimbabwe financial instrument.

Consolidated statement of financial position

at 30 September 2022

R million	Notes	2022	Restated* 2021	Restated* 2020
Assets				
Non-current assets				
Property, plant, equipment and investment property	6.1	5 452.0	5 360.9	5 905.8
Right of use assets	6.2	679.5	694.9	871.6
Goodwill	6.3	1 976.1	1 711.8	1 877.9
Other intangible assets	6.4	141.8	134.9	164.5
Investments in associates, joint venture and other		39.3	17.5	14.9
Retirement benefit asset	7.1	221.6	—	—
Deferred tax assets	3.2	436.0	410.1	338.2
Loan and lease receivables — non-current	5.3	84.5	78.1	139.7
		9 030.8	8 408.2	9 312.6
Current assets				
Inventories	6.5	3 934.9	2 910.9	2 815.9
Trade and other current receivables	6.6	3 258.4	2 800.3	1 980.6
Tax assets		24.0	16.3	45.5
Loan and lease receivables — current	5.3	51.8	43.3	358.6
Bank balances and deposits	5.7	1 501.6	1 136.6	1 528.9
		8 770.7	6 907.4	6 729.5
Assets classified as held for sale	6.7	51.2	619.6	92.7
Total assets		17 852.7	15 935.2	16 134.8
Equity and liabilities				
Capital and reserves				
Share capital	8.1	35.5	35.5	35.5
Capital reserves	8.2	(245.9)	(226.9)	(227.6)
Other reserves	8.3	667.1	109.5	475.7
Retained earnings		4 205.7	5 069.7	4 859.3
Shareholders' equity		4 662.4	4 987.8	5 142.9
Non-controlling interests	8.4	213.9	(528.7)	(770.4)
Total equity		4 876.3	4 459.1	4 372.5
Non-current liabilities				
Loans — non-current	5.4	4 721.9	4 474.3	5 755.2
Lease liabilities — non-current	5.5	1 090.9	972.8	1 029.8
Retirement benefit obligation	7.1	746.3	801.2	775.5
Deferred tax liabilities	3.2	95.6	175.3	242.3
Other non-current liabilities		10.5	12.7	14.9
		6 665.2	6 436.3	7 817.7
Current liabilities				
Trade and other current payables	6.8	3 753.8	2 892.6	2 327.4
Provisions	6.9	115.9	192.0	275.4
Tax liabilities		68.4	36.6	34.9
Loans and lease liabilities — current	5.6	2 373.1	1 633.3	1 178.4
Bank overdrafts	5.7	—	25.0	128.5
		6 311.2	4 779.5	3 944.6
Liabilities directly associated with assets classified as held for sale	6.7	—	260.3	—
Total equity and liabilities		17 852.7	15 935.2	16 134.8

* Refer to note 1.5.

Consolidated statement of cash flows

for the year ended 30 September 2022

R million	Notes	2022	2021
Cash flows from operating activities			
Cash receipts from customers		16 620.5	12 941.4
Cash paid to suppliers and employees		(15 775.3)	(11 882.2)
Cash generated from operations	2.5	845.2	1 059.2
Interest received		10.7	21.0
Interest paid		(557.4)	(544.0)
Retirement benefits, contributions and settlements		(75.4)	(77.5)
Income tax paid		(169.6)	(152.0)
Cash flows from operations		53.5	306.7
Dividends paid		(0.1)	(0.1)
Cash generated from operating activities		53.4	306.6
Cash flows from investing activities			
Capital expenditure	6.11	(208.3)	(312.9)
Replacement		(192.7)	(273.7)
Expansion		(15.6)	(39.2)
Disposal of property, plant, equipment and investments		43.0	40.9
Proceeds on disposal of liquid bonds		—	267.8
Proceeds from Reserve Bank of Zimbabwe receivable		—	57.4
Decrease in other non-current financial assets		3.4	2.3
Cash (utilised in)/generated from investing activities		(161.9)	55.5
Net cash (utilised)/generated before financing activities		(108.5)	362.1
Cash flows from financing activities			
Non-current loans raised	2.6	912.1	1 499.6
Non-current loans repaid	2.6	(511.6)	(1 998.5)
Invoice discounting finance raised	6.8	177.9	—
Lease liabilities repaid	2.6	(125.4)	(71.2)
Treasury shares purchased*		(45.5)	—
Cash raised/(repaid) in financing activities		407.5	(570.1)
Net increase/(decrease) in cash and cash equivalents		299.0	(208.0)
Net cash and cash equivalents at beginning of year		1 111.6	1 400.4
Translation of cash in foreign subsidiaries		91.0	(80.8)
Cash and cash equivalents at end of year	5.7	1 501.6	1 111.6

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

Consolidated statement of changes in equity

for the year ended 30 September 2022

R million	Notes	2022	Restated ¹ 2021
Opening balance		4 459.1	4 214.5
Correction of error ¹		—	158.0
Net shares issued during the year		—	2.0
Share-based payment expense		26.5	3.3
Share grants forfeited		(2.0)	(1.3)
Disposal of liquid bonds ²		—	(10.1)
Treasury shares purchased ³		(45.5)	—
Total comprehensive income for the year		438.3	92.8
Dividends paid		(0.1)	(0.1)
Closing balance		4 876.3	4 459.1
Comprising:			
Share capital	8.1	35.5	35.5
Capital reserves	8.2	(245.9)	(226.9)
Share premium		270.9	270.9
Treasury shares		(558.9)	(513.4)
Share-based payments reserve		42.1	15.6
Other reserves	8.3	667.1	109.5
Foreign currency translation reserve		1 313.8	787.6
Financial instruments hedging reserve		3.3	—
Recognised actuarial losses reserve		(623.8)	(634.9)
Other ⁴		(26.2)	(43.2)
Retained earnings		4 205.7	5 069.7
Shareholders' equity		4 662.4	4 987.8
Non-controlling interests	8.4	213.9	(528.7)
Total equity		4 876.3	4 459.1

1. Refer to note 1.5
2. Cumulative fair value loss relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.
3. During the period 11 308 712 Nampak Ltd shares were acquired at a cost of R45.5 million as the deferred incentive portion of the Executive Incentive Plan for 2021. The deferred incentive is structured as forfeitable shares, meaning participants are the owners of the shares, but the shares are subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applicable).
4. Other reserves relate to deferred tax on the equity contribution by Nampak International Ltd to Nampak Zimbabwe Ltd.

Consolidated statement of changes in equity

for the year ended 30 September 2022 *continued*

R million	Capital reserves			
	Share capital	Share premium	Treasury shares	Share-based payments reserve
At 30 September 2020 (as previously reported)	35.5	268.9	(513.4)	16.9
Correction of error ¹	—	—	—	—
At 30 September 2020 (restated)	35.5	268.9	(513.4)	16.9
Employee share option scheme:				
Value of employee services	—	—	—	3.3
Proceeds from shares issued	—	2.0	—	—
Transfer between reserves	—	—	—	(4.6)
Exchange difference on translation of foreign operations — excluding Zimbabwe operations	—	—	—	—
Exchange difference on hyperinflation and related effects — Zimbabwe operations	—	—	—	—
Loss on cash flow hedges	—	—	—	—
Net actuarial loss	—	—	—	—
Disposal of liquid bonds — recycled through profit/loss ²	—	—	—	—
Loss for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2021	35.5	270.9	(513.4)	15.6
Employee share option scheme:				
Value of employee services	—	—	—	26.5
Share grants forfeited	—	—	—	—
Treasury shares purchased	—	—	(45.5)	—
Exchange difference on translation of foreign operations — excluding Zimbabwe operations	—	—	—	—
Exchange difference on hyperinflation and related effects — Zimbabwe operations	—	—	—	—
Gain on cash flow hedges	—	—	—	—
Net actuarial gain	—	—	—	—
Dilution of non-controlling interests on Angola restructure ³	—	—	—	—
Transfer between reserves	—	—	—	—
Profit for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2022	35.5	270.9	(558.9)	42.1

1. Refer to note 1.5.
2. Liquid bonds measured at fair value through other comprehensive income.
3. Refer to notes 1.3 and 8.4.

Consolidated statement of changes in equity

for the year ended 30 September 2022 *continued*

Foreign currency translation reserve	Financial instruments hedging reserve	Other reserves		Retained earnings	Total attributable to owners of Nampak Limited	Non- controlling interest	Total equity
		Recognised actuarial losses reserve	Other				
1 113.8	0.5	(602.5)	(36.1)	4 701.3	4 984.9	(770.4)	4 214.5
—	—	—	—	158.0	158.0	—	158.0
1 113.8	0.5	(602.5)	(36.1)	4 859.3	5 142.9	(770.4)	4 372.5
—	—	—	—	—	3.3	—	3.3
—	—	—	—	—	2.0	—	2.0
—	—	—	—	3.3	(1.3)	—	(1.3)
(318.7)	—	—	—	—	(318.7)	81.6	(237.1)
(7.5)	—	—	—	—	(7.5)	(7.1)	(14.6)
—	(0.5)	—	—	—	(0.5)	—	(0.5)
—	—	(32.4)	—	—	(32.4)	—	(32.4)
—	—	—	(7.1)	—	(7.1)	(3.0)	(10.1)
—	—	—	—	207.2	207.2	170.2	377.4
—	—	—	—	(0.1)	(0.1)	—	(0.1)
787.6	—	(634.9)	(43.2)	5 069.7	4 987.8	(528.7)	4 459.1
—	—	—	—	—	26.5	—	26.5
—	—	—	—	(2.0)	(2.0)	—	(2.0)
—	—	—	—	—	(45.5)	—	(45.5)
589.9	—	—	—	—	589.9	19.8	609.7
(82.3)	—	—	—	—	(82.3)	(77.8)	(160.1)
—	3.3	—	—	—	3.3	—	3.3
—	—	11.1	—	—	11.1	—	11.1
—	—	—	—	(679.4)	(679.4)	679.4	—
18.6	—	—	17.0	(35.6)	—	—	—
—	—	—	—	(146.9)	(146.9)	121.2	(25.7)
—	—	—	—	(0.1)	(0.1)	—	(0.1)
1 313.8	3.3	(623.8)	(26.2)	4 205.7	4 662.4	213.9	4 876.3

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Notes to the consolidated financial statements

for the year ended 30 September 2022

1. Basis of preparation

1.1 General

The consolidated and separate financial statements (hereinafter referred to as financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and in a manner as required by the Companies Act 71 of 2008 as amended, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The financial statements are presented in South African rand, which is the currency in which the majority of the group's transactions are denominated. The financial statements have been prepared on the going concern and historical cost basis, except for financial instruments, retirement benefit obligations and equity investments that are measured at fair value, as explained in the accounting policies concerned.

The accounting policies set out in the respective notes to the financial statements have been applied, in all material respects, consistently by all group entities to all periods presented in these financial statements.

Accounting policies which are useful to users, especially where particular accounting policies are based on judgement regarding choices within IFRS, have been disclosed. Accounting policies for which no choice is permitted in terms of IFRS have been included only if management concluded that the disclosure would assist users in understanding the financial statements as a whole, taking into account the materiality of the item being discussed.

1.2 New and revised standards in issue

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

1.3 Critical judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies, reported amounts and related disclosures.

Estimates and underlying assumptions related to critical judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments. These are set out below.

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 directors have assessed all matters related to the going concern assumption as set out in note 1.4 below and have determined that the group will continue as a going concern for the foreseeable future.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

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 in a similar manner on an annual basis.

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

Goodwill

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

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

Other assets

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

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

Bevcn Angola

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

DivFood South Africa

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

Rigids South Africa

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

Nigeria Metals

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

Details of the key assumptions used in the impairment assessments as well as the impairment losses incurred are set out in note 2.3.

Classification of disposal groups held for sale

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

Details of the net assets of these businesses are disclosed in note 6.7.

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

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

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

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

Details of the carrying value of the RBZ financial instrument are disclosed in note 5.3.

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 indicators, 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.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

Translation of Nampak Zimbabwe group companies

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

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

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

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

Capital restructuring of Nampak Bevcan Angola Lda

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

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

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

Details of non-controlling interests are disclosed in note 8.4.

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 30 September 2022. In terms of IFRS 9: Financial Instruments, when the contractual terms of a financial liability have been amended, it must be determined whether the amendments result in an extinguishment of the financial liability or in a modification to the financial instrument concerned.

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

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

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

Details of the revised contract terms are disclosed in note 1.4.

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.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

Recognition of deferred tax assets

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

The deferred tax assets raised relate mainly to Nampak Products Limited in respect of provisions, retirement benefit obligations, right of use assets, lease liabilities and assessed losses carried forward from prior years. These assets are expected to be recoverable against future taxable profits in the normal course of business. Further deferred tax assets were recognised in Nampak Bevan Angola Limitada in respect of assessed losses carried forward from prior years. In respect of the latter, deferred tax assets are only recognised to the extent that the company is expecting to utilise the tax losses with the consideration that these losses prescribe in 2025.

Details of the deferred taxation assets are disclosed in note 3.

1.4 Going concern assessment

In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the Nampak group (the group) will continue as a going concern for the next twelve months, which is considered the foreseeable future.

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

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Financial performance during the year

The group has delivered strong revenue growth assisted by improved volumes in selected markets and pass-through pricing mechanisms linked to elevated commodity prices. Trading conditions do remain challenging with difficult macroeconomic environments. However, green shoots of recovery were evident in certain markets in which the group operates. Our cost of sales was impacted by significant increases in commodity prices due to challenging supply chains with concomitant increases in logistics and shipping costs. Proactive steps were taken by the management team in managing the group's supply chains, working capital levels, funding structures and in managing operating costs. Despite inflationary pressures and a higher interest rate environment, there are however signs that confidence levels are improving in certain of our markets. This was particularly notable in the South African beverage can market where increased local demand compensated for export orders secured in the prior year that did not reoccur. The hospitality industry as well as schooling and sporting industries have shown growth. Pleasing trading performances were delivered by our Nigerian and Angolan beverage can operations. Supply chain constraints related to historical COVID-19 issues, coupled with unprecedented commodity price increases caused by the Russia/Ukraine war and constrained credit limits offered by certain suppliers required a significant investment in net working capital with concomitant increases in net funding costs.

Group revenue for the year increased by 21%, boosted by stronger volumes in our South African beverage can market, Nigeria, Angola and Zimbabwe. Trading profits grew modestly despite a pleasing growth in revenue. This was as a consequence of the pass-through pricing mechanisms in the South African beverage can market recovering increased input costs without a margin being recovered. Consequently, group trading margins declined to 9.5% from 10.2% in the prior year. Overheads were well managed in an inflationary environment with trading profit up 13%.

A significant gap between the official spot rate and the secondary market exchange rate arose during the year due to in country shortages of US dollars in Nigeria resulting in cash transfers at unfavourable exchange rates with associated material foreign exchange losses. Access to US dollars in the second half of the year improved providing liquidity but at a significant cost. Trading in Angola was not restricted by US dollar availability with the Kwana strengthening by 28% during the year.

Trading profit of R1.6 billion increased by 13% lagging revenue growth despite improved volumes. This is due to the impact of the pass-through pricing mechanism positively impacting revenue but diluting trading margins. Operating profit was assisted by core employee costs increasing by a moderate 1% and further benefitting from the Malbak retirement benefit plan fund surplus of R221.6 million credited to employee costs. This was complemented by strong trading results being delivered by Bevcans South Africa and Nigeria and a pleasing recovery in Bevcans Angola. Our Zimbabwe operations continue to perform well and are self-funding.

Capital and other items increased significantly primarily due to higher foreign exchange losses.

Operating profit of R1.15 billion before net impairments declined by 4% as a consequence of capital and other items amounting to R459.2 million, inclusive of net foreign exchange losses of R545.6 million pertaining to Nigeria and Angola and the net impact of devaluation associated with Zimbabwe amounting to R69.7 million. Operating profit was positively impacted by the R221.6 million Malbak retirement benefit plan surplus but negatively impacted by a once-off insurance loss of R50.0 million. Inflation increased to 280.4% from 51.5% in the prior year. The net foreign exchange gains in Zimbabwe increased to R64.8 million compared to a net gain of R0.8 million in the prior year with the monetary adjustment for hyperinflation of R125.5 million increasing from R4.5 million in the prior year.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

There was a significant increase in net impairments primarily due to higher WACC rates. Net impairments of R512.1 million primarily relate to Divfood South Africa, Rigids, Bevcan Angola despite an excellent recovery in the Angolan business' performance during the year and Metals Nigeria. This impairment consisted of the impairment of goodwill in Bullpak Kenya of R45.4 million, a net asset impairment of R323.9 million and a right of use asset impairment of R142.8 million.

Macro-economic issues adversely impacted valuations with higher in country risk premiums and interest rates being reflected in a higher weighted average cost of capital (WACC). In the main, higher WACC rates have contributed to R392.0 million of the group's net impairment losses of R512.1 million (2021: R264.3 million) including an impairment of R45.4 million to goodwill for Bullpak Kenya being required.

The year was characterised by consistently elevated levels of working capital given increased commodity prices, challenging supply chains, improved volumes and supplier credit limits that did not increase sufficiently to accommodate these trading conditions. Coupled with higher interest rates, net interest paid increased by 21% placing pressure on the EBITDA to interest cover covenant.

Net finance costs increased by 21% to R586.4 million from R484.6 million in the prior year primarily due a higher on average required investment in net working capital and interest rate increases. Ratchet interest costs of R64.0 million (2021: R88.0 million) were incurred during the year.

The group reported a profit before tax of R58.8 million compared to profit before tax of R445.1 million in the prior year.

An effective tax rate of 143.7% has been reported for the year compared to 15.2% in the prior year. The effective tax rate may primarily be ascribed to the tax effects of hyperinflation in Zimbabwe.

A loss for the year of R25.7 million is disappointing compared to a profit of R377.4 million in the prior year. Despite revenue growth the group's results were adversely impacted by lower trading margins, higher forex losses, interest costs, a significant increase in impairments and a higher effective tax rate.

A loss of R146.9 million attributable to owners of Nampak Limited was incurred compared to a net profit of R207.2 million in 2021 with a loss per share of 23.1 cents compared to a profit of 32.1 cents per share (cps) in the prior year. Headline earnings of R228.6 million decreased by 43% compared to R402.3 million in 2021, resulting in headline earnings of 35.9 cps compared to 62.3 cps.

The net asset value per share of 735 cents decreased by 5% from 772 cents in 2021.

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

The group acted decisively to reduce operating costs wherever possible, limit capital expenditure, proactively manage working capital levels in a market with changing demand patterns, unpredictable supply chains, foreign exchange volatility and significantly higher commodity prices in order to optimise cash flows. Net borrowings of R5.2 billion, excluding capitalised finance leases, were impacted by higher working capital levels and a 20% weaker rand dollar exchange rate at 30 September 2022. Net interest-bearing debt was reduced by R425.0 million primarily from R400.0 million received from the non-recourse trade finance facility with a commensurate reduction in banking facilities. Coupled with the aforementioned and net impairments losses of R512.1 million, gearing levels excluding capitalised lease liabilities, remained high at 108% (2021: 105%).

The Nigerian market has been characterised by an in-country shortage of US dollars and a significant gap between the official spot rate and the secondary market rate. Access to US dollars in the first half of the financial year was challenging. This improved in the second half but at weaker exchange rates resulting in net foreign exchange losses of R545.6 million for the year from Nigeria of R605.1 million partially offset by a forex gain of R59.5 million from Angola. Cash transfers related to the agreement with the Reserve Bank of Zimbabwe (RBZ) were disappointing with no further receipts in the year.

The book value of the group's equity exceeds its market capitalisation. Impairment testing was performed for all operations. Slower than expected economic recoveries in certain markets and global macro-economic conditions have been incorporated in the group's budget for the ensuing financial year and the strategic plan to 2027. Coupled with substantially higher WACC rates, this resulted in net impairment losses of R512.1 million with most of these impairments attributable to higher country risk premiums and increased interest rates.

Whilst there has been an improvement in certain supply chains, Transnet strikes in South Africa and the Natal floods adversely impacted the ports. Unprecedented commodity price increases due to the Russia/Ukraine war resulted in supply chain disruptions and significant increases in input costs. Increased management of the group's working capital and higher inventory levels were required to meet market demand.

Focus has been placed on improving trading performances with the strong recoveries in the beverage can operations diluted by a disappointing result delivered by Divfood and the impacts of the significant devaluation in the ZWL on the rand reported results of our Zimbabwe operations. Trading profit increased by 13% lagging turnover growth of 21% due to the impact of pass-through pricing mechanisms. Operating profit has been adversely impacted by net foreign exchange losses of R545.6 million pertaining to Nigeria and Angola and net impairment losses of R512.1 million, as well as a once-off insurance loss of R50.0 million but benefited from the R221.6 million Malbak Pension Fund surplus.

Impacts of significant increases in commodity prices, continued disruptions in supply chains and increased demand from our customers required careful planning given the impacts on the group's funding requirements. Unprecedented increases in commodity prices resulted in elevated working capital levels for a significant portion of the year which have been funded by a combination of internally generated cash and existing borrowing facilities. The group aims to operate a working capital funding model that funds inventory holdings through trade payables with the group therefore only funding its high-quality trade receivables book. The group was not able to fund all inventory holdings utilising funding from trade creditors with certain creditors not having the financial flexibility to accommodate the increased demand from the group and the material increases in commodity prices. This absorbed significant working capital. Despite certain commodity prices beginning to ease towards the end of the fourth quarter, higher shipping costs, global supply chain disruptions and the geopolitical risk of the Russia/Ukraine war remained. The investment in working capital and higher interest rates led to increased net finance costs and pressure on the EBITDA to interest covenant. The weakening of the Rand in the second half of the year contributed to a delay in the anticipated release of net working capital with benefits only expected to flow next financial year.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

R400.0 million of the R1.0 billion trade finance facility was utilised at 30 September 2022.

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

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

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

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

The structure and the maturity dates of facilities within the group's funding package were extended from 1 April 2023 and 25 September to 31 December 2023 to optimise the group's funding structure at the reporting date. The group complied with both its covenants at its quarterly measurement periods during the year. Management is in the process of addressing the group's capital and funding structure and is committed to reduce the complexity of the lending consortium, simplify the funding structure and refinance the debt maturing on 31 December 2023 (as extended) . Cash proceeds from asset disposals and/or proceeds from a rights offer continue to be actively considered as part of addressing the group's funding structure.

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

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

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

Timing and success of asset disposals

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

Proposed rights offer

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

These milestones include:

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Solvency and Liquidity

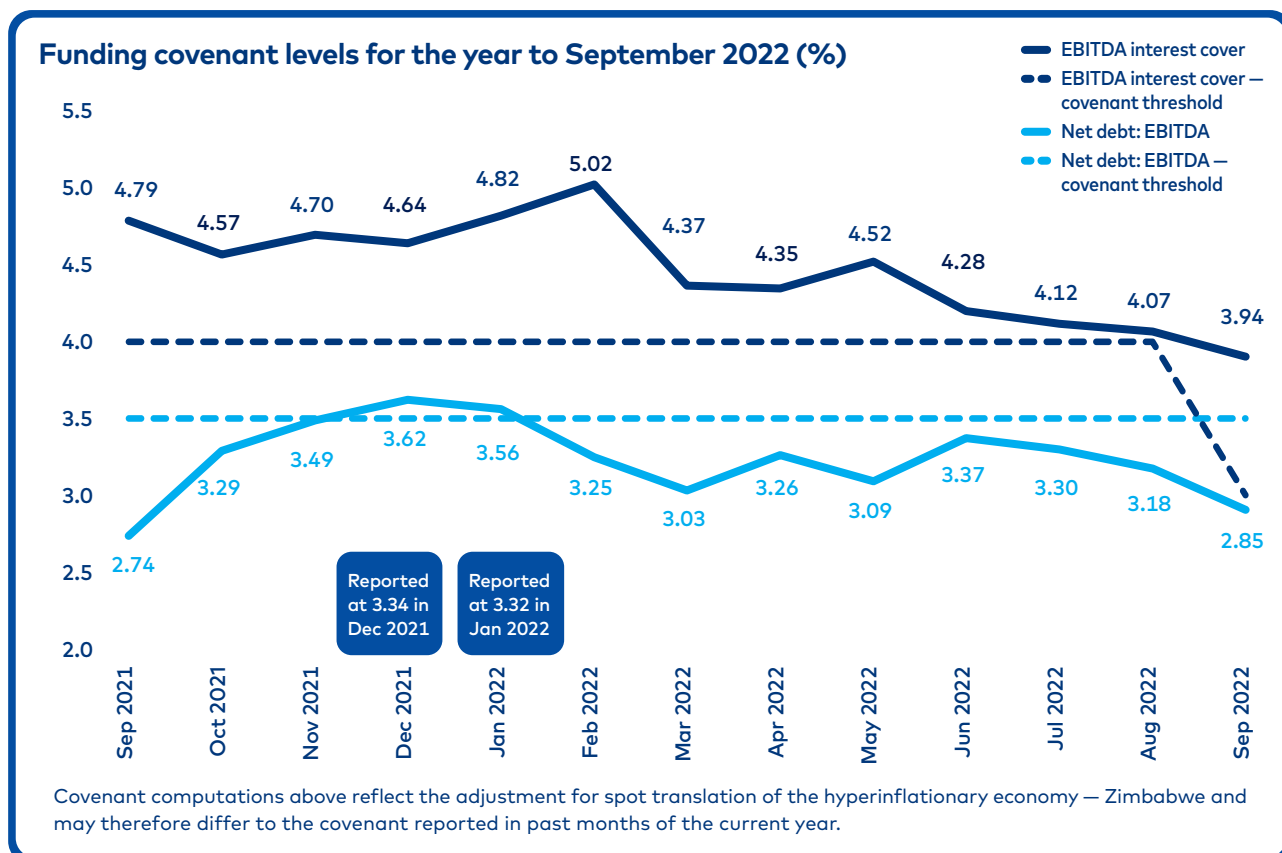
Solvency

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

Liquidity management

Covenants have been complied with for all measurement periods including 30 September 2022. EBITDA for banking covenant purposes of R1 924.5 million for the year was 12% up on the R1 716.3 million of the prior full year. A net debt to EBITDA ratio of 2.85 times achieved was well below the threshold limit of 3.5 times, as well as below the original level for this covenant of 3.0 times cover with the EBITDA interest cover ratio of 3.94 times exceeding the relaxed minimum threshold covenant level of 3.0 times as at September 2022.

The effects of the recent interest rate increases have impacted negatively on net finance costs and along with the higher average debt levels for the year and the inclusion of R64.3 million of ratchet interest cost have resulted in the EBITDA to interest cost cover covenant ratio below the historic minimum level of 4.0 times.



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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Estimates and judgements considered within the liquidity assessment

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

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

Conclusion

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

Whilst there are material uncertainties, the directors have, based on the information available to them, considered the financial plans and forecasts, available funding facilities, the actions taken by the group, cost reduction and optimisation plans, 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 going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

1.5 Error relating to the adoption of IFRS 16: Leases

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

1. Basis of preparation *continued*

1.5 Error relating to the adoption of IFRS 16: Leases *continued*

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

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

Consolidated statement of financial position

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

Consolidated statement of changes in equity

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

1.6 Subsequent events

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance

2.1 Revenue

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

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.

Variable consideration, such as volume rebates, is included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is estimated using the most likely outcome or the probability weighted outcome method. The amounts included in revenue as recognised are immaterial.

Revenue is recognised at the amount of the transaction price that is allocated to each performance obligation and this is determined at an amount that depicts the consideration to which the group expects to be entitled in exchange for transferring the goods and services promised to the customer. Revenue recognised is not based on any judgements. Furthermore, the nature of packaging products sold by the group is such that customers seldom return the products sold. When, on occasion customers do return products sold, replacements for defective products are supplied. Consequently, no provision for returns is considered necessary.

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 and is primarily earned in the Metals South Africa segment for segmental reporting purposes. Revenue from providing services is recognised when the services have been performed over the period of the contract(s) concerned.

Other revenue primarily relates to scrap sales and is primarily earned in the Metals South Africa segment for segmental reporting purposes. 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.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.2 Operating profit before net impairment losses

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

Operating profit before net impairment losses is stated after taking into account the following items:

R million	2022	2021
Employee benefit expense includes:		
Retrenchment costs*	6.7	(8.9)
Defined benefit plan expense	78.8	81.7
Pension fund curtailment gain on restructure	(37.9)	(23.5)
Retirement benefit plan surplus	(221.6)	—
Share-based payment expenses	26.5	3.3
Depreciation and amortisation consists of:		
Freehold and leasehold buildings	33.1	31.1
Plant, equipment and vehicles	309.3	302.0
Investment properties*	—	—
Right of use assets	110.9	108.1
Intangible assets	18.4	19.2
Total	471.7	460.4

* The prior year includes provisions from the previous year reversed.

* Amounts less than R50 000.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.2 Operating profit before net impairment losses *continued*

R million	2022	2021
Other operating expenses and income include:		
Auditors' remuneration		
Audit and professional fees	31.8	27.7
Tax services	2.5	1.2
Other services	2.3	1.7
Total	36.6	30.6
Rentals in respect of low value assets and short-term leases		
Low value leases (assets valued at less than R0.1 million)	5.2	9.2
Short-term leases*	0.3	27.0
Variable leases	30.1	2.9
Total	35.6	39.1
* The portfolio of short-term leases is not in any way dissimilar to the group's short-term lease commitments.		
Net (gain)/loss on financial instruments		
Derivatives	(8.1)	(11.9)
Net foreign exchange losses excluding Zimbabwe*	542.4	338.5
Total	534.3	326.6
* Includes devaluation losses arising from Angolan and Nigerian exchange rate movements of R545.6 million relating to trade receivables, trade payables and bank balances. Refer note 2.4.		
Net profit on disposals		
Net profit on disposal of plant, equipment, intangible assets and assets held for sale	(9.8)	(9.8)
Net profit on disposal of investments	—	(10.2)
Total	(9.8)	(20.0)
Other expenses/(income)		
Net impact of devaluation associated with Zimbabwe	69.7	(4.5)
Gap cover for insurance claims intimated due to exceptional losses	50.0	—
Fair value gain of investments	(17.8)	—
Administration and technical fees	8.3	8.6
Selling expenses	26.1	5.8
Distribution expenses*	505.4	447.9
Transport expenses	430.7	341.7
Other distribution expenses	74.7	106.2
Research and development expenditure	1.1	1.2
Restructuring of lease liabilities	—	(0.8)
Legal and related fees — financial instruments	8.9	—
Restructuring costs	4.9	7.6

* Disaggregated in the current year for enhanced disclosure with comparatives included accordingly.

Directors and prescribed officers' remuneration

Full details of remuneration are included in note 7.3.

No contributions were made in respect of past directors and prescribed officers.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.3 Net impairment losses

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

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

The key assumptions used for the value-in-use calculations were as follows:

%	South African divisions	Bevcan Nigeria	Bevcan Angola	Rest of Africa (excl. Bevcan Nigeria and Bevcan Angola)
2022				
Growth rate	4.7	2.6	2.6	2.6 – 13.5
Discount rate (pre-tax)	17.3	18.0	18.7	17.2 – 35.3
Discount rate (post-tax)	13.6	12.5	14.9	14.0 – 24.6
2021				
Growth rate	4.4	2.3	1.0	2.9 – 10.9
Discount rate (pre-tax)	14.7	12.6	14.9	14.4 – 29.0
Discount rate (post-tax)	11.9	9.2	11.9	10.5 – 19.9

Management estimates discount rates using the post-tax average weighted cost of capital for the group, adjusted for risks associated with the geographical markets in which the division or cash generating unit operates. A post-tax rate is used due to the different tax rates applicable in the tax jurisdictions concerned. The weighted cost of capital increased generally in the current year as a consequence of higher country risk premiums. Growth rates are based on industry growth rate forecasts.

Additionally, management considers the impact of sales volumes both from a market and customer variation point of view, production efficiencies and the impact of fluctuations in overheads when determining the cash flow projections used in value-in-use calculations. Sensitivity in the calculation of headroom, being the difference between the value-in-use and the net asset value (including goodwill) is assessed through the value-in-use calculation process.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

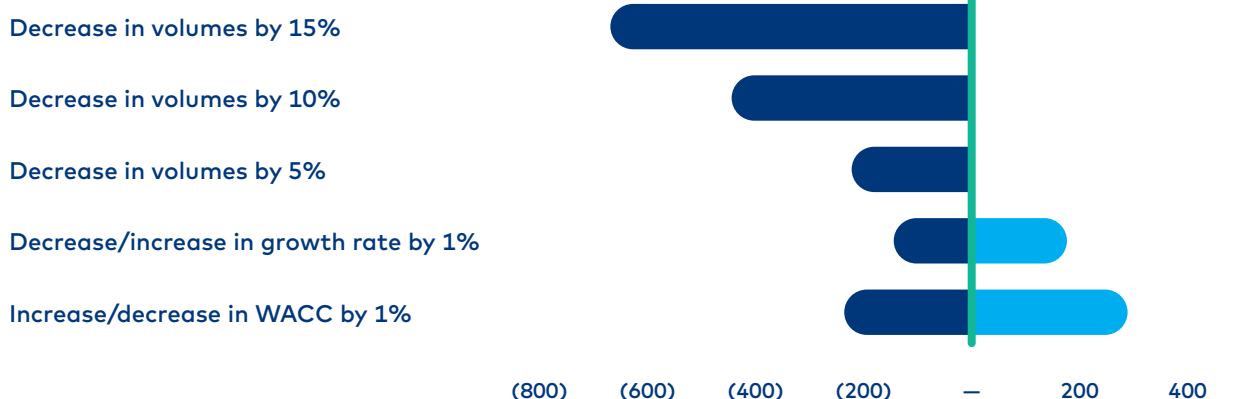
2. Operational performance *continued*

2.3 Net impairment losses *continued*

Goodwill

In testing the goodwill pertaining to Bevcan Nigeria in particular, management took into consideration the economic outlook for Nigeria, the market for beverage cans in particular and the increase in the WACC rate to 12.5% from 9.2%. Despite the concerns around the 2023 elections, elevated inflation levels and power supply issues, the GDP growth is expected to be 3.0% in 2023 due to the government's continued investment drive. The strong demand for beverage cans experienced in 2022 is also expected to continue and given customer volume growth forecasts for the next 3 to 5 years compared to installed production capacity in Nigeria, it is expected that overall market demand will exceed supply from 2024 onwards. As a result, management has determined that headroom of R295.1 million (US\$16.3 million) exists in the calculation such that no impairment of the goodwill was required for the current year. The carrying value of goodwill attributed to Bevcan Nigeria is R1.9 billion (US\$102.6 million) while the recoverable amount of the Bevcan Nigeria operation is R3.0 billion (US\$163.8 million).

Impact on recoverable amount of Bevcan Nigeria (Rm)



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

Other assets

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

The impairment assessments impacted the assets of four divisions in particular. The assets impacted and the circumstances indicating the possible impairment losses ultimately incurred are set out below:

Notes to the consolidated financial statements

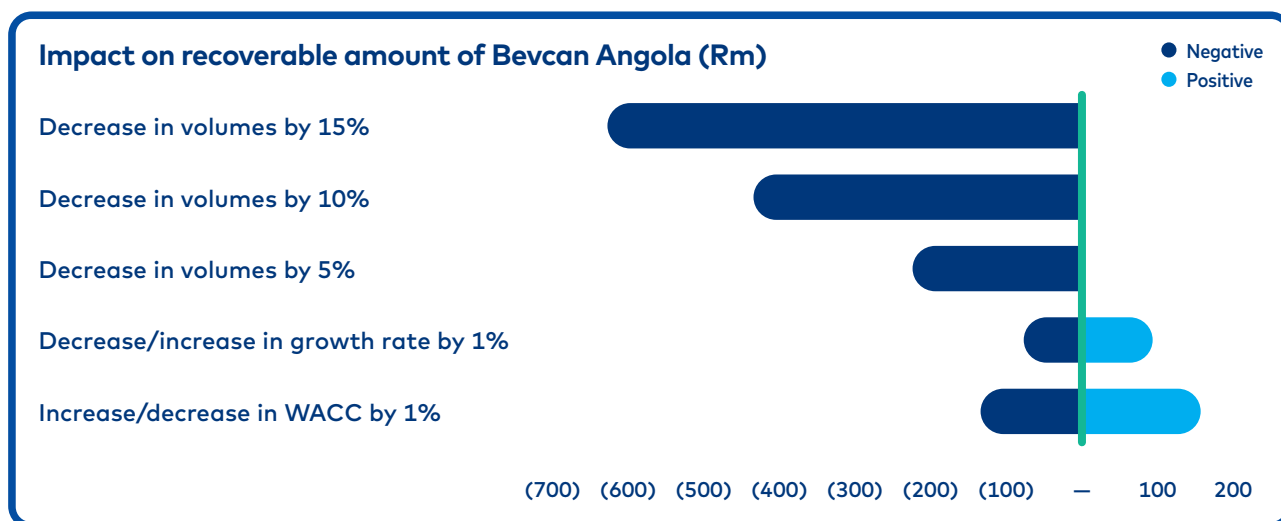
for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.3 Net impairment losses *continued*

Bevcan Angola

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



South Africa

The WACC rate in South Africa increased significantly to 13.6% from 11.9%.

DivFood

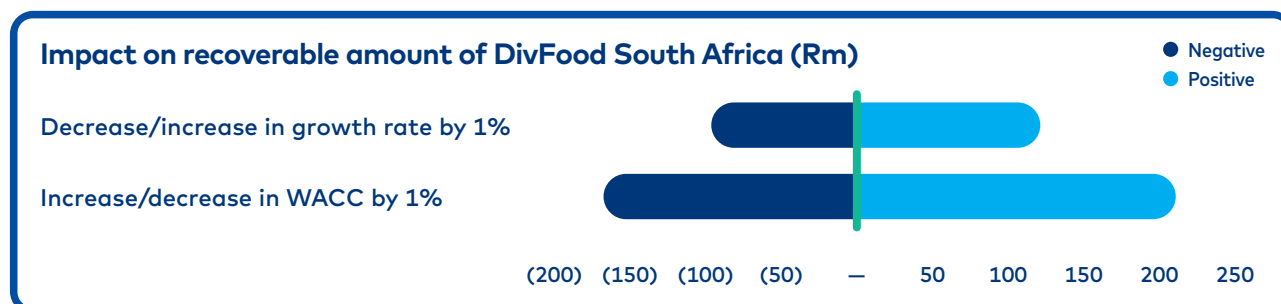
The DivFood business has experienced significant supply challenges this year including raw material shortages caused by shipment and port delays, as well as certain operational challenges including the April 2022 flooding in KwaZulu-Natal. In addition, the division's net working capital position was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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

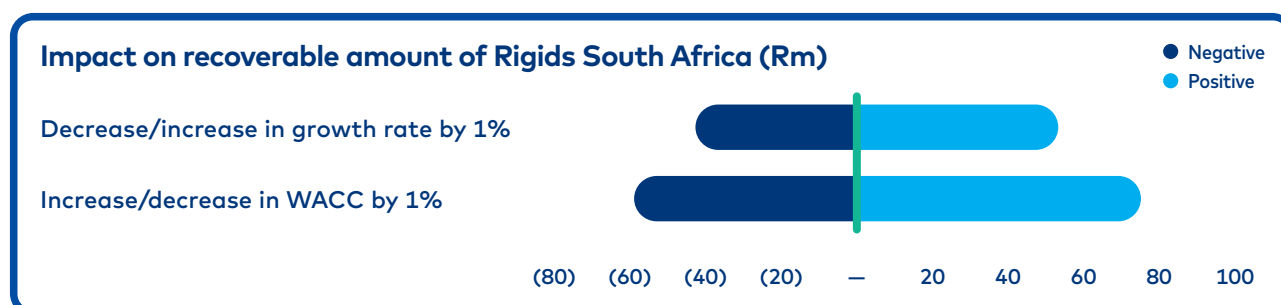
2. Operational performance *continued*

2.3 Net impairment losses *continued*



Rigids

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



Nigeria

Nigeria Metals

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.4 Segmental performance

R million	External revenue		Internal revenue ¹		Trading profit/(loss) ²		Trading margin (%)		Adjusted EBITDA ³	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Segment analysis:										
Metals	12 914.8	9 927.8	2.0	9.4	1 280.6	1 091.1	9.9	11.0	1 570.8	1 392.9
Plastic	2 953.0	2 996.5	5.9	16.8	247.5	286.9	8.4	9.6	259.1	326.8
Paper	1 068.7	1 034.1	10.2	15.2	182.6	186.7	17.1	18.1	198.4	200.6
Operations	16 936.5	13 958.4	18.1	41.4	1 710.7	1 564.7	10.1	11.2	2 028.3	1 920.3
Corporate	—	—	1 617.3	997.1	(99.3)	(143.2)	—	—	(103.8)	(204.0)
Eliminations	—	—	(1 635.4)	(1 038.5)	—	—	—	—	—	—
Total	16 936.5	13 958.4	—	—	1 611.4	1 421.5	9.5	10.2	1 924.5	1 716.3
Geographical analysis:										
South Africa	11 495.1	9 377.8	450.8	333.6	399.3	596.6	3.5	6.4	584.3	818.8
Rest of Africa	5 441.4	4 580.6	0.4	2.0	1 311.4	968.1	24.1	21.1	1 444.0	1 101.5
Operations	16 936.5	13 958.4	451.2	335.6	1 710.7	1 564.7	10.1	11.2	2 028.3	1 920.3
Corporate	—	—	1 617.3	997.1	(99.3)	(143.2)	—	—	(103.8)	(204.0)
Eliminations	—	—	(2 068.5)	(1 332.7)	—	—	—	—	—	—
Total	16 936.5	13 958.4	—	—	1 611.4	1 421.5	9.5	10.2	1 924.5	1 716.3

1. Internal revenue relates to the sale of goods to group companies other than those that reside in the same segment as the company effecting the sale. The group accounts for intragroup transactions on the same basis as transactions with third parties (being at current market prices).
2. Trading profit/(loss) is the main measure of profitability used for segmental reporting purposes and includes foreign exchange movements on forward exchange contracts. Trading profit is determined after excluding capital and other items, as defined below, from operating profit before net impairment losses.
3. The adjusted EBITDA calculation is based on trading profit before depreciation and amortisation and adjusted for unrealised foreign exchange losses/(gains) and payments in respect of leases capitalised under IFRS 16: Leases.

R million	2022	2021
Revenue to external customers by customer location:		
South Africa	10 212.8	8 108.8
Nigeria	2 455.3	1 902.5
Zimbabwe	1 458.4	1 580.6
Angola	850.9	604.8
Zambia	383.8	337.3
Namibia	240.4	119.3
Kenya	192.8	138.1
Botswana	191.3	82.4
Malawi	154.5	84.1
Rest of the world*	796.3	1 000.5
Total	16 936.5	13 958.4

* The rest of the world category was disaggregated in the current year for Botswana and Malawi with the comparatives included accordingly.

Revenue to external customers is disclosed by the country in which the transacting operations of the customers concerned are located.

During the current year one customer in the Metals South Africa segment contributed R1 708.1 million (or 10.1%) of the total external revenue of the group. There were no other customers that contributed individually more than 10% to the total external revenue of the group.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.4 Segmental performance *continued*

R million	2022	2021
Reconciliation of operating profit before net impairment losses to trading profit and adjusted EBITDA		
Operating profit before net impairment losses	1 152.2	1 194.9
Adjusted for capital and other items		
Capital items ¹		
Net profit on disposal of investments	—	(10.2)
Other items ²	459.2	236.8
Net impact of devaluation in Zimbabwe	69.7	(4.5)
Devaluation loss arising from Angolan and Nigerian exchange rate movements	545.6	246.0
Retirement benefit plan surplus ³	(221.6)	—
Insurance loss ⁴	50.0	—
Retrenchment and restructuring costs ⁵	11.6	(1.3)
Gain on restructuring loans and lease liabilities	—	(0.8)
Net measurement of expected credit loss allowance on loan and lease receivables (other than the Reserve Bank of Zimbabwe financial instrument)	4.0	—
Other	(0.1)	(2.6)
Trading profit	1 611.4	1 421.5
Depreciation and amortisation expense	471.7	460.4
Payments in respect of leases capitalised under IFRS 16: Leases	(223.7)	(201.1)
Unrealised foreign exchange (gains)/losses	(8.7)	35.5
Amortisation of retirement benefit plan surplus for covenant purposes ⁶	73.8	—
Adjusted EBITDA	1 924.5	1 716.3

- Capital items relate to items other than impairment losses/(reversals) that are adjusted for in the headline earnings per share calculation.
- Other items are defined as losses/(gains) which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the year.
- 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. Refer note 7.1.
- Relates to the gap cover for insurance claims intimated due to the exceptional losses arising from the flood damage incurred in KwaZulu-Natal during April 2022.
- Included in the prior year is a reversal of a provision raised in the 2020 financial year which was reversed in the 2021 financial year for the DivFood operations in Mobeni and Rosslyn due to alternative measures being adopted in the 2021 financial year.
- Relates to 1/3 of the actuarial surplus in the Malbak Group Pension Fund (refer footnote 3) which is added back for covenant purposes as agreed with the lenders concerned.

Operating segments are identified based on the packaging material of the products produced. This is the same basis that financial information is reported internally for the purpose of allocating resources between segments and assessing their performance by the group's chief operating decision maker, defined as the group executive committee. Reportable segments have been identified after applying the quantitative thresholds per IFRS 8: Operating Segments, and after aggregating operating segments with similar economic characteristics.

The principal activities of the segments are as follows:

Metals — manufacture of beverage cans, food cans, aerosol cans and other metal packaging;

Plastic — manufacture of plastic bottles, crates, drums and tubes;

Paper — manufacture of corrugated boxes and folding cartons;

Corporate — head office activities, procurement, treasury, property services and consolidation adjustments including goodwill.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.4 Segmental performance *continued*

The differences between the measurements of the reportable segments' profits and losses and assets and liabilities, and the group's profits and losses and assets and liabilities are as follows:

- Reportable segments' contributions to post-retirement medical aid funds and pension funds are expensed as and when incurred, while at group these funds are actuarially valued and accounted for as per the group accounting policy.
- Reportable segments' account for profit and loss on close-out of forward exchange contracts while at group, forward exchange contracts are fair valued and the fair value adjustments are accounted for as per the group accounting policy.

In addition, the businesses are grouped based on their geographical location. The main geographical regions identified are South Africa and Rest of Africa.

2.5 Cash generated from operations

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

2. Operational performance *continued*

2.6 Changes in liabilities arising from financing activities

R million	2022	Restated ¹ 2021
Loans		
Opening balance	5 924.3	6 755.2
Loans — non-current	4 474.3	5 755.2
Loans — current	1 450.0	1 000.0
Financing cash flows:		
Non-current loans raised ²	912.1	1 499.6
Non-current loans repaid ²	(511.6)	(1 998.5)
Non-cash changes:		
Translation differences	555.6	(332.0)
Closing balance	6 880.4	5 924.3
Loans — non-current	4 721.9	4 474.3
Loans — current	2 158.5	1 450.0
Lease liabilities		
Opening balance	1 156.1	1 425.7
Lease liabilities — non-current	972.8	1 291.2
Lease liabilities — current	183.3	134.5
Financing cash flows:		
Lease liabilities repaid	(125.4)	(71.2)
Non-cash changes:		
Restatement — IFRS 16	(29.3)	(163.6)
Lease liabilities raised	56.4	128.0
Lease modification	103.8	12.1
Transfer from/(to) held-for-sale	149.9	(174.5)
Other movements	(0.4)	—
Translation differences	(5.6)	(0.4)
Closing balance	1 305.5	1 156.1
Loans — non-current	1 090.9	972.8
Loans — current	214.6	183.3

1. Refer to note 1.5.

2. The group's policy with respect to inter-facility transfers is to treat these transfers as non-cash movements.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

3. Taxation

3.1 Income tax

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

3. Taxation *continued*

3.1 Income tax *continued*

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

3. Taxation *continued*

3.2 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the group, and the movements thereon, during the current and prior reporting periods.

R million	Accelerated tax depreciation	Provisions	Retirement benefit obligation	Right of use assets	Tax losses	Inventory	Foreign exchange differences	Other	Total
At 1 October 2020 (as previously reported)	1 156.2	(238.7)	(217.4)	(163.9)	(768.4)	101.0	(64.4)	49.3	(146.3)
Correction of error ¹	—	—	—	50.4	—	—	—	—	50.4
At 1 October 2020 (restated)	1 156.2	(238.7)	(217.4)	(113.5)	(768.4)	101.0	(64.4)	49.3	(95.9)
Charge/(credit) to other comprehensive income for the year	1.8	(11.0)	(12.6)	—	—	(0.7)	0.8	12.5	(9.2)
Correction of error ¹	—	—	—	5.7	—	—	—	—	5.7
(Credit)/charge to profit for the year	(3.8)	20.1	6.6	(64.7)	30.0	(22.0)	(21.8)	(60.1)	(115.7)
Hyperinflation adjustment	2.7	—	—	—	—	—	(1.0)	0.4	2.1
Translation differences	(42.5)	19.7	(0.7)	1.2	—	(19.4)	(1.5)	21.4	(21.8)
At 30 September 2021	1 114.4	(209.9)	(224.1)	(171.3)	(738.4)	58.9	(87.9)	23.5	(234.8)
(Credit)/charge to other comprehensive income for the year	(4.8)	(2.6)	9.4	4.3	—	—	(0.5)	—	5.8
(Credit)/charge to profit for the year	(172.8)	35.9	13.1	1.8	(77.2)	(6.5)	47.5	7.9	(150.3)
Hyperinflation adjustment	22.8	(0.1)	—	—	—	—	9.6	(0.2)	32.1
Translation differences	45.4	(3.0)	0.1	(4.2)	(19.1)	(2.8)	7.8	(17.4)	6.8
At 30 September 2022	1 005.0	(179.7)	(201.5)	(169.4)	(834.7)	49.6	(23.5)	13.8 ²	(340.4)

1. Refer to note 1.5.

2. This amount includes R59.8 million deferred tax liability in respect of a pension fund surplus received from the Malbak Group Pension Fund, as well as deferred tax in respect of share-based payments, prepayments, finance lease debtors and excess interest not deductible in the current period.

R million	2022	2021
Analysed between:		
Deferred tax assets	(436.0)	(410.1)
Deferred tax liabilities	95.6	175.3
	(340.4)	(234.8)

At year end the group had unused tax losses of R4 104.3 million (2021: R3 838.7 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R3 121.8 million (2021: R2 668.8 million) of such losses based on the assessment of budgets prepared by management of the entities concerned. No deferred tax asset has been recognised on the remaining R982.5 million (2021: R1 169.9 million) due to the unpredictability of future profit streams.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

3. Taxation *continued*

3.2 Deferred tax *continued*

Loss expiration table

The tax losses have expiry dates as follows:

R million	2022	2021
Year 1	20.4	6.7
Year 2	35.4	52.6
Year 3	956.4	307.4
Year 4	238.0	756.3
Year 5	10.8	140.9
Years 5 – 10	120.9	133.1
Total tax losses expiring	1 381.9	1 397.0
Losses with no expiry date	2 722.4	2 441.7
Total	4 104.3	3 838.7

The group has tax losses of R1 381.9 million (2021: R1 397.0 million) that will expire within the next 10 years. Deferred tax has been raised on R521.5 million (2021: R326.4 million) of these losses. Nampak Bevcen Angola LDA has losses of R932.9 million (2021: R1 094.1 million) expiring within 3 years and R219.2 million expiring within 4 years. Nampak Kenya Ltd, Bullpak Kenya Ltd, Nampak Malawi Ltd, Nampak Liquid Botswana (Pty) Ltd, Hunyani Forests Ltd and Nampak Packing Plc all have losses expiring within 10 years.

The above tax losses for 2022 are made up as follows:

R million	Deferred tax raised	Deferred tax not raised	Total
Nampak Products Limited	2 530.5	—	2 530.5
Nampak Bevcen Angola LDA	519.2	633.0	1 152.2
Nampak Bevcen Nigeria Ltd	69.6	—	69.6
Nampak Liquid Botswana (Pty) Ltd	1.6	—	1.6
Hunyani Forest Ltd (Zimbabwe)	0.8	—	0.8
Nampak Packaging Plc	0.1	—	0.1
Nampak Kenya Ltd	—	158.2	158.2
Nampak Tanzania Ltd	—	122.3	122.3
Nampak Malawi Ltd	—	42.1	42.1
Bullpak Ltd	—	26.9	26.9
Total	3 121.8	982.5	4 104.3

Key judgements

Management has reviewed the future profit forecasts for Nampak Products Ltd, Nampak Liquid Botswana (Pty) Ltd, Nampak Bevcen Angola LDA, Nampak Bevcen Nigeria Ltd, Hunyani Forest Ltd and Nampak Packaging Plc and are satisfied that there will be sufficient taxable income in the foreseeable future to utilise the tax losses.

For the remaining entities, deferred tax assets were raised on tax losses to the extent that management is satisfied that there will be sufficient taxable temporary differences to cover the deferred tax raised on the tax losses.

In addition, the group had capital losses available for utilisation against future capital gains to the value of R2 640.6 million (2021: R2 636.5 million).

During the year capital losses amounting to R10.5 million (2021: R25.0 million) were utilised.

No deferred tax has been raised on any of the capital losses in the current and prior year.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

4. (Loss)/earnings per share

4.1 Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

Weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year, weighted on a time basis for the period during which they have participated in the profit of the group.

R million	2022	2021
Basic (loss)/earnings		
(Loss)/profit attributable to equity holders of the company for the year	(146.9)	207.2
Less: preference dividend	(0.1)	(0.1)
Basic (loss)/earnings	(147.0)	207.1
Weighted average number of shares in issue ('000)	636 325	645 469
Basic (loss)/earnings per share	(23.1)	32.1

4.2 Diluted basic (loss)/earnings per share

The diluted basic (loss)/earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares.

R million	2022	2021
Diluted basic (loss)/earnings		
Diluted basic (loss)/earnings ¹	(147.0)	207.1
Weighted average number of ordinary shares for the purpose of diluted basic (loss)/earnings per share ('000)	636 325	646 070
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share ('000)	636 325	645 469
Share incentive plans ('000) ²	—	601
Diluted basic (loss)/earnings per share	(23.1)	32.1

1. No dilution of basic (loss)/earnings.

2. Share incentive plans are excluded in the current year due to their anti-dilutive effect on the loss per share.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

4. (Loss)/earnings per share *continued*

4.3 Headline earnings per share

Headline earnings are basic earnings calculated above adjusted to exclude remeasurements as prescribed by circular 1/2021 issued by the South African Institute of Chartered Accountants.

Headline earnings per share is calculated by dividing headline earnings by the weighted average number of ordinary shares in issue during the year, excluding those held as treasury shares.

R million	2022	2021
Headline earnings		
Basic (loss)/earnings	(147.0)	207.1
Adjusted for:		
Net impairment losses*	512.1	264.3
Freehold land and buildings	(0.9)	(3.0)
Plant, equipment and vehicles	314.8	93.5
Right of use assets	142.8	136.2
Goodwill	45.4	—
Other intangible assets	0.2	2.4
Assets held for sale	9.8	35.2
Net profit on disposal of investments	—	(10.2)
Net profit on disposal of property, plant, equipment and intangible assets	(9.8)	(9.8)
Tax effects and outside shareholders' interests	(126.7)	(49.1)
Headline earnings	228.6	402.3
Weighted average number of shares in issue ('000)	636 325	645 469
Headline earnings per share (cents)	35.9	62.3

* Disclosure has been expanded and comparatives have been included accordingly.

4.4 Diluted headline earnings per share

R million	2022	2021
Diluted headline earnings *	228.6	402.3
Weighted average number of ordinary shares for the purpose of diluted headline earnings per share ('000)	650 077	646 070
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share ('000)	636 325	645 469
Share incentive plans ('000)	13 752	601
Diluted headline earnings per share (cents)	35.2	62.3

* No dilution of headline earnings.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt

5.1 Financial risk management

Financial risk management objectives

The main risk areas to which the group is exposed are capital risk, liquidity risk, market risk (including interest rates, currency and commodity prices) and credit risk.

The group's corporate treasury provides services to the business, coordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the group. These risks include liquidity risk and market risk. Treasury management, reporting to the chief financial officer, is responsible for considering and managing the group's day-to-day financial market risks by adopting strategies within the guidelines set by the treasury policy manual and approved by the Audit and Risk Committee.

Where relevant, selected derivative and non-derivative hedging instruments are used to hedge risks. Hedging instruments are used to cover risks that affect the group's cash flows and are not used for trading or speculative purposes.

Compliance with policies and exposure limits are periodically reviewed by the treasury committee.

Carrying amount and maturity profile of financial instruments

The carrying amount and maturity profile of financial assets and liabilities at 30 September were as follows:

R million	Notes	Carrying amount	Current year	1 – 2 years	2 – 3 years	3 – 4 years	Over 4 years
At 30 September 2022							
Financial assets							
At amortised cost							
Loan and lease receivables ¹	5.3	136.3	51.8	71.4	4.4	4.8	3.9
Trade receivables and other current assets ²	6.6	2 986.3	2 986.3	—	—	—	—
Bank balances and deposits	5.7	1 501.6	1 501.6	—	—	—	—
At fair value — level 2							
Derivative assets ³	6.6	50.6	50.6	—	—	—	—
At fair value — level 3							
Investments	8.5	22.3	22.3	—	—	—	—
Total		4 697.1	4 612.6	71.4	4.4	4.8	3.9
Financial liabilities							
At amortised cost							
Loans ⁴	5.4	6 880.4	2 158.5	4 721.9	—	—	—
Lease liabilities ⁴	5.5	1 305.5	214.6	190.4	174.2	153.6	572.7
Trade payables and other current liabilities ⁵	6.8	3 345.2	3 345.2	—	—	—	—
At fair value — level 2							
Derivative liabilities ³	6.8	22.4	22.4	—	—	—	—
Total		11 553.5	5 740.7	4 912.3	174.2	153.6	572.7

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

R million	Notes	Carrying amount	Current year	1 – 2 years	2 – 3 years	3 – 4 years	Over 4 years
At 30 September 2021*							
Financial assets							
At amortised cost							
Loan and lease receivables ¹	5.3	121.4	43.3	43.5	25.6	6.6	2.4
Trade receivables and other current assets ²	6.6	2 607.5	2 607.5	—	—	—	—
Bank balances and deposits	5.7	1 136.6	1 136.6	—	—	—	—
At fair value — level 2							
Derivative assets ³	6.6	31.1	31.1	—	—	—	—
Total		3 896.6	3 818.5	43.5	25.6	6.6	2.4
Financial liabilities							
At amortised cost							
Loans ⁴	5.4	5 924.3	1 450.0	4 474.3	—	—	—
Lease liabilities ⁴	5.5	1 156.1	183.3	140.7	124.1	110.7	597.3
Trade payables and other current liabilities ⁵	6.8	2 814.9	2 814.9	—	—	—	—
Bank overdrafts	5.7	25.0	25.0	—	—	—	—
At fair value — level 2							
Derivative liabilities ³	6.8	13.5	13.5	—	—	—	—
Total		9 933.8	4 486.7	4 615.0	124.1	110.7	597.3

* Restated — refer note 1.5.

1. The maturity profile of lease receivables including unearned finance income is disclosed in note 5.3.
2. Excludes derivative assets, prepayments and trade and other current receivables presented as assets classified as held for sale.
3. Derivative assets and liabilities classified as level 2 consist of forward exchange contracts and commodity futures as their fair value is determined using the contract exchange rate at measurement date, with the resulting value discounted back to the present value.
4. The maturity profile of loans and lease liabilities including unexpensed finance charges is disclosed in notes 5.4 and 5.5. Lease liabilities exclude those presented as liabilities directly associated with assets classified as held for sale. The amounts included in the "Over 4 years" category relate to one head lease expiring in 2031 with payments spread equally over the period.
5. Excludes derivative liabilities, shareholders for dividends, VAT payables, payroll accruals and trade and other current payables presented as part of liabilities directly associated with assets classified as held for sale.

The carrying amounts of financial assets and liabilities are considered to approximate their fair values.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

Financial risk management techniques

a) Capital risk management

The group manages its capital to ensure that entities in the group and the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances.

The group's objectives when managing capital are to provide an adequate return to shareholders, to appropriately gear the business, to safeguard the ability of the group to continue as a going concern and to take advantage of opportunities that are expected to provide an adequate return to shareholders.

In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue or buy back shares or sell assets to reduce debt.

The group monitors capital based on two ratios namely net debt to adjusted EBITDA (as defined in note 2.4 and hereinafter referred to as "EBITDA") and EBITDA interest cover. These ratios are the basis for the covenants that apply to the majority of the facilities available to the group and are calculated as interest bearing net debt divided by EBITDA and EBITDA divided by net interest expense, respectively. Lease liabilities recognised in terms of IFRS 16: Leases as well as the interest expense on these liabilities are specifically excluded for purposes of the covenant calculations.

In terms of the funding agreements negotiated in September 2021, the group's lenders continued to relax the net debt to adjusted EBITDA covenant requirement for the 2022 financial year to 3.5 times (normal level: 3.0 times) while reinstating the normal adjusted EBITDA interest cover covenant requirement of 4.0 times. The group's lenders also required the group to demonstrate its ability to reduce its interest-bearing debt by R1.0 billion by 30 June 2022 and to effect this reduction by 30 September 2022 through the utilisation of all cash flows generated including strategic asset disposals. Although the group achieved the covenant requirements at each of the agreed reporting dates during the year, the group has not been able to meet the requirement of the R1.0 billion reduction of its interest-bearing debt mainly due to disposals of identified assets at fair value proving to be challenging in the current market conditions.

During September 2022, the group successfully concluded negotiations with the group's lenders to revise certain terms in the above agreement to allow the group to continue the process of optimising its capital and funding structure while providing the necessary flexibility for the group to operate under the current conditions of elevated commodity prices and high interest rates.

These revised terms include:

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

The revised terms also allow for debt to continue being reduced through the utilisation of all cash flows generated through normal operating activities, the repayment of historical debt by the Reserve Bank of Zimbabwe and the utilisation of its trade finance facility. The group also continues to actively engage with potential buyers for businesses identified as part of the group's strategic objectives to reduce risk and to simplify the group's business portfolio with the intention that fair value for these businesses must be achieved.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

The covenant ratios will continue to be measured quarterly until 31 December 2023 and reported monthly to the group's lenders. EBITDA for covenant calculations continues to be based on a rolling twelve-month period to the date of measurement. The revised covenant requirements are set out below.

Covenant requirement for the measurement periods ending:

	30 Sep 2022	31 Dec 2022	31 Mar 2023	30 Jun 2023	30 Sep 2023	31 Dec 2023
Covenant requirement						
Net debt : EBITDA	Less than or = to 3.5 x	Less than or = to 3.5 x	Less than or = to 3.0 x	Less than or = to 3.0 x	Less than or = to 3.0 x	Less than or = to 3.0 x
EBITDA : Interest cover	More than or = to 3.0 x	More than or = to 3.0 x	More than or = to 3.0 x	More than or = to 3.0 x	More than or = to 3.0 x	More than or = to 3.0 x

Management is in the process of addressing the group's capital and funding structure and is committed to reducing the complexity of the lending consortium, simplifying the funding structure and refinancing the debt maturing on 31 December 2023. Cash proceeds from asset disposals and/or proceeds from a rights offer continue to be actively considered as part of addressing the group's funding structure.

b) Liquidity risk management

Liquidity risk is the possibility that the group may suffer financial loss through liquid funds not being available or that excessive finance costs must be paid to obtain funds to meet payment requirements. The ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk through forecasting and monitoring cash flow requirements on a daily basis, and by maintaining sufficient undrawn facilities.

The impact of significant increases in commodity prices, continued disruptions in supply chains and increased demand from our customers on the group's facilities as experienced during the current year, requires careful planning. Unprecedented increases in commodity prices resulted in elevated working capital levels for a significant portion of the year which were funded by a combination of these facilities and internally generated cash. At 30 September, the group had non-current facilities of R7.0 billion. In addition, the group had undrawn overnight facilities in South Africa of R804.0 million and undrawn trade facilities in Nigeria, Angola and Malawi of R264.9 million, as well as cash on hand of R1501.6 million. A non-recourse trade finance facility amounting to R1.0 billion, of which R600.0 million remains unutilised, complements the group's facilities. Going forward, the non-current facilities are expected to be reduced to R5.7 billion post a rights offer by 31 March 2023 yielding net proceeds of R1.35 billion. These facilities are considered to remain adequate to meet the group's liquidity requirements.

Cash generated from operations before working capital by the group decreased year-on-year by 11% to R1.5 billion. This decrease was mainly due to reduced profitability levels across the group. Increased commodity pricing and the related pass-through to customers, weakened customer terms and more demand for early payment to major suppliers required an investment of R658.5 million in working capital compared to a utilisation of R621.2 million in the prior year. Structural imbalances in the working capital cycle, supply chain impacts from the Russia/Ukraine war, floods in Natal and the Transnet strikes adversely impacted inventory levels. The group remains intent on operating a working capital funding model that funds inventory balances through trade payables with the group thereby only funding its high-quality trade receivables book. The group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

The Nigerian operations effected cash transfers of R1.7 billion (2021: R0.9 billion) to Nampak International Limited for material procured during the current year. Some relief has been provided given the higher oil prices, but there is a significant gap between the secondary market rate and the official rate for the Naira, which is reflective of official dollar liquidity in Nigeria. The cash balances of these operations amounting to R369.2 million (2021: R436.8 million) are largely Naira-denominated and unhedged, and therefore exposed to devaluations in the Naira currency. The Naira has weakened during the current year by 6% to a rate of 437.74 to the US dollar. In addition to cash balances, Bevcen Nigeria also has a trade facility of R179.4 million (US\$ 9.9 million) as at 30 September 2022 which can be drawn down in Naira or US dollar to facilitate further liquidity requirements. The entire facility was undrawn at 30 September 2022.

Bevcen Angola effected cash transfers of R0.7 billion (2021: R0.7 billion) to Nampak International Limited for material procured during the current year, while repayments of its trade creditor balance with Bevcen South Africa for ends exported to Angola continued. Angola's ability to benefit from the recovery in the oil price is limited relative to Nigeria as Angola has failed to invest in additional oil production capacity over the last 5 years given the challenges they have faced. The cash balance of R50.2 million (2021: R48.9 million) is largely Angolan kwanza-denominated and unhedged, and therefore exposed to devaluations in the Angolan kwanza currency. The Angolan kwanza has, however, strengthened by 28% during the current year to a rate of AOA 443.55 to the US dollar. In addition to cash balances, Bevcen Angola also has an overdraft facility of R77.5 million (AOA 1.9 billion) as at 30 September 2022 to facilitate further liquidity requirements. The entire facility was undrawn at 30 September 2022.

The Zimbabwe operations remain self-funding. No funds were received during the current year from the Reserve Bank of Zimbabwe in respect of historical debt. The cash balance of R44.3 million (2021: R79.4 million) is largely Zimbabwean dollar-denominated and unhedged, and therefore exposed to devaluations in the Zimbabwean dollar exchange rate. The Zimbabwean dollar has weakened significantly during the current year by 609% to a rate of 621.53 to the US dollar.

The group had the following undrawn facilities available at 30 September:

R million	South Africa	Rest of Africa	Europe	Total
Expiry period at 30 September 2022				
One year	804.0	256.9	—	1 060.9
Two years	—	—	1 112.5	1 112.5
Four years	—	8.0	—	8.0
Total	804.0	264.9	1 112.5	2 181.4
Expiry period at 30 September 2021				
One year	—	136.5	—	136.5
Three years	476.2	—	1 247.6	1 723.8
More than four years	750.0	5.9	—	755.9
Total	1 226.2	142.4	1 247.6	2 616.2

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

c) Market risk management

Interest rate risk management

Interest rate risk is the possibility that the group may suffer financial loss due to adverse movements in interest rates. The group is exposed to interest rate risks mainly in South Africa and the Isle of Man. To minimise the effects of interest rate fluctuations in these countries, the group manages the interest rate risk for net debt denominated in rand and dollar separately. Interest rate hedging activities are reviewed regularly to ensure compliance with acceptable risk tolerance levels.

The rand and dollar interest rate risks are mainly managed on a floating rate basis using derivative instruments, where appropriate, to limit the effects of adverse movements in rates. There were no interest rate derivatives in place during the year.

The financial liability recognised under the current revolving credit facility loan agreement is defined as a floating rate financial liability measured at amortised cost. This results in the revision of the effective interest rate at the point when the contractual interest rate is revised to reflect the change in the credit risk of the group. In terms of the agreement, the group's interest rate is based on compliance with the leverage covenant level i.e. on the base floating rate plus the margin rate, depending on the covenant concerned at the end of each quarter.

The risk profile of interest-bearing financial assets and liabilities is as follows:

R million	Floating rate liabilities	Fixed rate liabilities	Floating rate assets	Fixed rate assets	Net liability/ (asset)
At 30 September 2022					
South African rand	4 732.4	—	(337.9)	(1.8)	4 392.7
UK pound	6.1	—	(6.3)	—	(0.2)
US dollar	2 436.7	1 005.8	(828.7)	—	2 613.8
Nigerian naira	—	—	(305.8)	—	(305.8)
Angolan kwanza	1.8	—	(49.9)	—	(48.1)
Other currencies	3.1	—	(107.5)	—	(104.4)
Total	7 180.1	1 005.8	(1 636.1)	(1.8)	6 548.0
At 30 September 2021*					
South African rand	4 472.0	—	(353.6)	(1.8)	4 116.6
UK pound	1.5	—	(18.7)	—	(17.2)
US dollar	1 864.0	902.7	(334.0)	—	2 432.7
Nigerian naira	—	—	(332.4)	—	(332.4)
Angolan kwanza	—	—	(46.0)	—	(46.0)
Other currencies	15.1	—	(171.5)	—	(156.4)
Total	6 352.6	902.7	(1 256.2)	(1.8)	5 997.3

* Restated — refer note 1.5.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

	2022		2021	
	Bank balances %	Borrowings* %	Bank balances %	Borrowings* %
Weighted average interest rates are as follows:				
South African rand	6.2	7.5	3.6	5.4
US dollar	—	4.6	—	3.2

* Borrowings include overnight call facilities.

If the market interest rates had been 100 basis points higher/lower at 30 September 2021 profit or loss would have been R61.2 million lower/higher (2021: R56.4 million).

The amount of R61.2 million (2021: R56.4 million) is calculated based on the assumption that the daily average weighted cost of borrowings was higher/lower by 100 basis points throughout the year and such rate was applied to the borrowings as at year end. This would not necessarily equate to the actual profit or loss as year-end borrowings do not reflect actual borrowings throughout the year.

Currency risk management

Currency risk is the possibility that the group may suffer financial loss as a consequence of the depreciation in the measurement currency relative to the foreign currency prior to payment of a commitment in that foreign currency or the measurement currency strengthening prior to receiving payment in that foreign currency. The group also has translation risk arising from the consolidation of foreign operations into South African rand. Risks from foreign currencies for trading purposes are hedged to the extent that they influence the group's cash flows.

The group uses forward exchange contracts (FECs) in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. In South Africa, all capital commitments were required to be designated as a cash flow hedge. Effective 31 August 2022, the DivFood division resumed cash flow hedging of tinsplate imports for a defined group of customers. Hedges are tested for hedge effectiveness on a regular basis. In the current year, a gain on the fair value of FECs amounting to R3.3 million (2021: R0.6 million loss) was taken to equity. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets and inventory purchased. During the current year, the cost of inventory was reduced by R0.4 million (2021: R0.1 million increase).

The group has some significant operations outside South Africa and therefore the group's results as consolidated are impacted by the movement in these exchange rates against the US dollar and the movement of the US dollar against the Rand. In particular, the group is exposed to movements in the Angolan kwanza, Nigerian Naira and Zimbabwean dollar against the US dollar.

During the current year, the average Kwanza/US dollar exchange rate strengthened by 25%, while the closing Kwanza/US dollar exchange rate strengthened by 28%. Over this period, the average and closing Naira/US dollar exchange rates weakened by 5% and 6% respectively. In terms of IAS 29: Financial Reporting in Hyperinflationary Economies, the closing Zimbabwean dollar/ZAR exchange rate is adopted as the average exchange rate with differences between the average and closing Zimbabwean dollar/US dollar exchange rates being due to these rates being derived from the relationship of the Zimbabwean dollar/ZAR and ZAR/US dollar exchange rates. During the current year, the closing Zimbabwean dollar/US dollar exchange rates weakened by 609%.

The Rand/US dollar average and closing exchange rates weakened by 7% and 20% respectively during the current year.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

	2022	2021
Currency conversion guide at 30 September		
Statement of comprehensive income (average)		
Rand/UK pound	20.22	20.29
Rand/Euro	17.12	17.73
Rand/US dollar	15.82	14.83
Kwanza/US dollar	490.60	655.82
Naira/US dollar	419.25	400.33
Statement of financial position (closing)		
Rand/UK pound	20.21	20.34
Rand/Euro	17.74	17.49
Rand/US dollar	18.09	15.11
Kwanza/US dollar	443.55	614.21
Naira/US dollar	437.74	413.05
Zimbabwean dollar/US dollar*	621.53	87.67

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

If the exchange rates with these currencies had weakened by 5% at 30 September 2022, with all other variables held constant, the impact on profit and loss for the year would have been a decrease of R9.3 million (2021: R12.7 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit and loss would increase by R9.3 million (2021: R12.7 million).

In South Africa all imports, exports and capital commitments are fully hedged once they are firm and ascertainable except to the extent that this risk is assumed by the customer. The values of open forward contracts entered into at 30 September and their expected maturity profiles are:

R million	Average contract rate (R)		Foreign denominated amount		Fair value asset/(liability)	
	2022	2021	2022	2021	2022	2021
Fair value hedges and FECs						
US dollar						
Less than 3 months	16.86	14.99	14.5	4.1	28.6	(5.6)
3 to 6 months	17.55	14.78	3.0	10.6	2.8	6.6
6 to 9 months	17.42	14.98	1.3	9.7	1.3	6.1
Euro						
Less than 3 months	17.41	17.58	10.5	12.4	5.3	(0.7)
3 to 6 months	17.89	17.82	2.5	2.1	1.1	0.6
6 to 9 months	17.89	18.18	1.2	0.7	0.2	—
UK pound						
Less than 3 months	19.96	20.27	1.0	0.9	0.1	(0.2)
Other						
Less than 3 months	0.15	0.06	0.1	0.2	—	—
					39.4	6.8

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

Commodity price risk management

Commodity price risk is the risk that the group may suffer financial loss when a fluctuating price contract is entered into and commodity prices increase or when a fixed price agreement is entered into and commodity prices fall. The group uses derivative instruments, including forward agreements and futures, to hedge commodity risk.

The values of open future contracts entered into at 30 September and their expected maturity profiles are:

R million	Average contract rate (R)		Foreign denominated amount		Fair value (liability)/asset	
	2022	2021	2022	2021	2022	2021
Less than 3 months	43 318	36 454	(151.9)	(107.7)	(15.0)	10.9
3 to 6 months	40 890	39 780	(11.1)	(91.7)	(0.3)	0.1
6 to 9 months	41 272	41 213	(1.0)	(28.0)	—	0.2
					(15.3)	11.2

At year-end, the primary commodity exposure that the group had related to the purchase price of aluminium. A 10% movement in the aluminium price would impact operating profit by R14.8 million gain (2021: R23.6 million gain).

d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. In order to minimise credit risk, the group has a policy of only dealing with creditworthy counterparties.

Credit risk relates mainly to loan and lease receivables, trade receivables and bank balances.

The Reserve Bank of Zimbabwe (RBZ) financial instrument arose from the arrangement with the RBZ in order to protect the group's cash position in that jurisdiction. Consequently, the group is exposed to the credit risk and probability of default of the Zimbabwean government. Default is defined as the failure to honour the repayment terms of the agreement with the RBZ.

In light of the credit risk attached to the asset at 30 September 2019, an expected credit loss (ECL) provision of 85% was applied to the agreement after having regard to the prevailing economic challenges and financial uncertainty in Zimbabwe. This was supported by the outlook of the World Bank and International Monetary Fund and related to the ability of the Zimbabwean economy to recover from its economic crisis.

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

With the exception of a few multinationals, the concentration of credit risk of default relating to trade receivables is limited due to the customer base being large and unrelated. Default is defined as the failure to honour the credit terms agreed with the customer concerned. No credit rating has been obtained from banks for customers. Ongoing credit evaluations on the financial condition of customers are performed, taking into account their financial position and past experience. Trade receivables have similar payment profiles as evidenced by low write-offs at a portfolio level.

To the extent possible, the group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The group does not consider there to be any significant concentration of credit risk which has not been adequately provided for at the year-end.

5.2 Net finance costs

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

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

5.3 Loan and lease receivables

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 continued

5. Financial risk management and net debt continued

5.3 Loan and lease receivables continued

R million		Gross	Unearned finance charges	Net
Summary of equipment sales receivables by year of repayment:				
Total lease payments receivable		14.3	(2.0)	12.3
Repayable during the year ending 30 September:	2023	5.3	(1.0)	4.3
	2024	4.7	(0.6)	4.1
	2025	2.6	(0.3)	2.3
	2026	1.2	(0.1)	1.1
	2027 onwards	0.5	(0.0)	0.5

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

Loan receivables are measured initially at fair value and are subsequently measured at fair value through other comprehensive income and amortised cost, respectively.

The group measures the loss allowance for equipment sales receivables and loan receivables using the general approach as a function of probability of default (PD), loss given default (LGD) and exposure at default (EAD). An amount equal to lifetime expected credit losses (ECLs) is recognised where there has been a significant increase in credit risk, otherwise ECL is recognised as the 12-month ECL. Except for the RBZ financial instrument, as described above using a lifetime ECL allowance, for the current year, there was no significant change in credit risk due to the ability of the counterparties to the agreements being able to meet their contractual obligations. The PDs and LGDs are based on historic losses, which are adjusted for forward-looking information where significant.

The following table shows the movement in the ECL allowance that has been recognised for equipment sales receivables and loan receivables in accordance with IFRS 9:

R million	2022	2021
At 1 October	789.0	816.3
Net measurement of loss allowance — 12-month ECL movement on equipment sales and other loan receivables	4.3	—
Net measurement of loss allowance — lifetime ECL of RBZ financial instrument	9.0	(8.2)
Reclassification from Provision for doubtful debts — equipment sales receivable	—	1.3
Reversal of ECL on loan receivables	(0.3)	—
Translation differences	155.3	(20.4)
At 30 September	957.3	789.0

Notes to the consolidated financial statements

for the year ended 30 September 2022 continued

5. Financial risk management and net debt continued

5.4 Loans — non-current

R million	Redeemable/ repayable	Year-end interest rates (%)	2022	2021
Local ¹	2023	8.1 – 9.3	3 445.0	3 186.1
Foreign ¹	2023	5.2 – 6.4	3 435.4	2 738.2
Loans			6 880.4	5 924.3
Less: amounts due for repayment within one year, reflected as current ²			(2 158.5)	(1 450.0)
Non-current loans			4 721.9	4 474.3

1. Loans are secured as follows:

- › R6 880.4 million (2021: R5 924.3 million) debt is secured by guarantees issued by the Nampak Limited group. These facilities are subject to covenants relating to interest cover and liquidity of the Nampak Limited group.
- › the Nampak Limited group was within the relaxed covenant requirements at the measurement dates.

2. Included in the current portion of loans repayable within one year is the following years' amortisation of transaction fees capitalised previously as part of the carrying amount of secured loans.

R million	Total	Local	Foreign
Summary of secured loans by year of redemption or payment:			
Gross payments during the financial year ending 30 September	7 317.9	3 786.2	3 531.7
2023	2 503.0	955.1	1 547.9
2024	4 814.9	2 831.1	1 983.8

Loans are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the loan or borrowing, and are subsequently measured at amortised cost, using the effective interest rate method. The carrying amounts approximate their fair values.

5.5 Lease liabilities — non-current

R million	Redeemable/ repayable	Year-end interest rates (%)	2022	Restated* 2021
Local	2023 to 2031	7.00 – 12.50	1 287.4	1 136.2
Foreign			18.1	19.9
Lease liabilities			1 305.5	1 156.1
Less: amounts due for repayment within one year, reflected as current			(214.6)	(183.3)
Non-current lease liabilities			1 090.9	972.8

* Refer note 1.5.

R million	Total	Local	Foreign
Summary of lease liabilities by year of redemption or payment			
Gross payments during the financial year ending 30 September	1 825.3	1 805.7	19.6
2023	235.4	226.7	8.7
2024	222.7	216.2	6.5
2025	216.8	214.2	2.6
2026	208.7	207.1	1.6
2027 onwards	941.7	941.5	0.2

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.5 Lease liabilities — non-current *continued*

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as less than R0.1 million). For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the present value of lease payments specified in the lease contract concerned less directly attributable costs incurred in entering the lease concerned.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- › the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- › a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

There are no lease payments that depend on the use of the underlying asset and lease payments do not contain non-lease components.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

5. Financial risk management and net debt *continued*

5.6 Loans and lease liabilities — current

R million	2022	Restated* 2021
Current portion of loans (note 5.4)	2 158.5	1 450.0
Current portion of lease liabilities (note 5.5)	214.6	183.3
Total	2 373.1	1 633.3

* Refer note 1.5.

Secured loans and lease liabilities are measured at amortised cost, and the carrying amounts appropriate fair value.

5.7 Net cash and cash equivalents

Net cash and cash equivalents in the statement of cash flows consist of the following amounts on the statement of financial position:

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets

6.1 Property, plant, equipment and investment property

R million	Freehold land and buildings	Leasehold buildings	Plant, equipment and vehicles ¹	Investment properties	Total property, plant and equipment and investment property
Cost					
At 1 October 2020	136.2	1 272.2	9 211.1	4.3	10 623.8
Additions	—	—	311.6	—	311.6
Disposals	—	—	(90.2)	—	(90.2)
Reclassified to assets held for sale	—	—	(414.8)	—	(414.8)
Impairment loss	—	—	(229.7)	—	(229.7)
Reversal of impairment loss	3.0	—	136.2	—	139.2
Translation differences	(6.4)	(119.4)	(285.5)	—	(411.3)
Other movements	0.2	0.1	16.5	—	16.8
At 30 September 2021	133.0	1 152.9	8 655.2	4.3	9 945.4
Additions	—	—	199.9	—	199.9
Disposals	—	—	(143.7)	—	(143.7)
Reclassified from assets held for sale ²	—	—	399.1	—	399.1
Reclassified to assets held for sale ³	—	—	(30.7)	—	(30.7)
Impairment loss	—	—	(345.4)	—	(345.4)
Reversal of impairment loss	0.9	—	30.6	—	31.5
Translation differences	1.7	228.1	431.9	—	661.7
Other movements ⁴	2.8	36.9	7.1	—	46.8
At 30 September 2022	138.4	1 417.9	9 204.0	4.3	10 764.6
Accumulated depreciation					
At 1 October 2020	86.1	383.9	4 244.6	3.4	4 718.0
Depreciation charge for the year	1.3	29.8	302.0	—	333.1
Disposals	—	—	(83.1)	—	(83.1)
Reclassification to assets held for sale	—	—	(198.6)	—	(198.6)
Translation differences	(2.9)	(36.4)	(143.2)	—	(182.5)
Other movements	0.2	(4.7)	2.1	—	(2.4)
At 30 September 2021	84.7	372.6	4 123.8	3.4	4 584.5
Depreciation charge for the year	1.5	31.6	309.3	—	342.4
Disposals	—	—	(129.5)	—	(129.5)
Reclassification from assets held for sale ²	—	—	198.6	—	198.6
Reclassified to assets held for sale ³	—	—	(14.6)	—	(14.6)
Translation differences	4.4	76.4	256.6	—	337.4
Other movements ⁴	(0.3)	0.1	(6.0)	—	(6.2)
At 30 September 2022	90.3	480.7	4 738.2	3.4	5 312.6
Net carrying value at 30 September 2022	48.1	937.2	4 465.8	0.9	5 452.0
Net carrying value at 30 September 2021	48.3	780.3	4 531.4	0.9	5 360.9

1. Included in plant, equipment and vehicles is commissioned plant and machinery with a carrying value of R3 782.3 million (2021: R3 885.1 million) and capital work in progress of R573.6 million (2021: R520.0 million).
2. During the year, plant and equipment in the DivFood Mobeni and Rigid Tubes disposal groups classified as held for sale at 30 September 2021 with net carrying values of R186.3 million and R14.2 million respectively (total net carrying value R200.5 million) was reclassified to property, plant, equipment and investment property. Refer note 6.7.
3. During the year, plant and equipment in the DivFood division (not forming part of the DivFood Mobeni disposal group) and Bullpak Ltd with net carrying values of R5.4 million and R10.7 million respectively (total net carrying value R16.1 million) was reclassified out of property, plant, equipment and investment property to assets classified as held for sale. Refer note 6.7.
4. Included in other movements is an increase of R2 million (2021: R0.1 million) in the carrying value of freehold land and buildings, and an increase of R52.3 million (2021: R17.0 million) in the carrying value of plant, equipment and vehicles related to hyperinflation in Zimbabwe.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.1 Property, plant, equipment and investment property *continued*

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

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

The average straight-line rates of depreciation used are:

Freehold buildings and investment property	30 to 50 years
Leasehold buildings	Shorter of asset life or the lease term
Plant and equipment	2 to 20 years
Furniture and equipment	4 to 10 years
Motor vehicles	2 to 10 years

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. The value-in-use amounts are determined using the discount rates and assumptions set out in note 2.3.

During the year, impairment losses/impairment loss reversals were primarily incurred at the following divisions:

- › DivFood (South Africa Metals segment): R186.9 million impairment loss
- › Bevcán Angola (Rest of Africa Metals segment): R79.4 million impairment loss
- › Nampak Nigeria (Rest of Africa Metals segment): R47.3 million impairment loss
- › Rigidis (South Africa Plastics segment): R28.0 million impairment loss and R30.6 million impairment loss reversal

The circumstances which led to these impairment losses are set out in note 2.3.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.2 Right of use assets

R million	Property	Plant and equipment	Total
Cost			
At 1 October 2020 as previously reported	980.5	35.3	1 015.8
Correction of error ¹	(9.1)	—	(9.1)
At 1 October 2020 restated	971.4	35.3	1 006.7
Correction of error ¹	35.0	—	35.0
Additions	113.9	14.1	128.0
Disposals	—	(10.8)	(10.8)
Impairment loss	(169.5)	—	(169.5)
Reversal of impairment loss	33.3	—	33.3
Reclassified to assets held for sale	(163.9)	(1.7)	(165.6)
Translation differences	(1.3)	—	(1.3)
Other movements	3.7	0.1	3.8
At 30 September 2021	822.6	37.0	859.6
Additions	31.9	24.5	56.4
Disposals	(9.8)	(10.3)	(20.1)
Impairment loss	(139.0)	(3.8)	(142.8)
Reclassified from assets held for sale ³	163.9	1.7	165.6
Translation differences	1.1	(7.2)	(6.1)
Other movements ²	98.0	0.8	98.8
At 30 September 2022	968.7	42.7	1 011.4
Depreciation			
At 1 October 2020	122.2	12.9	135.1
Charge for the year	96.1	12.0	108.1
Disposals	—	(10.5)	(10.5)
Reclassification to assets held for sale	(61.8)	(1.3)	(63.1)
Translation differences	(0.4)	—	(0.4)
Other movements	(4.5)	—	(4.5)
At 30 September 2021	151.6	13.1	164.7
Charge for the year	107.1	3.8	110.9
Disposals	(8.1)	(9.3)	(17.4)
Reclassification from assets held for sale ³	61.8	1.3	63.1
Translation differences	0.5	(0.2)	0.3
Other movements ²	(0.1)	10.4	10.3
At 30 September 2022	312.8	19.1	331.9
Net carrying value at 30 September 2022	655.9	23.6	679.5
Net carrying value at 30 September 2021	671.0	23.9	694.9

1. Refer to Note 1.5.

2. Included in other movements is an increase of R68.8 million which consists of R10.9 million relating to a lease modification (CPI-linked lease contract) and a CPI adjustment of R57.9 million on leased properties. Also included in other movements is an increase of R7.4 million (2021: R0.1 million decrease) in the carrying value of property, and an increase of R3.8 million (2021: R0.1 million) in the carrying value of plant and equipment, all resulting from hyperinflation in Zimbabwe.

3. During the year, right of use assets in the DivFood Mobeni and Rigids Tubes disposal groups classified as held for sale at 30 September 2021 with a net carrying value of R102.5 million was reclassified to right of use assets. Refer note 6.7.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.2 Right of use assets *continued*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received (if applicable) and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

Impairment losses are recognised on right of use assets 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. The value-in-use amounts are determined using the discount rates and assumptions set out in note 2.3.

During the year, impairment losses were primarily incurred at the following divisions:

- › DivFood (South Africa Metals segment): R104.7 million impairment loss
- › Rigids (South Africa Plastics segment): R38.1 million impairment loss

The circumstances which led to these impairment losses are set out in note 2.3.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.3 Goodwill

R million	Carrying amount
Carrying amount	
At 1 October 2020	1 877.9
Translation differences	(166.1)
At 30 September 2021	1 711.8
Impairment loss	(45.4)
Translation differences	309.7
At 30 September 2022	1 976.1

The allocation of goodwill by cash-generating unit is presented below:

R million	Cost	Cumulative impairment	Net carrying value
At 30 September 2022			
Metals	4 302.9	(2 380.7)	1 922.2
Plastic	114.0	(60.1)	53.9
Paper	45.4	(45.4)	—
	4 462.3	(2 486.2)	1 976.1
At 30 September 2021			
Metals	3 610.0	(1 993.1)	1 616.9
Plastic	114.0	(60.1)	53.9
Paper	41.0	—	41.0
	3 765.0	(2 053.2)	1 711.8

Goodwill represents amounts arising on acquisition of subsidiaries in terms of IFRS 3: Business Combinations and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquirer, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The group assesses goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The key assumptions used are cash flow projections, growth rates and discount rates. The cash flow projections are prepared by divisional management and approved by executive management. The discount rates are established by the corporate finance and treasury team, taking into account geographic and other risk factors. These key assumptions are disclosed in note 2.3.

During the year, a decision was made to close down Bullpak Kenya resulting in the goodwill amounting to R45.4 million (US\$2.7 million) being fully impaired. Refer to note 2.3.

Notes to the consolidated financial statements

for the year ended 30 September 2022 continued

6. Net operating assets continued

6.4 Other intangible assets

R million	ERP systems and software	Other ¹	Total
Cost			
At 1 October 2020	204.3	327.1	531.4
Additions	1.3	—	1.3
Disposals	(8.6)	—	(8.6)
Reclassification to assets held for sale	(10.3)	—	(10.3)
Impairment loss	(2.4)	—	(2.4)
Translation differences	(1.0)	(14.1)	(15.1)
Other movements	3.1	—	3.1
At 30 September 2021	186.4	313.0	499.4
Additions	8.4	—	8.4
Disposals	(10.8)	—	(10.8)
Reclassification from assets held for sale ²	10.3	—	10.3
Impairment loss	—	(0.2)	(0.2)
Translation differences	1.0	26.1	27.1
Other movements	(2.4)	0.2	(2.2)
At 30 September 2022	192.9	339.1	532.0
Amortisation			
At 1 October 2020	159.2	207.7	366.9
Charge for the year	12.5	6.7	19.2
Disposals	(7.7)	—	(7.7)
Reclassification to assets held for sale	(9.7)	—	(9.7)
Translation differences	(0.8)	(3.1)	(3.9)
Other movements	—	(0.3)	(0.3)
At 30 September 2021	153.5	211.0	364.5
Charge for the year	11.2	7.2	18.4
Disposals	(10.7)	—	(10.7)
Reclassification from assets held for sale ²	9.7	—	9.7
Translation differences	0.9	7.6	8.5
Other movements	(0.1)	(0.1)	(0.2)
At 30 September 2022	164.5	225.7	390.2
Net carrying value at 30 September 2022	28.4	113.4	141.8
Net carrying value at 30 September 2021	32.9	102.0	134.9

1. Other intangible assets consist of patents, trademarks, licenses and customer relationships. These assets relate mainly to the licence to use land in Angola with a carrying value of R77.7 million (2021: R65.7 million) and customer relationships, brands and supplier agreements in Zimbabwe group companies with a carrying value of R33.3 million (2021: R31.3 million).
2. During the year, other intangible assets in the DivFood Mobeni disposal group classified as held for sale at 30 September 2021 with a net carrying value of R0.6 million was reclassified to other intangible assets. Refer note 6.7.

Acquired computer software licences, patents and trademarks are measured at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Costs associated with development or maintaining computer software programmes are recognised as the expense is incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development, employee costs and an appropriate portion of relevant overheads.

The average straight-line rates of amortisation used are three to four years.

During the year, impairment losses of R0.2 million were incurred at DivFood (South Africa Metals segment).

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.5 Inventories

R million	2022	2021
Raw materials	1 755.5	1 230.4
Work in progress	63.2	35.8
Finished goods	1 272.7	863.6
Consumables	843.5	781.1
Total	3 934.9	2 910.9
Carrying amount of inventories included at net realisable value	319.4	94.1
Amount of write-down reversal of inventory to net realisable value included in raw materials and consumables used	(11.2)	(1.2)
Amount of reversals of previous inventory write downs included in raw materials and consumables used	—	7.7

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

6.6 Trade and other current receivables

R million	2022	2021
Trade receivables ¹	2 788.3	2 470.0
Prepayments	221.5	161.7
Derivative financial instruments	50.6	31.1
Other ²	198.0	137.5
Total	3 258.4	2 800.3

1. Net of loss allowance

2. Other items mainly relate to refunds and deposits

Credit quality of trade and other receivables

With the exception of a few multinationals, the concentration of credit risk is limited due to the customer base being large and unrelated. No credit rating has been obtained from banks for customers.

The average credit term on the sale of goods is 30 days from statement with some customers having extended terms resulting in an average trade receivables days of 60.1 (2021: 60.4). No interest is charged on outstanding trade receivables.

The table below illustrates the trade receivables ageing analysis:

R million	2022	Restated* 2021
Performing	2 439.2	1 985.4
Overdue and non-performing	455.3	550.1
	2 894.5	2 535.5

* The prior year was restated for a trade debtor with contractually agreed extended terms being incorrectly allocated to 'overdue and non-performing'.

Performing balances are defined as within agreed contractual credit terms. Overdue and non-performing balances are defined as being outside agreed contractual credit terms.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.6 Trade and other current receivables *continued*

Fair value of trade and other receivables

Trade receivables are measured initially at fair value and are subsequently measured at amortised cost. The fair value of trade and other receivables approximates their carrying value due to the short-term nature of these items.

The group always measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses (ECL). The expected credit losses on these financial assets are estimated using a loss-rate approach based on the group's historical credit loss experience over the past four years, adjusted for factors that are specific to the debtors, general economic conditions, country risk premium and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Macroeconomic factors used for each statutory jurisdiction where the group's products are sold, were Gross Domestic Product (GDP) growth rates, interest rates, Producer Price Index (PPI), industrial production, retail sales and Consumer Price Index (CPI). None were considered to be significant and had little impact on the determination of the ECL allowance.

The directors are comfortable with the adequacy of the provisions.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables above. The group does not hold any collateral as security.

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with IFRS 9:

R million	2022	2021
At 1 October	65.5	77.6
Net measurement of loss allowance based on lifetime ECL	44.9	1.2
Amounts written off ¹	(7.5)	(8.7)
Amounts recovered	(0.1)	(0.1)
Reclassification to ECL on Non-current lease receivable	—	(1.3)
Translation differences	3.4	(3.2)
Balance at end of year ²	106.2	65.5

1. The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are significantly past due and all enforcement activities have been exhausted, whichever occurs earlier. The group does not have a history of significant write-offs.
2. 51% (2021: 54%) of the ECL relates to performing trade receivables, while 49% (2021: 46%) relates to overdue and non-performing trade receivables.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.6 Trade and other current receivables *continued*

Derivative financial assets

Derivative financial assets are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises unless the derivative is designated and effective as a hedging instrument.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gain or loss on the derivative that had previously been recognised in equity is included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in profit or loss in the same period in which the hedge item affects profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised on equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

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

Assets which are expected to be sold in the next 12 months are classified as held for sale and are presented separately in the statement of financial position.

These assets are measured at the lower of their carrying amount and fair value less costs to sell.

Disposal groups

The Nampak Limited board took a decision to dispose of the DivFood Mobeni and Rigids Tubes businesses during March 2021 after consideration of binding offers received for these businesses in terms of the group's degearing plan set out in note 1.4. The group met the criteria of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations as at 31 March 2021 and therefore classified these disposal groups as held for sale at that date. These disposal groups were not recognised as discontinued operations in accordance with this standard as they neither represented a separate major line of business nor geographical area of operations. No impairment losses were incurred on the measurement of each disposal group to fair value less costs to sell.

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

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.7 Disposal groups and other non-current assets held for sale *continued*

The major classes of assets and liabilities of the disposal groups at the end of the year are as follows:

R million	2022	Restated ¹ 2021
DivFood Mobeni		
Plant and equipment	—	186.3
Right of use assets	—	102.5
Other intangible assets	—	0.6
Inventories	—	144.6
Trade and other current receivables	—	72.6
Total assets	—	506.6
Lease liability	—	(144.7)
Trade and other current payables	—	(94.8)
Total net assets	—	267.1
Rigids Tubes		
Plant and equipment	—	14.2
Right of use assets ²	—	—
Inventories	—	22.3
Trade and other current receivables	—	17.1
Total assets	—	53.6
Lease liability	—	(5.2)
Trade and other current payables	—	(15.6)
Total net assets	—	32.8

1. Refer note 1.5.

2. Right of use assets were impaired to less than R0.1 million in the financial year ended 30 September 2020.

Other non-current assets held for sale

Plant and equipment classified as held for sale in the DivFood division and Megapak Swaziland (Pty) Ltd were regarded as redundant to their operational requirements. Further plant and equipment in Bullpak Kenya Ltd was classified as held for sale due to the decision to close down this business. Impairment losses of R9.8 million (2021: R35.2 million) were recognised in respect of these assets of the DivFood division in the current year.

R million	2022	2021
DivFood division*	40.2	59.3
Megapak Swaziland (Pty) Ltd	0.1	0.1
Bullpak Kenya Ltd*	10.9	—
Total net assets	51.2	59.4

* During the year, plant and equipment in the DivFood division (not forming part of the DivFood Mobeni disposal group) and Bullpak Ltd with net carrying values of R5.4 million and R10.7 million respectively (total net carrying value R16.1 million) was reclassified out of property, plant, equipment and investment property to assets classified as held for sale. Impairment losses of R9.8 million (2021: R35.2 million) were recognised in respect of the assets relating to the DivFood division that were classified to held for sale in the prior year, while disposals relating to these assets with a net carrying value of R14.6 million were also effected. A translation adjustment of R0.2 million on the net carrying value of the Bullpak Ltd assets was also recognised.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.7 Disposal groups and other non-current assets held for sale *continued*

Net assets classified as held for sale

R million	2022	Restated* 2021
Assets classified as held for sale	51.2	619.6
Plant and equipment	51.2	259.9
Right of use assets	—	102.5
Other intangible assets	—	0.6
Inventories	—	166.9
Trade and other receivables	—	89.7
Liabilities directly associated with assets classified as held for sale	—	(260.3)
Lease liability	—	(149.9)
Trade and other current payables	—	(110.4)
Total	51.2	359.3

* Refer note 1.5.

6.8 Trade and other current payables

R million	2022	2021
Trade payables	2 125.3	1 775.8
Accruals	1 125.2	970.0
Derivative financial instruments	22.4	13.5
Value-Added Tax	115.0	64.2
Invoice discounting payables ¹	177.9	—
Other ²	188.0	69.1
Total	3 753.8	2 892.6

1. Other items relate to returnable packaging accruals amounting to R77.9 million and other sundry creditors.
2. Relates to the invoice discounting facility that the South African divisions, Bevcen and DivFood, participate in with respect to their trade receivables. The facility provides for the discounting of their trade receivables on a non-recourse basis by the facility provider. The amount indicated as payable relates to the amount collected by these divisions in respect of the trade receivables concerned subsequent to these being discounted and is required to be remitted to the facility provider within five days of being collected.

Trade payables and accruals mainly consist of amounts outstanding for trade purchases and ongoing costs.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The directors consider that the carrying amounts of trade and other current payables approximate their fair values due to the short-term nature of these items.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.9 Provisions

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

Restructuring

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

Customer claims

This provision consists of amounts expected to be payable under customer claims in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities. Where the likelihood of a customer claim being paid out is no longer considered probable, the provision concerned is reduced (or reversed) in the current period. Where the likelihood of the customer claim being paid out is still considered possible, a contingent liability is disclosed for this claim (refer note 6.10).

Other

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

6.10 Contingent liabilities

R million	2022	Restated ¹ 2021
Guarantees in respect of property leases	5.3	4.4
Guarantees in respect of third parties ²	22.6	1.9
Other	3.0	3.7
Total	30.9	10.0

1. The prior year was restated disaggregating guarantees in respect of third parties from customer claims and other for enhanced disclosure.
2. During the current year, a bank guarantee in favour of a supplier for R22.5 million was effected.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.11 Segmental operating assets and liabilities

R million	Operating assets ¹		Operating liabilities		Capital expenditure ²	
	2022	2021	2022	2021	2022	2021
Segment analysis						
Metals	10 289.6	9 485.1	3 455.3	2 260.5	134.0	196.4
Plastic	1 422.1	1 291.9	490.5	495.3	46.7	102.2
Paper	549.6	456.2	250.2	186.8	14.8	10.8
Operations	12 261.3	11 233.2	4 196.0	2 942.6	195.5	309.4
Corporate	4 636.3	3 628.1	1 060.7	886.6	12.8	3.5
Eliminations	(1 364.4)	(610.5)	(1 376.5)	(621.5)	—	—
Total	15 533.2	14 250.8	3 880.2	3 207.7	208.3	312.9
Geographical analysis						
South Africa	7 225.7	7 002.4	2 345.7	1 940.7	101.9	195.2
Rest of Africa	5 360.6	4 487.2	2 175.3	1 260.1	93.6	114.2
Operations	12 586.3	11 489.6	4 521.0	3 200.8	195.5	309.4
Corporate	4 636.3	3 628.1	1 060.7	886.6	12.8	3.5
Eliminations	(1 689.4)	(866.9)	(1 701.5)	(879.7)	—	—
Total	15 533.2	14 250.8	3 880.2	3 207.7	208.3	312.9

1. The prior year has been restated — refer note 1.5.

2. Capital expenditure relates to property, plant, equipment and intangible assets. Refer notes 6.1 and 6.4.

Reconciliation of total operating assets to total assets *

R million	2022	2021
Total operating assets	15 533.2	14 250.8
Retirement benefit asset	221.6	—
Deferred tax assets	436.0	410.1
Loan and lease receivables — non-current	84.5	78.1
Tax assets	24.0	16.3
Loan and lease receivables — current	51.8	43.3
Bank balances and deposits	1 501.6	1 136.6
Total assets	17 852.7	15 935.2

* Disclosure has been expanded and comparatives have been included accordingly.

Reconciliation of total operating liabilities to total liabilities *

R million	2022	2021
Total operating liabilities	3 880.2	3 207.7
Loans — non-current	4 721.9	4 474.3
Lease liabilities — non-current	1 090.9	972.8
Retirement benefit obligation	746.3	801.2
Deferred tax liabilities	95.6	175.3
Tax liabilities	68.4	36.6
Loans and lease liabilities — current	2 373.1	1 633.3
Bank overdrafts	—	25.0
Lease liabilities in liabilities directly associated with assets classified as held for sale	—	149.9
Total liabilities	12 976.4	11 476.1

* Disclosure has been expanded and comparatives have been included accordingly.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

6. Net operating assets *continued*

6.11 Segmental operating assets and liabilities *continued*

R million	Non-current assets ¹	
	2022	2021 ²
Geographical information		
South Africa	3 899.9	3 924.1
Angola	1 359.6	1 238.3
Nigeria	2 809.8	2 417.3
Rest of the world	219.4	340.3
Total	8 288.7	7 920.0

1. Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts. The prior year has been restated due to the correction of error relating to the recognition of right of use assets in terms of IFRS 16: Leases (refer note 1.5).
2. The prior year was restated for reallocating goodwill and right of use assets to the geographical location that they pertain to.

6.12 Lease commitments

R million	2022	2021
Year ending 30 September		
Year 1	6.3	10.8
Year 2 to 5	9.3	16.7
Total	15.6	27.5
Comprising:		
Land and buildings	1.4	1.2
Vehicles	0.9	12.8
Other	13.3	13.5
	15.6	27.5

Lease commitments relate to short-term leases (less than one year) and low value leases (assets valued at less than R0.1 million).

6.13 Capital commitments

R million	2022	2021
Capital commitments for acquisition of property, plant and equipment		
— contracted	86.1	32.5
— approved	25.8	3.8
Total	111.9	36.3

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration

7.1 Retirement benefit information

The group operates a number of defined contribution funds and two unfunded defined benefit obligations, all in compliance with relevant local legislation across jurisdictions.

Defined contribution funds

Membership and costs for defined contribution funds are as follows:

The total number of members for all defined contribution funds operated by the group as at 30 September 2022 is 4 903 (2021: 4 549). Total contribution costs for the year ended 30 September 2022 are R127.2 million (2021: R115.6 million). Payments to defined contribution plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement plan.

Retirement benefit asset

R million	2022	2021
Retirement benefit asset	221.6	—

The Malbak Group Pension Fund ("Fund") was established in 1953 as a defined benefit arrangement. The Fund is governed by the Pension Funds Act 24 of 1956 ("PFA"). The principal employer (Malbak Limited) owed a balance of cost obligation; that is, the benefits and the member contribution rate were defined in the rules of the Fund. Malbak Limited undertook to contribute sufficient funds such that the Fund's investments would be enough to pay the benefits.

During 1997 Malbak Limited completed an unbundling exercise. Because of the unbundling, the Fund was restructured and all active members in the Fund were transferred to defined contribution funds. When these transfers were implemented, the Fund was in a sound financial position with a significant surplus amount of which the majority was distributed to the members and pensioners.

Nampak acquired Malbak Limited in 2002, post the unbundling.

In 2001, amendments to the PFA relating to the declaration of a surplus, required pension funds to undergo a compulsory surplus apportionment on or before 1 March 2003. When the Fund prepared its statutory surplus apportionment scheme it was apparent that the Funds' data was poor. There was a concern that the Fund may have benefit liabilities of which it was unaware. Accordingly, a data reserve was established in the apportionment for possible liabilities of which the Fund was unaware at the time. The 1 March 2003 statutory actuarial valuation indicated that there was no surplus in the Fund. A "nil-statutory" surplus was submitted to and approved by the Registrar of the Financial Services Board.

The Fund has subsequently undertaken an extensive and comprehensive data rebuilding process to clarify the precise extent of any remaining benefit liabilities.

During 2018, the Fund performed a valuation that reported a surplus. The valuation was only approved and accepted by the Financial Sector Conduct Authority (FSCA) on 17 December 2021.

Surpluses of this nature are dealt with under section 15C of the PFA. In terms of section 15C, the rules of the Fund are used to determine any apportionment of actuarial surplus. If the rules of the Fund are not prescriptive, the apportionment of the surplus are determined by the trustees considering the interests of all stakeholders in the Fund.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

In terms of the rules of the Fund, the trustees have agreed and finalised that the surplus will be apportioned between the pensioners and the employer. Neither Nampak nor the members have objected to the apportionment, as at the August 2022 consultation deadline. The surplus has been recognised as per IAS 19 and IFRIC 14 and is unconditional.

The balance recognised above relates to the allocation to the Employer Surplus Account of the Fund at 30 September 2022.

It is Nampak's intention to transfer the funds to the Employer Surplus Account of another Nampak defined contribution fund in order to benefit from a pension fund contribution holiday.

Defined benefit obligations — unfunded

Post-retirement medical obligations:

The post-retirement medical plan relates to Nampak's obligation in respect of its post-retirement healthcare costs subsidy for employees and pensioners in its South African operations, employed before 1 June 1996. The group does not provide post-retirement medical benefits for employees who joined the group after 1 June 1996. The subsidy is independent of income and is payable for the member and their spouse at retirement date, until their respective deaths.

The liability has been determined on the basis of future contribution costs to participating medical schemes.

Continuation members: With effect from 1 March 2013, Nampak agreed to subsidise future continuation members on the lowest plan they were on during the three years preceding retirement. The subsidy is capped at the Classic Comprehensive plan or an equivalent alternative at the time of retirement. With effect from 30 September 2014, it was agreed that increases on the medical scheme subsidy would be capped at Consumer Price Inflation (CPI) for all qualifying future continuation members.

As at 30 September 2022, the continuation members who retired before 30 September 2014 still enjoy increases of actual medical inflation.

Active members and post 30 September 2014 retirees: Increases are capped at CPI.

Qualifying employees and continuation members

	2022			2021		
	Active members (pre-retirement)	Continuation members (pensioners)	Total	Active members (pre-retirement)	Continuation members (pensioners)	Total
Movement in membership						
Opening membership	67	1 251	1 318	84	1 291	1 375
Retirements	(10)	10	—	(13)	13	—
Active exits	(4)	—	(4)	(4)	—	(4)
New entrants ¹	—	2	2	—	23	23
Pensioner deaths ²	—	(77)	(77)	—	(76)	(76)
Closing membership	53	1 186	1 239	67	1 251	1 318
Average age	57.8	76.6	67.2	57.5	76.0	66.7
Average monthly contribution costs to participating medical schemes	6 215	6 757	6 486	5 836	6 409	6 123

1. New entrants are the spouses of deceased pensioners.

2. The deaths have resulted in a curtailment gain during the period.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

The liability is calculated as the present value of the employer's share of contributions to the participating medical schemes. Continuation member contributions are projected into each future year using the assumed rate of medical inflation or CPI and then present valued at the discount rate. For each active member, this projection is based on the probability of survival to retirement age (normal retirement age is 63) and beyond, taking into account the assumed rate of CPI until retirement and thereafter, as well as the assumed rates of withdrawal and mortality.

The liability will fluctuate depending on the mortality rates, the rate of medical inflation, CPI and the rate of new retirements over the next few years i.e. whether actual withdrawals match expectations.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

%	Pension funds		Post-retirement medical	
	2022	2021	2022	2021
Assumptions				
Discount rate	11.3	10.3	11.3	10.3
Consumer price inflation (long-term)	7.0	6.0	7.0	6.0
Pension increase	7.1	1.2	—	—
Rate of medical inflation	—	—	8.5	7.5
Total membership	9	13	1 239	1 318

The amounts recognised in the statement of financial position are as follows:

R million	Pension funds	Post-retirement medical	Total
2022			
Valuation results			
Present value of benefit obligations	1.3	745.0	746.3
Net liability	1.3	745.0	746.3
2021			
Valuation results			
Present value of benefit obligations	1.7	799.5	801.2
Net liability	1.7	799.5	801.2

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

Changes in the present value of the defined benefit obligations are as follows:

R million	Pension funds	Post-retirement medical	Total
At 1 October 2020	1.3	774.2	775.5
Movements recognised in profit or loss:			
Current service cost	—	1.1	1.1
Interest cost	0.2	80.4	80.6
Curtailment gain*	—	(23.5)	(23.5)
Actuarial losses/(gains) recognised in other comprehensive income:			
Actuarial losses arising from changes in financial assumptions	0.2	56.4	56.6
Actuarial gains arising from experience adjustments	—	(11.6)	(11.6)
Benefits paid	—	(77.5)	(77.5)
At 30 September 2021	1.7	799.5	801.2
Movements recognised in profit or loss:			
Current service cost	—	1.0	1.0
Interest cost	0.2	77.6	77.8
Curtailment gain*	(0.6)	(37.3)	(37.9)
Actuarial losses/(gains) recognised in other comprehensive income:			
Actuarial losses arising from changes in financial assumptions	—	1.6	1.6
Actuarial gains arising from experience adjustments	—	(22.0)	(22.0)
Benefits paid	—	(75.4)	(75.4)
At 30 September 2022	1.3	745.0	746.3
Expected contributions to defined benefit plans in 2023	0.2	79.6	79.8

* During the current and prior financial year, no significant settlements were made and curtailment gains were realised as a result of pensioner deaths.

The total unfunded pension liability is R1.3 million (2021: R1.7 million) and the unfunded post-retirement medical liability is R745.0 million (2021: R779.5 million).

The current duration of the combined group of active employees and pensioners has been calculated at approximately 12.37 years (2021: 12.49 years). The expected expense in the next financial year is R80.1 million (2021: R78.6 million).

The following table shows the present value of the anticipated benefit payments in future years:

R million	2022	2021
Within the next 12 months	79.6	85.5
Between 2 and 5 years	230.7	247.5
Between 5 and 10 years	194.7	209.0
Beyond 10 years	240.0	257.5
Total	745.0	799.5

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

Assumed healthcare cost trends and mortality rates have a significant impact on the net discount rate for the calculation of present value of the liabilities. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

R million	Healthcare cost trends	
	1% point increase Results in a corresponding decrease in the net discount rate	1% point decrease Results in a corresponding increase in the net discount rate
Effect on aggregate of the service costs and interest cost	4.4	(3.5)
Effect on defined benefit obligation	55.9	(56.3)

The valuation is significantly exposed to the longevity risk associated with the mortality rates and rates of withdrawal. An increase in the life expectancy of participants will increase the liability.

The impact of a change in mortality basis from the current assumed PA(90) for active members and PA(90) with one year adjustment for continuation members to a two-year adjustment for active and continuation members is as follows:

Effect on aggregate of the service costs and interest cost	increase	1.3
Effect on defined benefit obligation	increase	28.6

The statutory actuarial valuations of the defined benefit funds are as follows:

The actuarial valuation of the defined benefit obligation is as follows:

R million	Valuation date	Fair value of assets	Fair value of liabilities	Valuation basis
Nampak Post-Retirement Medical Aid Obligation	30/09/2022	—	745.0	Projected unit credit

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis.

7.2 Share-based payments

Share based payment expenses recognised:

R million	2022	2021
Performance Share Plan (PSP)	(0.4)	(9.9)
Deferred Bonus Plan (DBP)	0.7	1.1
Executive Incentive Plan (EIP)	26.2	12.1
Total	26.5	3.3

All share schemes are treated as equity-settled share schemes. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market vesting conditions, at the date of grant.

The fair values are measured using various models. The expected lives used in the models have been adjusted, based on management's best estimate, for the effects of estimated forfeitures, exercise restrictions and behavioural considerations.

Grants issued to employees of subsidiaries are treated as equity-settled share-based payments, with the subsidiaries recognising a corresponding increase in equity as a contribution from parent. In the company annual financial statements, this contribution is treated as an investment in subsidiaries.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

The detailed rules of the schemes, the movements pertaining to each allocation in terms of the schemes, as well as the significant inputs into the valuation models used for each scheme are available for inspection at the company's registered office.

The detailed allocations made to each executive director and each member of the group executive committee are included in the Nampak Limited remuneration report which is available for inspection on the company's website.

Performance Share Plan

Overview

Participation in this scheme is restricted to executive directors, senior executives and senior management. It is subject to approval by the nominations and remuneration committee. The scheme's allocations are made on condition that certain performance criteria will be satisfied during the specific performance period for the allocation concerned. No new allocations have been made since December 2019 and March 2020. From 2021, the full variable pay offering is awarded under the EIP.

Share awards vest to the level of achievement of the performance conditions at the end of the three-year performance period and are released in three equal tranches at the end of the third year, fourth year and fifth year from the original award date.

An award under this scheme can lapse under certain circumstances i.e. if the performance conditions are not met or the participant leaves the employ of the group.

Performance criteria for December 2019 and March 2020 awards

Three performance conditions are imposed under this scheme:

- 30% of the performance shares will be subject to the total shareholder return (TSR) condition. The threshold performance criterion is that the company obtains an improvement in TSR of CPI + 3% over the three-year performance period, with the full performance criterion being an improvement in TSR of CPI + 15%;
- 40% of the performance shares will be subject to the headline earnings per share (HEPS) condition. The threshold performance criterion is that the cumulative HEPS of the company for the financial year in which the shares vest exceeds the HEPS for the financial year in which the awards were granted by the percentage change in the CPI over the performance period, plus 3%, with the full performance criterion being CPI plus 15%.
- 30% of the Performance Shares will be subject to the return on net assets (RONA) condition. The condition ranges from 60% of the shares vesting on the achievement of a RONA of 11.5% to 100% vesting on a RONA of 13.5%.

The table below indicates the number of shares conditionally awarded in terms of the PSP and the maximum number of shares which might be released. However, the actual number of shares which will be released to participants will depend on the extent to which performance conditions were satisfied and, consequently, may be less than the number stated below:

Number of shares	2022	2021
Balance at the commencement of the financial year	4 712 815	7 283 475
Forfeitures/cancellations	(145 301)	(239 594)
PSP rights forfeited as at 30 September of each year due to underachievement of performance criteria	(973 627)	(2 003 302)
PSP rights exercised	—	(327 764)
Balance at the end of the financial year	3 593 887	4 712 815

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

Due to the underachievement of the performance criteria at 30 September 2022, it is expected that a further 2 073 457 awards will be conditionally forfeit at December 2022. 506 810 shares are expected to be awarded to the participants as the first release tranche for the December 2019 and March 2020 awards subject to satisfaction of the continued employment criterion. Treasury shares will be utilised to deliver the shares to the participants. The remaining 1 013 620 awards will be released equally as the second and third tranches in December 2023 and December 2024 respectively, subject to satisfaction of the continued employment criterion.

Share Appreciation Plan

Overview

Participation in the scheme is restricted to executive directors, senior and middle management and is subject to approval by the nominations and remuneration committee. The scheme's allocations are made on condition that certain performance criteria will be satisfied during the specific performance period for the allocation concerned. In order to simplify and streamline Nampak's long term incentive structures, the committee took the decision in 2020 to cease making awards under the SAP, and to rather make awards under the PSP. Unvested awards under the SAP will remain in operation under the scheme.

Share allocations vest after three years if the performance condition is achieved.

Participants have seven years from the allocation date to exercise their awards.

All rights under the plan shall lapse if not exercised within seven years from the award date.

Performance criteria for September 2019 awards

The performance target is that the company's cumulative headline earnings per share (HEPS) for the financial year in which the rights vest, exceeds the HEPS for the financial year in which the rights were granted by the percentage change in the CPI over the vesting period. Performance below the performance target will result in no rights vesting and all rights will lapse and be of no further force or effect.

The table below indicates the number of share appreciation rights conditionally awarded in terms of the SAP, and the maximum number of share appreciation rights which may be exercised. The actual number of share appreciation rights which may be exercised will depend on the extent to which performance conditions were satisfied and, consequently, may be less than the number stated below. A Participant shall be entitled to be settled with such number of shares as calculated in terms of the formula set out in the SAP rules:

Number of shares	2022	2021
Balance at the commencement of the financial year	1 411 518	1 705 355
Forfeitures/cancellations	(186 472)	(238 837)
SAP rights forfeited as at 30 September of each year due to underachievement of performance criteria	—	(55 000)
Balance at the end of the financial year	1 225 046	1 411 518

Due to the underachievement of the performance criteria at 30 September 2022, it is expected that these awards will be conditionally forfeit at December 2022.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

Deferred Bonus Plan

Overview

Participation in the plan is limited to executive directors and senior executives of the group. Participants are entitled to use a maximum of 50% of their annual bonus after tax to purchase shares (bonus shares) in Nampak Limited.

A matching award, which is based on the number of bonus shares acquired and still held at the vesting date, is made to all participants. The matching award vests after three years.

From 2021, the plan has been discontinued as the full variable pay offering is now awarded under the EIP.

Performance criteria

No performance criteria are applicable, but the participant must be in the employ of the group at the vesting date. No shares vest for resignation or dismissal. Pro-rated shares vest for "good leavers" such as retirees.

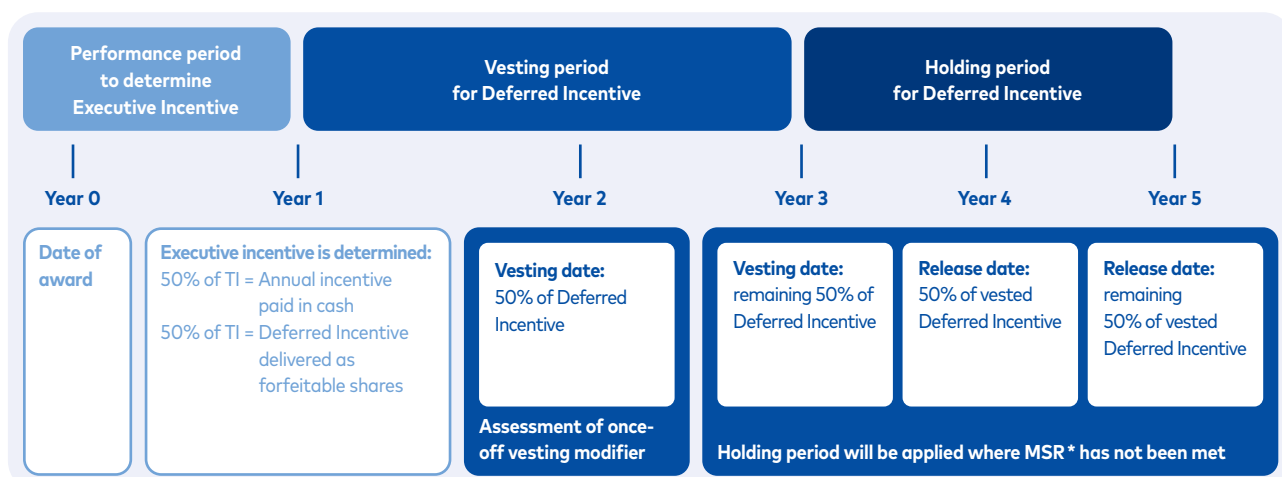
The table below indicates the number of matching deferred bonus outstanding at 30 September:

Number of shares	2022	2021
Balance at the commencement of the financial year	680 816	791 991
Number of bonus shares purchased by employees during the year	—	242 254
Executive directors (Nampak Limited)	—	222 927
Employees	—	19 327
Number of bonus shares transferred/sold by employees during the year	—	(335 255)
Cancellations	—	(18 174)
Balance at the end of the financial year	680 816	680 816

438 562 shares are expected to be awarded to the participants as the release tranche for the December 2019 awards in December 2022, subject to satisfaction of the continued employment criterion. Treasury shares will be utilised to deliver the shares to the participants. The remaining 242 254 awards are expected to vest and be delivered to the participants subject to satisfaction of the continued employment criterion in December 2023.

Executive Incentive Plan

The EIP represents the total variable pay opportunity for the CEO, CFO and other group executives and is aligned with the turnaround strategy. The operation of the EIP is illustrated below:



* MSR is the minimum shareholding requirement policy.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

The EIP represents all variable pay elements and is calculated in accordance with the following formula:

$$\text{Executive Incentive} = \text{Total Guaranteed Pay} \times \text{On-target Percentage} \times \text{Balanced Scorecard Modifier.}$$

Achievement against the Balanced Scorecard will be assessed over a one-year performance period.

50% of the Executive Incentive will be paid in cash annually after the expiry of the performance period, i.e. year one (this is referred to as the annual incentive). The remaining 50% will automatically be deferred and delivered in the form of Nampak shares, vesting over the future period (this is referred to as the deferred incentive). The deferred incentive will be structured as forfeitable shares, meaning participants will be the owners of the shares, but the shares will be subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applied).

F2021 EIP award

Number of shares	2022	2021
Balance at the commencement of the financial year	—	—
Shares purchased on behalf of the participants during the year	11 308 712	—
Balance at the end of the financial year	11 308 712	—

On 7 December 2021, 11 308 712 shares at a volume weighted average price per share of R4.00 were purchased in Nampak Limited on behalf of the participants in the EIP for the one-year performance period to 30 September 2021.

The number of shares of 11 308 712 was determined by taking the 50% Total incentive of R34.8 million divided by the 30-day VWAP at 30 September 2021 of R3.085. The share-based payment charge was determined as the fair value of the 50% Total incentive taking into account the time value of money. The charge is apportioned over the one-year performance period and the remaining two-year vesting period subject to satisfaction of the continued employment criterion.

5 654 356 of the shares purchased in the prior year are expected to be awarded to the participants in December 2022 subject to satisfaction of the continued employment criterion and the minimum shareholding requirement policy.

F2022 EIP award

The expected number of shares of 9 389 341 to be purchased for the 2022 EIP participants is determined by taking the 50% Total incentive of R21.8 million divided by the 30-day VWAP at 30 September 2022 of R2.31. The share-based payment charge was determined as the fair value of the 50% Total incentive taking into account the time value of money. The charge is apportioned over the one-year performance period and the remaining two-year vesting period subject to satisfaction of the continued employment criterion.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers

Remuneration paid to the directors and prescribed officers of Nampak Limited by the company and its subsidiaries, in terms of total guaranteed packages, plus other benefits for 2022, is set out in the table below.

This remuneration is determined by the nominations and remuneration committee, having regard to the performance of individuals and market trends.

Executive directors and prescribed officers (being the group executive committee members other than the executive directors) of the group are mainly remunerated for their services provided to the operating entities within the group structure. Please refer to note 8.5 for the group composition.

Executive directors' and group executive committee members' total remuneration 2022

					Executive Incentive Plan ²			
Rand	Basic salary	Company contribution to retirement fund	Guaranteed package	Value of other benefits ¹	Annual incentive ³	Total remuneration	Gains on share plans	Fair value of share scheme awards ³
Executive directors								
EE Smuts	7 658 538	58 962	7 717 500	20 442	5 853 139	13 591 081	—	7 283 952
GR Fullerton	6 067 884	46 716	6 114 600	12 234	4 256 991	10 383 825	—	4 730 062
	13 726 422	105 678	13 832 100	32 676	10 110 130	23 974 906	—	12 014 014
Group executives								
C Burmeister	3 273 892	71 108	3 345 000	6 693	1 169 222	4 520 915	—	2 748 261
LD Kidd	3 422 563	74 337	3 496 900	11 997	2 122 626	5 631 523	—	2 408 652
SB McGill	3 319 444	25 556	3 345 000	6 693	2 121 415	5 473 108	—	2 241 356
H Nel	3 716 686	28 614	3 745 300	7 494	2 414 679	6 167 473	—	2 515 084
Q Swart	3 319 444	25 556	3 345 000	6 693	1 778 362	5 130 055	—	2 347 584
IH van Lochem	3 230 529	24 871	3 255 400	6 514	2 035 072	5 296 986	—	2 374 509
	20 282 558	250 042	20 532 600	46 084	11 641 376	32 220 060	—	14 635 446
Total	34 008 980	355 720	34 364 700	78 760	21 751 506	56 194 966	—	26 649 460

- Other benefits refer to group personal accident cover and 25-year long service awards paid to EE Smuts and LD Kidd to the value of R5 000 each, in terms of the group policy.
- The incentive disclosed under the executive incentive plan (EIP) is based on the performance period ended 30 September 2022. In terms of the plan, 50% of the determined amount will be paid in cash as an annual incentive, payable in December 2022, subject to the satisfaction of a free cash flow condition. The remaining 50% will be delivered as forfeitable shares subject to forfeiture and disposal restrictions. The number of shares is determined using the 30-day VWAP at 30 September 2022 of R2.31 which will be purchased on the open market post closed period. The number of shares to be purchased on behalf of the participants is 8 884 629, after taking into account the resignation of C Burmeister, effective 30 November 2022. The full EIP value is disclosed in the single total figure of remuneration in the remuneration report, however, the deferred incentive will only be recognised in the table above on vesting.
- Grant date fair value of share scheme awards in the current period.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers *continued*

Executive directors' and group executive committee members' total remuneration 2021

						Executive Incentive Plan			
						Annual incentive ³	Total remuneration	Gains on share plans	Fair value of share scheme awards ⁴
Rand	Basic salary	Company contribution to retirement fund	Guaranteed package ¹	Value of other benefits ²	Termination				
Executive directors									
EE Smuts	7 293 765	56 235	7 350 000	12 292	—	9 086 438	16 448 730	89 571	2 758 550
GR Fullerton	5 641 964	44 768	5 686 732	9 785	—	6 146 791	11 843 308	94 527	366 967
	12 935 729	101 003	13 036 732	22 077	—	15 233 229	28 292 038	184 098	3 125 517
Group executives									
C Burmeister	2 981 802	74 611	3 056 413	5 179	—	2 820 753	5 882 345	33 776	413 500
CB Farndell ⁵	1 964 670	142 361	2 107 031	3 577	260 068	—	2 370 676	—	—
LD Kidd	3 187 246	80 625	3 267 871	5 596	—	3 784 665	7 058 132	—	271 261
SB McGill ⁶	3 090 770	23 830	3 114 600	5 209	—	3 116 157	6 235 966	59 668	559 646
H Nel	3 500 216	27 476	3 527 692	5 994	—	3 997 379	7 531 065	—	1 367 935
Q Swart	2 809 843	22 188	2 832 031	79 850	—	2 818 435	5 730 316	—	546 274
IH van Lochem	3 054 298	23 834	3 078 132	5 210	—	3 116 758	6 200 100	6 276	367 713
	20 588 845	394 925	20 983 770	110 615	260 068	19 654 147	41 008 600	99 720	3 526 329
Total	33 524 574	495 928	34 020 502	132 692	260 068	34 887 376	69 300 638	283 818	6 651 846

- Guaranteed packages are reflected net of the remaining 3 months salary sacrifice deduction where applicable.
- Other benefits refer to group personal accident cover. Included in other benefits for Q Swart is a pay adjustment for assuming responsibility for the plastics business.
- The incentive disclosed under executive incentive plan (EIP) is based on the performance period ended 30 September 2021. In terms of the plan 50% of the determined amount will be paid in cash as an annual incentive, payable in December 2021, subject to the satisfaction of a free cash flow condition. The remaining 50% will be delivered as forfeitable shares subject to forfeiture and disposal restrictions. The number of shares is determined using the 30-day VWAP at 30 September 2021 of R3.085 which will be purchased on the open market post closed period. The number of shares to be purchased on behalf of the participants is 11 308 712. The full EIP value is disclosed in the single total figure of remuneration in the remuneration report, however, the deferred incentive portion is recognised in the table above in the final column as part of the IFRS 2 expense for the current year relating to the grant date fair value of the awards. The gains on the deferred incentive portion will be recognised in the table above only on vesting.
- Grant date fair value of share scheme awards in the current period.
- CB Farndell resigned with effect 30 June 2021. Termination pay comprises leave pay of R260 068.
- SB McGill was appointed to the group executive with effect 1 October 2020.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers *continued*

Non-executive directors' remuneration

The non-executive directors' remuneration paid during 2022, as approved by shareholders, and the total comparative amount for 2021 are disclosed below:

Rand	Director's fees	Audit and risk	Nominations and remuneration	Social, ethics and transformation	Total approved fees earned 2022	Total fees invoiced 2021
N Khan	365 650	220 300	—	—	585 950	585 900
KW Mzondeki	365 650	220 300	—	—	585 950	585 900
CD Raphiri ¹	342 050	—	295 300	210 300	847 650	782 000
SP Ridley ²	365 650	431 100	156 800	—	953 550	980 100
L Sennelo	365 650	220 300	—	107 300	693 250	683 300
PM Surgey	1 575 000	—	—	—	1 575 000	1 575 000
	3 379 650	1 092 000	452 100	317 600	5 241 350	5 192 200

Directors' fees are shown excluding VAT where applicable.

1. CD Raphiri was appointed chairman of the nominations and remuneration committee with effect from 1 October 2020.
2. SP Ridley resigned as the chairman of the nominations and remuneration committee with effect from 1 October 2020 but remains a member of the committee.

8. Equity, distributions and group information

8.1 Share capital

R million	2022	2021
Authorised:		
776 857 200 ordinary shares of 5 cents each	38.8	38.8
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
100 redeemable preference shares of 5 cents each	—	—
Total	39.8	39.8
Issued:		
690 474 523 (2020: 689 811 504) ordinary shares of 5 cents each	34.5	34.5
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	35.5	35.5

15 017 645 (2021: 14 393 061) ordinary shares have been set aside for employees' share schemes.

Preference shares

There were no changes to the issued 6.5% and 6% preference shares.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information

8.2 Capital reserves

R million	2022	2021
Share premium	270.9	270.9
Treasury shares	(558.9)	(513.4)
11 096 ordinary shares held by the Nampak Black Management Share Trust	(0.1)	(0.1)
44 719 790 ordinary shares held by Nampak Products Limited	(513.3)	(513.3)
11 308 712 ordinary shares held by Nampak Products Limited for the Executive Incentive Plan	(45.5)	—
Share-based payments reserve	42.1	15.6
Total	(245.9)	(226.9)

Reconciliation of number of ordinary shares issued

Number of ordinary shares issued at beginning of year	690 474 523	689 811 504
Ordinary shares allotted to employees, former employees and directors in terms of Nampak share schemes	—	663 019
Number of ordinary shares issued at end of year	690 474 523	690 474 523
Treasury shares	(56 039 598)	(44 730 886)
Net number of ordinary shares	634 434 925	645 743 637

Treasury shares

Treasury shares represent Nampak Limited shares held by group subsidiary companies.

8.3 Other reserves

R million	2022	2021
Foreign currency translation reserve	1 313.8	787.6
Financial instruments hedging reserve	3.3	—
Recognised actuarial losses	(623.8)	(634.9)
Other	(26.2)	(43.2)
Total	667.1	109.5

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as differences between these comparative amounts and the hyperinflation adjusted equity opening balances of group entities, whose functional currencies are the currencies of hyperinflationary economies, as recognised in other comprehensive income.

The functional currency of Nampak Zimbabwe is a currency of a hyperinflationary economy. The results and the financial position, including comparative amounts have been adjusted in terms of the measuring unit current at the end of the reporting period.

The carrying amount of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of the acquisition to the end of the reporting period.

Financial instruments hedging reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions in terms of which risk of ownership has not yet passed.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.3 Other reserves *continued*

Recognised actuarial gains/(losses)

Actuarial gains/(losses) comprise:

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

The group policy is to recognise all actuarial gains/(losses) in the period in which they occur in equity.

Other reserves

Other reserves deferred tax on the equity contribution by Nampak International Ltd to Nampak Zimbabwe Ltd of R26.2 million.

8.4 Non-controlling interests

Non-controlling interests represent the value of the remaining ownership in the subsidiary investments that are not wholly owned by the group.

Non-controlling interests are measured at their proportionate share of the entity's net assets.

The following subsidiaries have non-controlling interests:

Subsidiary	Principal place of business	Operating segment	Ownership interest held by NCI (%)	
			2022	2021
Nampak Bevcán Angola Limitada (Bevcán Angola) *	Angola	Metals	—	30.00
Nampak Zimbabwe Limited (Nampak Zimbabwe)	Zimbabwe	Plastics/Paper	48.57	48.57
DivFood Botswana (Pty) Limited (DivFood Botswana)	Botswana	Metals	26.00	26.00

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.4 Non-controlling interests *continued*

The financial information for Bevcan Angola, Nampak Zimbabwe and DivFood Botswana is set out below:

R million	Bevcan Angola		Nampak Zimbabwe		DivFood Botswana		Total	
	2022*	2021	2022	2021	2022	2021	2022	2021
Revenue	372.1	604.8	1 537.7	1 666.0	—	0.1	1 909.8	2 270.9
Net profit/(loss) for the year	262.8	187.8	87.4	235.1	(0.4)	(1.1)	349.8	421.8
Attributable to:								
Owners of Nampak Ltd	183.9	131.5	45.0	120.9	(0.3)	(0.8)	228.6	251.6
Non-controlling interests in subsidiaries	78.9	56.3	42.4	114.2	(0.1)	(0.3)	121.2	170.2
Other comprehensive income/(loss)	66.0	279.5	(160.1)	(14.6)	(0.1)	(8.8)	(94.2)	256.1
Total comprehensive income/(loss)	328.8	467.3	(72.7)	220.5	(0.5)	(9.9)	255.6	677.9
Attributable to:								
Owners of Nampak Ltd	230.2	327.1	(37.4)	113.4	(0.4)	(7.3)	192.4	433.2
Non-controlling interests in subsidiaries	98.6	140.2	(35.3)	107.1	(0.1)	(2.6)	63.2	244.7
Other equity movements	—	(10.1)	—	—	—	—	—	(10.1)
Attributable to:								
Owners of Nampak Ltd	(679.4)	(7.1)	—	—	—	—	(679.4)	(7.1)
Non-controlling interests in subsidiaries	679.4	(3.0)	—	—	—	—	679.4	(3.0)
Total assets	—	1 750.1	682.9	707.9	15.5	15.2	698.4	2 473.2
Non-current assets	—	1 243.3	145.3	134.2	12.7	12.5	158.0	1 390.0
Current assets	—	506.8	537.6	573.7	2.8	2.7	540.4	1 083.2
Total liabilities	—	4 343.5	240.6	194.2	19.0	18.2	259.6	4 555.9
Non-current liabilities	—	305.4	21.5	12.8	—	—	21.5	318.2
Current liabilities	—	4 038.1	219.1	181.4	19.0	18.2	238.1	4 237.7
Total equity	—	(2 593.4)	442.3	513.7	(3.5)	(3.0)	438.8	(2 082.7)
Attributable to:								
Owners of Nampak Ltd	—	(1 815.4)	227.5	263.6	(2.6)	(2.2)	224.9	(1 554.0)
Non-controlling interests in subsidiaries	—	(778.0)	214.8	250.1	(0.9)	(0.8)	213.9	(528.7)

* The non-controlling interest in Bevcan Angola was diluted to 7% following the capital restructuring of this company on 31 March 2022. The underlying nature of this transaction, however, is such that the in-substance interest held by the non-controlling shareholders represents a 0% interest for accounting purposes until their interest becomes unencumbered. Refer note 1.3 'Capital restructuring of Nampak Bevcan Angola Lda'.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition

The consolidated financial statements include the accounts of Nampak Ltd (the Company) and all of its subsidiaries at 30 September 2022.

The subsidiaries, associates, joint ventures and unconsolidated investments of Nampak Ltd fall under two main holding companies, namely Nampak Products Ltd and Nampak International Ltd.

Nampak Products Ltd is registered in South Africa and operates primarily in South Africa. Nampak International Ltd is registered in the Isle of Man and operates in Angola, Botswana, Ethiopia, Kenya, Malawi, Nigeria, Tanzania, Zambia and Zimbabwe.

The group holds a majority voting rights in all of its subsidiaries. Non-controlling shareholders have significant interests in two of the group's subsidiaries.

The group also holds interests in one associate and one joint venture. These are not material to the group.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

Subsidiaries

R million	Type	Country of incorporation	Issued share capital	Effective percentage holding (%)		Interest of holding company			
				2022	2021	Shares at cost		Indebtedness	
				2022	2021	2022	2021	2022	2021
Direct holdings									
Malbak Ltd	D	RSA	R100	100	100	1 482.9	1 482.9	—	—
Nampak International Ltd	O/I	Isle of Man	US\$219 794	100	100	4 347.9	4 347.9	—	—
Nampak Products Ltd	O/I	RSA	R3 758 641	100	100	93.7	93.7	79.6	79.6
Indirect holdings									
Bullpak Ltd	O	Kenya	KES4 760 000	100	100				
CarnaudMetalbox Zimbabwe Ltd	O	Zimbabwe	ZWL98 994	51.43	51.43				
Hunyani Forests Ltd	O	Zimbabwe	ZWL110 000	51.43	51.43				
Hunyani Paper and Packaging (Pvt) Ltd	O	Zimbabwe	ZWL24 000	51.43	51.43				
Hunyani Properties Ltd	P	Zimbabwe	ZWL426 000	51.43	51.43				
Megapak Swaziland (Pty) Ltd	O	Swaziland	R1 000	100	100				
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	ZWL20 100	51.43	51.43				
Megaplastics Ltd	I	Zimbabwe	ZWL0	51.43	51.43				
Metal Box South Africa Ltd	D	RSA	—	—	—				
Nampak Bevcn Angola Lda ¹	O	Angola	US\$50 000	100	70				
Nampak Bevcn Nigeria Ltd	O	Nigeria	US\$5 402 000	100	100				
Nampak DivFood Botswana (Pty) Ltd	O	Botswana	BWP120	74	74				
Nampak Glass (Pty) Ltd ²	D	RSA	—	—	—				
Nampak Holdings (UK) Ltd ³	I	UK	US\$184	—	100				
Nampak Holdings Ltd	I	Mauritius	US\$37 094	100	100				
Nampak Insurance Company Ltd	N	Isle of Man	R1 142 472	100	100				
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100				
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100				
Nampak Nigeria Ltd	O	Nigeria	NGN107 044 183	100	100				
Nampak Packaging Pvt Ltd	O	Ethiopia	ETB32 626 000	100	100				
Nampak Petpak (Namibia) (Pty) Ltd	O	Namibia	N\$100	100	100				
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100				
Nampak Southern Africa Holdings Ltd	I	Mauritius	US\$4 726 922	100	100				
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100				
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK15 000	100	100				
Nampak Packaging Malawi Ltd	O	Malawi	MWK13 450 000	100	100				
Nampak Zimbabwe Ltd	O/I	Zimbabwe	US\$755 648	51.43	51.43				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$364 232	100	100				
Total						5 924.5	5 924.5	79.6	79.6

O = Operating; I = Investment holding; D = Dormant; P = Property; N = Insurance

- During March 2022, the shares held by Nampak Products Ltd, a subsidiary of Nampak Ltd, in Nampak Bevcn Angola LDA (NBA) were sold to Nampak International Ltd (NIL), a fellow subsidiary of Nampak Ltd, as part of a restructuring initiative. Under the terms of the transaction, part of the intragroup loan between NIL and NBA was settled by the issue of additional shares by NBA to its shareholders and the interest of the outside shareholders in NBA was diluted for accounting purposes from 30.0% to nil effective 31 March 2022. The dilution of the outside shareholders resulted in a reallocation of the carrying amount of their interest in NBA's equity to NIL (and therefore of the Nampak Ltd group) of R679.4 million. Refer to note 1.3.
- In the process of being deregistered.
- Liquidated and deregistered during the year.

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

	Type	Country of incorporation	Issued share capital	Effective percentage holding (%)	
				2022	2021
Associates (Equity accounted)					
Collect-a-Can (Pty) Ltd*	O	RSA	R4 000 000	40	40
Group Risk Holdings (Pty) Ltd	N	RSA	R11 300	—	15
Joint ventures (Equity accounted)					
Elopak Nampak Africa	O	Kenya	€250 000	50	50

O = Operating; N = Insurance

* 31 December year-end.

Aggregate information of associates and joint ventures:

R million	Associates		Joint venture	
	2022	2021	2022	2021
Cost of investment	4.2	4.7	4.3	—
Increase in investment	—	—	—	4.3
Decrease in investment	(0.5)	(0.5)	—	—
Transfer to other investments	(2.1)	—	—	—
Group's share of profit/(loss) after tax	13.0	10.1	(2.7)	(1.4)
Opening balance	10.1	10.2	(1.4)	—
Decrease in investment	(1.1)	(0.6)	—	—
Transfer to other investments	(2.4)	—	—	—
Share of current year profit/(loss) after tax	6.4	0.5	(1.3)	(1.4)
Translation differences	—	—	0.8	0.3
Aggregate carrying amount of the Group's interest in these associates and joint venture	14.6	14.3	2.4	3.2

Summarised financial information in respect of the groups associates and joint ventures is set out below:

R million	Associates		Joint venture	
	2022	2021	2022	2021
Revenue	259.1	385.9	0.6	—
Net profit/(loss) for the year	12.8	1.2	(2.6)	(2.8)
Group's share of net profit/(loss) for the year	6.4	0.5	(1.3)	(1.4)
Total assets	52.1	3 041.7	7.4	1.2
Total liabilities	21.8	2 983.1	13.0	4.1
Net assets	30.3	58.6	(5.6)	(2.9)
Group's share of net assets	14.6	14.3	2.4	3.2

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

Other investments

	Type	Number of shares held by group		Effective percentage holding	
		2022	2021	2022	2021
Ethiopian Crown Cork & Can Industry	O	5 750	5 750	25	25
PET RecoZim (Pvt) Ltd	D	10	10	5	5
Group Risk Holdings (Pty) Ltd	N	1 187	—	10.5	—
Group Risk Mutual Ltd	N	105 000	—	10.5	—

O = Operating; N = Insurance; D = Dormant

8.6 Related party transactions

Material related party transactions were as follows:

R million	2022	2021
Sales and services rendered to/(from) related parties:		
Associates	24.4	23.8
Joint ventures	—	—
Total	24.4	23.8
Interest received from related parties:		
Associate	0.1	0.2
Total	0.1	0.2

Amounts owing (after eliminating intercompany balances) by related parties are disclosed in the respective notes to the financial statements for those balance sheet items.

R million	2022	2021
Amounts receivable from related parties:		
Loan to associate	1.0	—
Associate receivable	7.3	—
Joint venture receivable	4.5	0.2
Total	12.8	0.2

Notes to the consolidated financial statements

for the year ended 30 September 2022 *continued*

8. Equity, distributions and group information *continued*

8.6 Related party transactions *continued*

Key members

Key members are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly (executive or otherwise). Key members have been defined as the board of directors of the holding company and the group executive committee.

A number of key members hold positions in related entities where they may have significant influence over the financial and operating policies of those entities. These relationships have been listed below:

Key member	Entity	Position in entity
LD Kidd	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Employee Share Trust	Trustee
	Black Management Trust	Trustee
	Malbak Limited Share Trust	Trustee
CD Raphiri	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
SP Ridley	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
PM Surgey	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
IH van Lochem	Nampak 1979 Share Purchase Trust	Trustee

Transactions between the group and these entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Related-party transactions include:

Certain non-executive directors of the group are also non-executive directors of other public companies which may transact with the group. Executive directors or the chairpersons of such companies are assumed to have significant influence. Except as disclosed above, the relevant individuals do not believe that they have significant influence over the financial and operating policies of those companies.

Compensation relating to key management personnel

The remuneration of directors and other members of key management during the year was as follows:

R million	2022	2021
Short-term employee benefits	56.2	69.0
Termination benefits	—	0.3
Share-based payments	26.6	6.7
	82.8	76.0

The remuneration of directors and key executives is determined by the remuneration committee, having regard to the performance of individuals and market trends. Refer note 7.3 for detailed analysis of directors' remuneration.

Shareholders

An analysis of major shareholders is provided on pages 117 to 118.

Company statement of comprehensive income

for the year ended 30 September 2022

R million	Notes	2022	2021
Revenue	1	8.5	1 008.2
Employee benefit expense		(5.7)	(5.8)
Other operating expenses		(1.8)	(2.0)
Other operating income*		17.8	7.1
Operating profit		18.8	1 007.5
Finance costs		—	(4.0)
Profit before tax		18.8	1 003.5
Income tax (expense)/benefit	2	(0.3)	2.5
Total comprehensive income for the year		18.5	1 006.0

* Includes a fair value gain of R17.8 million relating to the investment in Group Risk Mutual Ltd.

Company statement of financial position

at 30 September 2022

R million	Notes	2022	2021
Assets			
Non-current assets			
Investment in associate and other	3	18.8	2.7
Interests in subsidiaries	4	4 751.1	4 724.6
		4 769.9	4 727.3
Current assets			
Subsidiary companies and trusts	8	2.2	1.0
Tax assets		—	0.9
		2.2	1.9
Total assets		4 772.1	4 729.2
Equity and liabilities			
Capital and reserves			
Share capital	5	35.5	35.5
Capital reserves	5	313.0	286.5
Retained earnings		4 421.5	4 405.1
		4 770.0	4 727.1
Current liabilities			
Other payables	7	0.6	0.6
Subsidiary companies and trusts	8	1.5	1.5
		2.1	2.1
Total equity and liabilities		4 772.1	4 729.2

Company statement of changes in equity

for the year ended 30 September 2022

R million	Notes	2022	2021
Opening balance		4 727.1	3 715.9
Net shares issued during the year		—	2.0
Share-based payment expense		26.5	3.3
Share grants forfeited		(2.0)	—
Total comprehensive income for the period		18.5	1 006.0
Dividends paid	6	(0.1)	(0.1)
Closing balance		4 770.0	4 727.1
Comprising:			
Share capital	5	35.5	35.5
Capital reserves	5	313.0	286.5
Share premium		270.9	270.9
Share option reserve		42.1	15.6
Retained earnings		4 421.5	4 405.1
Total equity		4 770.0	4 727.1

R million	Notes	Attributable to equity holders of the company				
		Share capital	Share premium	Share option reserve	Retained earnings	Total equity
At 1 October 2020		35.5	268.9	16.9	3 394.6	3 715.9
Employee share option scheme:						
— value of employee services		—	—	3.3	—	3.3
Ordinary shares allotted to employees, former employees and directors in terms of the Nampak share schemes		—	2.0	—	—	2.0
Transfer within equity to retained earnings		—	—	(4.6)	4.6	—
Profit for the year		—	—	—	1 006.0	1 006.0
Dividends paid	6	—	—	—	(0.1)	(0.1)
At 30 September 2021		35.5	270.9	15.6	4 405.1	4 727.1
Employee share option scheme:						
— value of employee services		—	—	26.5	—	26.5
Share grants forfeited		—	—	—	(2.0)	(2.0)
Profit for the year		—	—	—	18.5	18.5
Dividends paid	6	—	—	—	(0.1)	(0.1)
At 30 September 2022		35.5	270.9	42.1	4 421.5	4 770.0

Company statement of cash flows

for the year ended 30 September 2022

R million	Notes	2022	2021
Cash flows from operating activities			
Cash (utilised in)/generated from operations	9	(2.2)	1 002.9
Interest paid		—	(4.0)
Income tax refund		0.6	0.8
Cash flows from operations		(1.6)	999.7
Dividends paid		(0.1)	(0.1)
Cash (utilised in)/generated from operating activities		(1.7)	999.6
Cash flows from investing activities			
Decrease/(increase) in investments		1.7	(999.6)
Cash generated/(utilised) in investing activities		1.7	(999.6)
Net movement in cash and cash equivalents		—	—
Cash and cash equivalents at beginning of year		—	—
Cash and cash equivalents at end of year		—	—

Notes to the company financial statements

for the year ended 30 September 2022

1. Revenue

R million	2022	2021
Fees received from subsidiaries	8.5	8.2
Normal dividends — South Africa	—	1 000.0
Total	8.5	1 008.2

2. Income tax expense/(benefit)

R million	2022	2021
Current tax		
— current year	0.3	0.1
— prior year	—	(2.6)
Total	0.3	(2.5)

The company tax rate in South Africa is 28% (2021: 28%) of the estimated assessable profit for the year. The South African tax rate will be reduced from 28% to 27% for the 2023 financial year.

%	2022	2021
Reconciliation of rate of tax		
Normal tax rate	28.0	28.0
Reduction in tax charge due to:		
— exempt income*	(26.4)	—
— dividend income	—	(28.0)
— adjustment for prior year normal tax	—	(0.3)
Increase in tax charge due to:		
— disallowable expenses	—	0.1
Effective company rate of tax	1.6	(0.2)

* Exempt income includes the revaluation of an investment.

3. Investment in associate and other

R million	2022	2021
Cost of investment in associate	—	2.7
Other investment at fair value	18.8	—
Total	18.8	2.7

The group has obligations in respect of losses from its associate to the extent of the carrying value of the investment.

4. Investments in subsidiaries

R million	2022	2021
(Refer to note 8.5 of the consolidated financial statements for details)		
Interest in subsidiaries	5 924.5	5 924.5
Share-based payments contribution	236.0	209.5
Net amount due by subsidiaries*	79.6	79.6
Less: Impairment losses	(1 489.0)	(1 489.0)
Shares at cost less impairments	4 751.1	4 724.6
Directors' valuation	4 751.1	4 724.6

* Expected to be repaid within four years.

Notes to the company financial statements

for the year ended 30 September 2022 *continued*

4. Investments in subsidiaries *continued*

Nampak Ltd holds a R4.4 billion investment in Nampak International Ltd (NIL), a subsidiary of Nampak Ltd. A sum-of-the-parts valuation was performed on NIL, based on discounted cash flow valuation principles with individual companies owned by NIL as well as NIL itself being tested for specific impairment. These valuations were performed at 30 September 2022 taking into account the 2023 approved budget and stratplan to 2027 and resulted in sufficient headroom to ensure that no impairment loss was required to be recognised.

5. Capital and reserves

R million	2022	2021
Share capital		
Authorised:		
776 857 200 ordinary shares of 5 cents each	38.8	38.8
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	39.8	39.8
Issued:		
690 474 523 (2021: 690 474 523) ordinary shares of 5 cents each	34.5	34.5
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	35.5	35.5
15 017 645 (2021: 14 393 061) ordinary shares have been set aside for employees' share schemes.		
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		
Capital reserves		
Share premium	270.9	270.9
Share option reserve	42.1	15.6
Total	313.0	286.5
Reconciliation of number of ordinary shares issued		
Number of ordinary shares issued at beginning of year	690 474 523	689 811 504
Ordinary shares allotted to employees, former employees and directors in terms of the Nampak share schemes	—	663 019
Number of ordinary shares issued at end of year	690 474 523	690 474 523

6. Dividends paid

R million	2022	2021
Preference dividends	0.1	0.1

7. Other payables

R million	2022	2021
Accruals	0.5	0.5
Other	0.1	0.1
Total	0.6	0.6

Accruals principally comprise amounts outstanding for ongoing costs.

The directors consider that the carrying amount of other payables approximates their fair value.

Notes to the company financial statements

for the year ended 30 September 2022 *continued*

8. Related party transactions

R million	2022	2021
Corporate charges received from related parties		
Nampak Products Limited	7.8	7.5
Nampak International Limited	0.7	0.7
Total	8.5	8.2
Interest paid to related parties		
Nampak Products Limited	—	(4.0)
Dividends received		
Nampak Products Limited	—	1 000.0
Non-current amounts payable by such entities are included in note 4.		
Current amounts due by subsidiary companies and trusts are as follows:		
Nampak Products Ltd ¹	2.2	0.9
Black Management Trust ²	—	0.1
Total	2.2	1.0
Current amounts outstanding to subsidiary trusts are as follows:		
Nampak Share Purchase Trust ²	1.0	1.0
Nampak Employee Share Trust ²	0.5	0.5
Total	1.5	1.5

1 This loan bears interest at the average market-related rate and have no fixed repayment terms.

2 These loans do not bear interest and have no fixed repayment terms.

R million	2022	2021
Guarantees *		
Guarantee for an amount not exceeding US\$59.7 million (2021: US\$59.7 million) in favour of noteholders for the Note Purchase Agreement issued by Nampak International Limited.	1 005.8	902.7
Guarantee for an amount not exceeding R500.0 million on behalf of Nampak Products Limited in favour of Nedbank for general banking facilities.	500.0	500.0
Guarantee for an amount not exceeding R115.0 million on behalf of Nampak Products Limited in favour of Nedbank for an indirect facility.	115.0	115.0
Guarantee for an amount not exceeding of R140 million (2021: R140.0 million) on behalf of Nampak Products Limited in favour of Rand Merchant Bank for debt facilities.	140.0	140.0
Guarantee for an amount not exceeding R1 080.9 million on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for banking facilities.	1 005.9	1 080.9
Guarantee on behalf of Nampak Products Limited in favour of Imbali Props 21 (Pty) Limited in respect of the annual rental of R172.5 million (2021: R165.1 million) payable under the 15-year lease agreement for factory premises in South Africa.	172.5	165.1
Guarantee for an amount not exceeding US\$204.0 million (2021: US\$204.0 million) on behalf of Nampak International Limited in favour of a conglomerate of banks for revolving credit facilities.	3 542.1	3 083.2
Guarantee for an amount not exceeding R3 662.3 million (2021: R3 662.3 million) on behalf of Nampak Products Limited in favour of a conglomerate of banks for revolving credit facilities.	3 445.3	3 662.3

* No liabilities have been provided for the outstanding guarantees as the cash flows from the underlying entities were sufficient to meet all liabilities.

Notes to the company financial statements

for the year ended 30 September 2022 *continued*

8. Related party transactions *continued*

Key management personnel

Details of significant positions held by key management personnel and their related remuneration are provided in note 7.3 of the group financial statements. Remuneration paid is determined by the nominations and remuneration committee, having regard to the performance of individuals and market trends.

R million	2022	2021
Short-term employee benefits	56.2	69.0
Termination benefits	—	0.3
Share-based payments	26.6	6.7
Total	82.8	76.0
Settled by subsidiaries of the company	82.8	76.0

Executive directors and prescribed officers of the group are mainly remunerated for their services provided to the operating entities within the group structure. Please refer to note 8.5 of the consolidated financial statements for the group composition.

9. Reconciliation of profit before taxation to cash generated from operations

R million	2022	2021
Profit before taxation	18.8	1 003.5
Adjustment for:		
Share grants forfeited	(2.0)	—
Fair value gain on investments	(17.8)	—
Net finance costs	—	4.0
Operating (loss)/profit before working capital changes	(1.0)	1 007.5
Decrease in other payables	—	(6.7)
(Increase)/decrease in subsidiary company receivables	(1.2)	2.1
Cash (utilised in)/generated from operations	(2.2)	1 002.9

10. Going concern

The company is expected to continue as a going concern for the foreseeable future although a material uncertainty in this regard exists. Refer to note 1.4 of the consolidated financial statements.

11. Subsequent events

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

Analysis of registered shareholders and company schemes

for the year ended 30 September 2022

Registered shareholder spread

In accordance with the JSE Listing Requirements, the following table presents the spread of registered shareholders as of 30 September 2022 is as per below:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	13 349	72.12	2 072 155	0.30
1 001 – 10 000 shares	3 143	16.98	12 002 370	1.74
10 001 – 100 000 shares	1 511	8.16	52 167 714	7.56
100 001 – 1 000 000 shares	408	2.20	128 098 159	18.55
1 000 001 shares and above	99	0.53	496 134 125	71.85
Total	18 510	100.00	690 474 523	100.00

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/company related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	18 496	99.92	632 580 337	91.62
Directors and associates	4	0.02	1 296 593	0.19
Prescribed officers and management	8	0.04	557 995	0.08
Treasury shares — Nampak Products Ltd	1	0.01	56 028 502	8.11
Treasury shares (empowerment) — Black Management Share Trust	1	0.01	11 096	0.00
Total	18 510	100.00	690 474 523	100.00

Analysis of registered shareholders and company schemes

for the year ended 30 September 2022 *continued*

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 30 September 2022:

Shareholdings above 3%

	Total shareholdings	% of issued capital
Allan Gray (Pty) Ltd	141 132 886	20.44
Visio Capital Management	65 077 233	9.43
Nampak Products Ltd	56 028 502	8.11
Old Mutual Ltd	56 611 967	8.20
Ninety One SA (Pty) Ltd	33 838 377	4.90
36One Asset Management	27 547 381	3.99
Sanlam Investment Management (Pty) Ltd	22 047 112	3.19
Total	402 283 458	58.26

Beneficial shareholdings above 3%

Beneficial shareholdings	Total shareholdings	% of issued capital
Nampak Products Ltd	56 028 502	8.11
Allan Gray Balanced Fund	37 169 578	5.38
Allan Gray Stable Fund	30 986 627	4.49
Various retail investors	25 294 683	3.66
Old Mutual Life Assurance Co Ltd	20 858 942	3.03
Total	170 338 332	24.67

Previously disclosed holdings

Investment managers now holding below 3%

Investment manager	Total shareholdings	Current %	Previous %
Steyn Capital Management (Pty) Ltd	—	—	4.74
Total	—	—	4.74

Beneficial owners now holding below 3%

Investment manager	Total shareholdings	Current %	Previous %
No Holdings			

Shareholders' diary

at 30 September 2022

Annual general meeting

Wednesday, 15 February 2023

Interim statement and ordinary dividend announcement for the half-year ending 31 March 2023

May 2023

Group results and ordinary dividend announcement for the year ending 30 September 2023

December 2023

Dividend

Ordinary

Final dividend for the year ended 30 September 2022

No dividend being paid

Interim dividend for the half-year ending 31 March 2023

To be paid in July 2023, if payable

Preference

6.5% and 6% cumulative preference dividends

Payable twice per annum during February and August

Corporate information

Business address and registered office

Nampak House

Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa

PO Box 69983, Bryanston, 2021

T +27 719 6300

www.nampak.com

Auditors

Deloitte & Touche

5 Magwa Crescent
Waterfall City, 2090 South Africa

Private Bag X6, Woodmead, 2052
South Africa

Company secretary

Ilse van Lochem

T +27 11 719 6327

E Ilse.vanlochem@nampak.com

Sponsor

Nedbank Corporate and Investment Banking

A division of Nedbank Limited
(Registration number 1951000009/06)
3rd Floor, Corporate Place
135 Rivonia Road
Sandton, 2196, South Africa

PO Box 1144, Johannesburg, 2000

Share registrar

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

T +27 11 370 5000

F +27 11 688 5200

Shareholder hotline

T +27 11 373 0033

Smart number +27 80 000 6497

F +27 11 688 5217

E web.queries@computershare.co.za

Investor relations

Teboho Lempe

T +27 11 719 6326

E Teboho.lempe@nampak.com





Head office

Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191

PO Box 69983
Bryanston
2021

T +27 11 719 6300
E info@nampak.com

www.nampak.com

