Nampak
packaging excellence

Audited consolidated financial results for the year ended 30 September 2021

Packaging excellence

2021

Highlights

Revenue up 24% to

R14.0bn

Trading profit up 109% to

R1.4bn

Operating profit before net impairments of

R1.2bn

compared to a loss of R283m in FY20

Cash generated from operations before working capital changes up 133% to

R1.7bn

Earnings of

32.1cps

compared to a loss of 537.7cps in FY20

Covenants complied with

Net debt:EBITDA	2.74 times
EBITDA:interest	4.79 times

Headline earnings of

62.3cps

compared to a loss of 87.7cps in FY20

Commentary

"Nampak had a successful financial year driven by the recovery of all the South African metals operations, significant growth of the Nigerian beverage can market, new customers in Zambia and continued strong demand for our products in Zimbabwe. The group successfully restructured two divisions, consolidated operations and simplified product offerings to strengthen the group's profitability and competitiveness going forward. Nampak successfully renegotiated key funding agreements to reduce financial risk for the coming year and secured a R1 billion non-recourse trade finance facility to further stabilise the balance sheet. The group is now in a better position to service customers using an improved cost base and will continue building trust with all stakeholders."

Erik Smuts, Nampak CEO

Overview

Group results were driven by strong growth of the Metals division, as a result of a solid performance by our Bevcan operations in South Africa and Nigeria. The restructuring of DivFood in South Africa contributed significantly to the improvement in profitability.

Good progress was made towards achieving our strategic goal of improving our financial position as management reduced the group's exposure to US dollar debt and renegotiated covenants. Subsequent to year-end, a non-recourse R1 billion trade finance facility was secured, further easing covenant pressures and significantly reducing the need to dispose of any of our businesses at less than full value. The simplification of the group and optimisation of operations streamlined our operating structures and has put us in better standing to compete profitably going forward. Ongoing benefits are expected from these projects into FY22.

Our manufacturing sites continued to mitigate the impact of COVID-19 with additional safety measures. Our group lost time injury frequency rate also benefitted from these supplementary measures and improved materially to 0.27, below our target of 0.35. Sadly, seven employees passed away as a result of the coronavirus. We extend our sympathies and condolences to their families.

Group financial performance

R million	FY21	FY20	% change
Revenue	**13 958**	11 278	24
Trading profit	**1 422**	682	>100
Operating profit/(loss) before net impairments	**1 195**	(283)	
Operating profit/(loss)	**931**	(4 303)	
Profit/(loss) for the year from continuing operations	**377**	(4 349)	
Profit for the year from discontinued operations	**–**	369	(100)
Profit/(loss) for the year	**377**	(3 980)	
Cash generated from operations before working capital changes	**1 680**	720	>100
Cash generated from operations	**1 059**	1 087	(3)
Cash generated from operating activities	**307**	415	(26)
Earnings/(loss) per share (cents)	**32.1**	(537.7)	
Headline earnings/(loss) per share (cents)	**62.3**	(87.7)	

Commentary continued

Revenue increased by 24% to R14 billion driven primarily by strong results from the Metals division. Beverage can export sales to North America and strong growth in Nigeria boosted group performance. Revenue from the Plastics division also grew materially due to good results from Zimbabwe and as pandemic restrictions were eased in South Africa. This performance was achieved against a backdrop of global supply chains shortages of raw materials as well as civil unrest in July 2021 in South Africa that led to the temporary closure of some key customers operations and the disruption of supply chain routes.

Trading profit improved by 109% to R1.4 billion largely as result of cost saving initiatives at DivFood and significantly improved trading conditions in South Africa, Nigeria and Zimbabwe. Restructuring initiatives at Rigid Plastics South Africa also contributed towards improved group profitability. Group trading margins expanded to 10.2% from 6.0% in the prior year.

Operating profit before net impairment losses increased significantly to R1.2 billion from a loss of R283 million in FY20, impacted by the following capital and other adjusting items:

- Reduced net devaluation losses arising from Angolan and Nigerian exchange rate movements from R324 million to R246 million;
- Impact of currency movements in Zimbabwe of a R4 million profit compared to a loss of R264 million in FY20;
- Reversal of provision relating to retrenchment and restructuring costs of R1 million compared to a loss of R135 million in the prior year;
- Gain on restructuring loans and lease liabilities of R1 million compared to loss of R136 million in FY20;
- Non-recurrence of a R141 million loss on the disposal of businesses offset by insurance proceeds of R83 million received for asset replacement in respect of a fire at an in-plant in FY20.

Profit for the year significantly improved to R377 million from a R4.3 billion loss as a result of:

- A significant reduction in impairments to R264 million from R4.0 billion in the prior year;
- Finance costs reduced by 3% to R506 million;
- Finance income down 72% to R22 million, resulting in a lower offset against finance costs;
- Income tax expense of R68 million compared to a tax benefit of R402 million in FY20.

Discontinued operations

There were no discontinued operations in FY21. In FY20 a profit of R369 million on discontinued operations was reported.

Cash generated from operations before working capital changes of R1.7 billion increased by R1.0 billion or 133%, due to significantly improved profitability levels. Improved trading levels have required an investment of R621 million in working capital, compared to a release of R367 million from working capital in the prior year. This movement is due to the significantly contracted working capital levels at 2020, which were contracted in line with lower trading levels due to COVID-19 now normalising in the current year. Higher inventory levels have been more than funded by trade payables. The 24% increase in revenue, coupled with a major customer no longer offering a trade finance platform, are the main reasons for the R988 million increase in trade receivables.

Cash generated from operations after working capital changes was stable at R1.1 billion, despite the additional investment in working capital.

Earnings attributable to equity holders of the company improved to R207 million from a R3.5 billion loss in the prior year. Earnings per share and headline earnings per share rose more than 100% to 32.1 cents and 62.3 cents respectively.

Cash transfers remain a focus area and were relatively pleasing for the year. R1.6 billion was transferred from Angola and Nigeria. Constrained availability of foreign currency at the official rate slowed cash transfers from Nigeria. Transfers from Angola were pleasing relative to trading levels and did not limit our ability to operate. Transfers from Zimbabwe were boosted by repayments totalling R57 million (USD4.0 million) from the Reserve Bank of Zimbabwe related to historical debt.

Capital expenditure of R313 million was 53% lower than the prior year and included unbudgeted expenditure in order to leverage export opportunities.

US dollar denominated **interest-bearing debt** reduced to 41% of R4.7 billion net debt per the covenant calculation, from 65% of R5.3 billion net debt per the covenant calculation at the end of FY20. This is in line with the group's strategic focus to reduce our dependence on US dollar funding and the impact foreign exchange volatility on covenants.

Nampak complied with all **group funding covenants** for all the quarterly periods in FY21 as earnings and cash generation improved during the year. Net debt:EBITDA for the final covenant measurement was 2.74 times and remained below the maximum 3.5 times threshold and within the originally contracted 3.0 times. EBITDA:interest cover of 4.79 times at 30 September 2021, was greater than the required minimum of 4.0 times. Assisted by improved trading performance, successful negotiations were held with Nampak's lenders to relax funding conditions.

Nampak's lenders agreed to a relaxation of the net debt:EBITDA covenant to 3.5 times from 30 September 2021 to 30 September 2022, returning to a covenant requirement of 3.0 times for the period commencing on 1 October 2022. This will accommodate seasonal fluctuations in funding levels during FY22.

As part of assets earmarked for disposal during the year, the Plastics Tubes business in South Africa was disposed of in September 2021 for R32 million, plus inventory of approximately R17 million depending on final stock take values, therefore generating disposal proceeds of R49 million which will flow in FY22.

Divisional results

	Revenue		Trading profit/(loss)		Trading margin (%)	
R million	**FY21**	**FY20**	**FY21**	**FY20**	**FY21**	**FY20**
Metals	**9 928**	7 853	**1 091**	421	**11.0**	5.4
Plastics	**2 996**	2 479	**287**	143	**9.6**	5.7
Paper	**1 034**	946	**187**	158	**18.1**	16.7
Corporate services	**–**	–	**(143)**	(40)	**–**	–
Continuing operations	**13 958**	11 278	**1 422**	682	**10.2**	6.0
Glass	**–**	791	**–**	70	**–**	8.8
Plastics Europe	**–**	131	**–**	(14)	**–**	(10.7)
Discontinued operations	**–**	922	**–**	56	**–**	6.1
Group total	**13 958**	12 200	**1 422**	738	**10.2**	6.1

Metals

Revenue from the Metals division grew 26% to R9.9 billion and trading profit was up by 159%, benefitting greatly from the turnaround at DivFood and significant improvements in profitability at Bevcan South African and Nigeria. Trading profit margins improved to 11.0% from 5.4%.

Revenue for **Bevcan South Africa** grew substantially, driven by the recovery of local volumes and export contracts to North America. Local demand for beverage cans improved in 2H21 with the easing of trade restrictions relative to the prior year. The growth in demand for larger can sizes for beer and energy drinks boosted volumes and improved overall pack share for beverage cans. Shortages of other substrates for packaging materials also contributed to higher demand in cans. Performance was limited by restrictions on large group gatherings and ad hoc bans on the sale of alcohol which remained largely in place throughout FY21. Export contracts for beverage can bodies and ends, which commenced in December 2020 and February 2021 respectively, were serviced and concluded by the end of the financial year. The renewal of various local long-term supply contracts during the past 12 months will secure beverage can volumes for the coming two years, while a new export contract has been negotiated for the supply of can ends during the 2022 calendar year.

Commentary continued

Bevcan Nigeria experienced a surge in demand and delivered double digit volume and revenue growth for the year, exceeding all expectations. Our manufacturing facility operated at capacity for the duration of FY21. An additional body maker was installed in May 2021 to increase output and accommodate higher demand. Higher volumes resulted from growth in the beverage can market coupled with higher allocations by key customers. Shortages in other substrate packs, caused by supply chain delays, also contributed to volume growth. This momentum is expected to continue into the coming year, albeit at a reduced rate as our production line is already operating close to full capacity.

Low demand for beverage cans continued in **Bevcan Angola** amid a weak economy and pandemic restrictions, including closed borders that restricted export of filled cans by our customers into the Democratic Republic of the Congo. Management focused on keeping operating costs as low as possible and capitalised on lower input costs, which improved profitability. The conversion of Line 1 from steel to aluminium was concluded and is now in the process of being commissioned.

In South Africa, **DivFood's** performance improved significantly as it successfully restructured its operations and reversed a significant loss made in the prior year. Revenue recovered pleasingly, driven by good demand for food cans, diversified cans and metal closures.

The business returned to profitability as a result of cost savings achieved over the past two years from consolidating and optimising its operations and product offerings. Food can volumes were in line with the prior year despite very disappointing fish can volumes. Strong demand for vegetable cans, a good fruit season and stable demand for meat cans offset the decline in fish can volumes. Demand for diversified cans improved even though we still saw some negative impact from COVID-19 regulations and was affected by the social unrest of July 2021. Metal closure volumes also recovered pleasingly, supported by home cooking dynamics during the pandemic. The recovery of alcohol sales supported increased roll-on pilfer proof closures demand.

During the last quarter shipping delays and supply chain disruptions, following the social unrest in July 2021, caused raw material shortages and as a result we were unable to fully meet customer demand for food cans and metal closures.

DivFood's **general metals business in Nigeria** increased revenue marginally in 2021. The rationalisation of operations and simplification of its product offering delivered improved profitability for the year.

Nampak **Tanzania** and **Kenya**, albeit small contributors to the group, showed a marked improvement to profitability relative to the previous year, following restructuring and simplification initiatives in the prior period.

Plastics

Revenue for the division grew 21% to R3 billion, driven by very strong demand in Zimbabwe and the recovery of the South African businesses. Trading profit doubled to R287 million and boosted trading margins from 5.7% to 9.6%.

Plastics South Africa performed in line with expectations and concluded the consolidation of its operations. Stronger crates and closures demand, propelled by increased home-consumption of certain staples and higher allocations for tubes drove revenue growth, while liquid bottles were limited by milk shortages and lower spending on smaller pack sizes. Trading profits improved, benefiting from optimisation and cost reduction initiatives and the improved availability of raw materials. **Cartons South Africa** performed well and overall revenue improved, as conical cartons sales recovered with the easing of pandemic related restrictions. Trading profits improved as volumes for both Purepak and conical cartons recovered faster than anticipated.

The performance of Zimbabwean operations exceeded expectations and revenue was boosted in 2H21 along with profitability. **Megapak Zimbabwe** and **CMB Zimbabwe** performed well in a challenging economic environment and experienced double-digit revenue growth for both businesses. Market demand was serviced to the extent that foreign currency was available and raw materials could be sourced. These operations continue to self-fund their operational and capital requirements. Cash generated is reinvested into operations and equipment to limit exposure to currency fluctuations.

Paper

Revenue growth of 9% was healthy, despite the inclusion of Cartons Nigeria for three months in the prior year. Excluding this disposal, revenue growth was much stronger as pandemic restrictions eased in most of our markets and trading conditions improved, leading to trading profit growth of 18%. The volumes from Zimbabwean operations grew materially, demand for cartons in Zambia recovered, although volumes in Malawi and Kenya were negatively impacted.

Demand for all products in **Zimbabwe** was robust and both revenue and trading profits grew in double-digits. Our operations supplied as much as they could amid raw materials and foreign currency shortages. Good progress was made on our strategy in **Zambia** to diversify the customer base for conical cartons. Local demand recovered and revenue plus trading profits improved greatly, boosted by market share gains. Performance from the **Malawian** and **Kenyan** operations was limited as these markets faced general economic down turns and grappled with weaker trading conditions caused by the pandemic. Demand for our paper products in Malawi started improving in the latter half of the financial year.

Trading performance by region

	Revenue		Trading profit		Trading margin (%)	
R million	FY21	FY20	FY21	FY20	FY21	FY20
South Africa	**9 378**	7 577	**597**	160	**6.4**	2.1
Rest of Africa	**4 580**	3 701	**968**	562	**21.1**	15.2
Corporate services	**–**	–	**(143)**	(40)	**–**	–
Continuing operations	**13 958**	11 278	**1 422**	682	**10.2**	6.0
South Africa — Glass	**–**	791	**–**	70	**–**	8.8
Europe	**–**	131	**–**	(14)	**–**	(10.7)
Discontinued operations	**–**	922	**–**	56	**–**	6.1
Group total	**13 958**	12 200	**1 422**	738	**10.2**	6.1

Outlook

South Africa

Bevcan South Africa saw improved local demand and we expect these gains to continue into FY22 as restrictions on large events are eased and the resumption of spectators attending sporting and other events starts increasing. Demand for our Paper and Plastics products in Southern Africa is also expected to improve as the consumption levels for milk, juice and traditional beer products increase. An improved operating cost structure will benefit the Plastics business in the coming year.

DivFood is expected to further benefit from the restructuring activities in 2021, with additional savings flowing through in 2022. The operational improvements and specific focus on food safety and quality should support volume growth in FY22. It is also expected that fish can volumes will recover on the back of improved availability of frozen fish and low stock levels in the industry.

Rest of Africa

The positive momentum at our operations in Nigeria is expected to continue into the new year as our Bevcan operation benefits from the supply chain dynamics in the country to the extent that raw materials are available.

There are no significant changes expected in the Angolan beverage can market and economy, but our operations may benefit from the easing of pandemic related restrictions and the reopening of borders for exports by our customers.

Demand for our products in Zimbabwe may be volatile, depending on economic recovery progress while demand from operations in other central Africa countries is expected to be strong, but coming off a low base. Zimbabwean operations will continue to be self-funding and service customers to the extent raw materials and foreign currency are available. The resumption of repayments from the Reserve Bank of Zimbabwe will facilitate the reduction of group debt and could result in the reversal of historical ECL debt provisions.

Commentary continued

Compliance with covenants and repayment of R1 billion of interest-bearing debt

The milestone date for assessment of the group's ability to reduce debt by R1 billion was deferred to 30 June 2022. The restriction to reduce debt only through asset disposals and/or a capital raise was also lifted to allow the utilisation of all cash flows generated through normal operating activities. This included the repayments of historical debt by the Reserve Bank of Zimbabwe. R2.6 billion surplus funding commitments were cancelled. Utilisation of the R1 billion non-recourse trade finance facility secured post the year-end must be used to permanently settle debt and will count towards the required debt reduction programme.

Significant focus will continue to be placed on complying with the group's funding covenants, the reduction of the US dollar denominated component of the group's debt, the prudent management of capital expenditure, the optimisation of working capital and satisfying the required R1 billion reduction in interest-bearing debt by 30 September 2022. This will be assessed by the funders at 30 June 2022.

Dividend

In line with previous communications, the board has decided not to resume dividends until debt is at a more sustainable level.

Annual results presentation webcast

Nampak management will hold a webcast on Monday, 6 December 2021 at 10h00 Central Africa Time (UTC+2) to present the annual results, provide a business update and address questions from the investment community. Webcast details are available on Nampak's website **http://www.nampak.com/Investors**. The annual results presentation and announcements will be uploaded on the website on the same morning.

On behalf of the Board

PM Surgey

Chairman

EE Smuts

Chief executive officer

GR Fullerton

Chief financial officer

Bryanston

6 December 2021

Sponsor

UBS South Africa (Pty) Ltd

Forward-looking statements

Certain statements in this document are not reported financial results or historical information, but forward-looking statements. These statements are predictions of or indicate future events, trends, future prospects, objectives, earnings, savings or plans. Examples of such forward-looking statements include, but are not limited to, statements regarding volume growth, increases in market share, exchange rate fluctuations, shareholder return and cost reductions. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "believe", "continue", "anticipate", "ongoing", "expect", "will", "could", "may", "intend", "plan", "could", "may", and "endeavour". By their nature, forward-looking statements are inherently predictive, speculative and involve inherent risks and uncertainties, because they relate to events and depend on circumstances that may or may not occur in the future. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to: changes in economic or political conditions and changes to the associated legal, regulatory and tax environments; lower than expected performance of existing or new products and the impact thereof on the group's future revenue, cost structure and capital expenditure; the group's ability to expand its portfolio; skills shortage; changes in foreign exchange rates and a lack of market liquidity which holds up the repatriation of earnings; increased competition, slower than expected customer growth and reduced customer retention; acquisitions and divestments of group businesses and assets and the pursuit of new, unexpected strategic opportunities; the extent of any future write-downs or impairment charges on the group's assets; the impact of legal or other proceedings against the group; uncontrollable increases to legacy defined benefit liabilities and higher than expected costs or capital expenditures. When relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2021

R million	Notes	2021	Restated[1] 2020
Revenue		**13 958.4**	11 277.9
Operating profit/(loss) before items below		**1 190.4**	(19.2)
Net impact of devaluation associated with Zimbabwe		**4.5**	(263.8)
Net foreign exchange gains/(losses)		**0.8**	(81.9)
Monetary adjustment for hyperinflation		**(4.5)**	(181.9)
Net measurement of expected credit loss allowance — Reserve Bank of Zimbabwe financial instrument	10	**8.2**	–
Operating profit/(loss) before net impairment losses	4	**1 194.9**	(283.0)
Net impairment losses	5	**(264.3)**	(4 020.2)
Operating profit/(loss)		**930.6**	(4 303.2)
Finance costs	6	**(506.2)**	(524.1)
Finance income	6	**21.6**	76.5
Share of net (loss)/profit in associates and joint venture		**(0.9)**	0.5
Profit/(loss) before tax		**445.1**	(4 750.3)
Income tax (expense)/benefit	7	**(67.7)**	401.5
Profit/(loss) for the year from continuing operations		**377.4**	(4 348.8)
Profit for the year from discontinued operations[2]		**–**	368.7
Profit/(loss) for the year		**377.4**	(3 980.1)
Other comprehensive (loss)/income for the year, net of tax			
Items that will not be reclassified to profit or loss			
Net actuarial (loss)/gain from retirement benefit obligations		**(32.4)**	72.7
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations excluding Zimbabwe operations		**(237.1)**	703.2
Exchange differences on translation and hyperinflation effects of Zimbabwe operations		**(14.6)**	(592.7)
Fair value loss on liquid bonds		**–**	(9.9)
(Loss)/gain on cash flow hedges		**(0.5)**	11.3
Other comprehensive (loss)/income for the year, net of tax		**(284.6)**	184.6
Total comprehensive income/(loss) for the year		**92.8**	(3 795.5)
Profit/(loss) attributable to:			
Owners of Nampak Limited		**207.2**	(3 467.6)
Non-controlling interest in subsidiaries		**170.2**	(512.5)
Total		**377.4**	(3 980.1)
Total comprehensive income/(loss) attributable to:			
Owners of Nampak Limited		**(151.9)**	(3 492.6)
Non-controlling interest in subsidiaries		**244.7**	(302.9)
Total		**92.8**	(3 795.5)
Earnings/(loss) per share			
Basic (cents per share)		**32.1**	(537.7)
Diluted (cents per share)		**32.1**	(537.2)

1 Operating profit/(loss) has been restated to include net impairment losses. Refer to note 4.

2 There were no discontinued operations in the current year. Refer to note 4 of the previous year's detailed financial statements for details of the profit for the year from discontinued operations.

Summarised consolidated statement of financial position

at 30 September 2021

R million	Notes	2021	2020*
Assets			
Non-current assets			
Property, plant, equipment and investment property	9	**5 360.9**	5 905.8
Right of use assets		**666.7**	880.7
Goodwill		**1 711.8**	1 877.9
Other intangible assets		**134.9**	164.5
Investments in associates and joint ventures		**17.5**	14.9
Deferred tax assets		**466.2**	388.6
Loan and lease receivables — non-current	10	**78.1**	139.7
		8 436.1	9 372.1
Current assets			
Inventories		**2 910.9**	2 815.9
Trade and other current receivables		**2 800.3**	1 980.6
Tax assets		**16.3**	45.5
Loan and lease receivables — current	10	**43.3**	358.6
Bank balances and deposits	15.3	**1 136.6**	1 528.9
		6 907.4	6 729.5
Assets classified as held for sale		**621.9**	92.7
Total assets		**15 965.4**	16 194.3
Equity and liabilities			
Capital and reserves			
Share capital		**35.5**	35.5
Capital reserves		**(226.9)**	(227.6)
Other reserves		**109.5**	475.7
Retained earnings		**4 911.7**	4 701.3
Shareholders' equity		**4 829.8**	4 984.9
Non-controlling interests		**(528.7)**	(770.4)
Total equity	12	**4 301.1**	4 214.5
Non-current liabilities			
Loans — non-current	13.1	**4 474.3**	5 755.2
Lease liabilities — non-current	13.2	**1 192.7**	1 291.2
Retirement benefit obligation		**801.2**	775.5
Deferred tax liabilities		**175.3**	242.3
Other non-current liabilities		**12.7**	14.9
		6 656.2	8 079.1
Current liabilities			
Trade and other current payables		**2 892.6**	2 327.4
Provisions	14	**192.0**	275.4
Tax liabilities		**36.6**	34.9
Loans and lease liabilities — current	13.3	**1 577.0**	1 134.5
Bank overdrafts	15.3	**25.0**	128.5
		4 723.2	3 900.7
Liabilities directly associated with assets classified as held for sale		**284.9**	—
Total equity and liabilities		**15 965.4**	16 194.3

* Bank overdrafts have been disaggregated from loans and lease liabilities — current for enhanced disclosure. Loans and lease liabilities — current have, therefore, been re-presented.

Summarised consolidated statement of changes in equity

for the year ended 30 September 2021

R million	Notes	2021	2020
Opening balance		**4 214.5**	8 209.9
Adjustment to opening balance — adoption of new standards[1]	2.2	**—**	(209.0)
Net shares issued during the year		**2.0**	—
Share-based payment expense/(reversal)		**3.3**	(13.6)
Share grants forfeited		**(1.3)**	—
Net impact of Zimbabwe debt capitalised		**—**	155.8
Disposal of businesses[2]		**—**	(153.0)
Disposal of liquid bonds[3]		**(10.1)**	20.0
Total comprehensive income/(loss) for the year		**92.8**	(3 795.5)
Dividends paid		**(0.1)**	(0.1)
Closing balance		**4 301.1**	4 214.5
Comprising:			
Share capital	12	**35.5**	35.5
Capital reserves	12	**(226.9)**	(227.6)
Share premium		**270.9**	268.9
Treasury shares		**(513.4)**	(513.4)
Share-based payments reserve		**15.6**	16.9
Other reserves	12	**109.5**	475.7
Foreign currency translation reserve		**787.6**	1 113.8
Financial instruments hedging reserve		**—**	0.5
Recognised actuarial losses reserve		**(634.9)**	(602.5)
Other[4]		**(43.2)**	(36.1)
Retained earnings	12	**4 911.7**	4 701.3
Shareholders' equity	12	**4 829.8**	4 984.9
Non-controlling interest	12	**(528.7)**	(770.4)
Total equity	12	**4 301.1**	4 214.5

1 IFRS 16: Leases.

2 Cumulative translation reserve gain relating to foreign operations recycled through profit/loss on disposal.

3 Cumulative fair value (gains)/losses relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.

4 Other reserves relate to a put option in favour of the Botswana Development Corporation created on the acquisition of the group's interest in Nampak DivFood Botswana (Pty) Ltd of R17.0 million and deferred tax on the equity contribution by NIL to Nampak Zimbabwe of R26.2 million. During the year, the cumulative fair value gains relating to liquid bonds (R7.1 million after non-controlling interests of R3.0 million) were recycled to profit and loss on the disposal of the bonds.

Summarised consolidated statement of cash flows

for the year ended 30 September 2021

R million	Notes	2021	2020
Cash generated from operations before working capital changes	15.1	**1 680.4**	720.1
Net working capital changes	15.1	**(621.2)**	367.0
Cash generated from operations	15.1	**1 059.2**	1 087.1
Net interest paid		**(523.0)**	(552.4)
Retirement benefits, contributions and settlements		**(77.5)**	(77.9)
Income tax paid		**(152.0)**	(42.0)
Cash flows from operations		**306.7**	414.8
Dividends paid		**(0.1)**	(0.1)
Cash generated from operating activities		**306.6**	414.7
Capital expenditure	17	**(312.9)**	(666.2)
Replacement		**(273.7)**	(541.4)
Expansion		**(39.2)**	(124.8)
Net proceeds on the disposal of businesses		**–**	1 568.3
Proceeds on disposal of liquid bonds		**267.8**	456.6
Proceeds from RBZ receivable		**57.4**	–
Other investing activities		**43.2**	54.3
Cash generated from investing activities		**55.5**	1 413.0
Net cash generated before financing activities		**362.1**	1 827.7
Net non-current loans repaid		**(498.9)**	(1 739.1)
Net current loans raised		**–**	1.5
Lease liabilities repaid		**(71.2)**	(79.0)
Cash repaid in financing activities	15.2	**(570.1)**	(1 816.6)
Net (decrease)/increase in cash and cash equivalents		**(208.0)**	11.1
Net cash and cash equivalents at beginning of year		**1 400.4**	1 358.4
Translation of cash in foreign subsidiaries		**(80.8)**	30.9
Net cash and cash equivalents at end of year	15.3	**1 111.6**	1 400.4

Notes

1. Basis of preparation

The summarised consolidated financial statements are derived from the audited consolidated financial statements approved by the directors on 3 December 2021. They are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The JSE Limited Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

The consolidated financial statements and the summarised consolidated financial statements have been prepared under the supervision of the chief financial officer, GR Fullerton CA(SA).

2. Accounting policies, new and revised standards and restated comparatives

2.1 Accounting policies

The accounting policies adopted and methods of computation used are consistent with those applied for the group's 2020 annual financial statements other than for the adoption of new standards.

2.2 New and revised International Financial Reporting 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.

3. Critical judgements and key sources of estimation uncertainty

3.1 Going concern

In determining the appropriate basis of preparation of the annual financial statements, the directors are required by IAS 1: Presentation of Financial Statements to assess the group's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, the directors are required to take into account all available information about the future which is at least but not limited to twelve months from the end of the reporting period. Such information may include the current and expected profitability of operations, as well as debt covenant levels and repayment schedules.

The management of the group's balance sheet, gearing levels, funding structures and covenants in these uncertain times remained our top priority. Remaining nimble and responsive to the market's changing demand patterns as the world recovers from the pandemic required additional focus and an investment in working capital given the improved trading levels.

Significant focus was placed on complying with the group's funding covenants, the reduction of the dollar denominated component of the group's debt, the prudent management of capital expenditure and the optimisation of working capital. The structure and the maturity dates of facilities within the group's funding package were reviewed to optimise the group's long-term and short-term liquidity. The group complied with both its covenants at its quarterly measurement periods during the year. Impacts of significant increases in commodity prices, continued disruptions in supply chains due to the COVID-19 pandemic and increased demand from our customers required careful planning given the potential impacts on the group's funding requirements.

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In terms of the funding agreements negotiated in September 2020, the group's debt funders required interest-bearing debt to be reduced by R1.0 billion by 30 September 2021, through a strategic asset disposal process or a combination of asset disposals and a capital raise. Negotiations were successfully concluded with the group's lenders to revise certain funding requirements in light of the group's improved trading performance. After considering the group's results, the milestone date for assessment of the group's ability to reduce debt by R1.0 billion has been deferred to 30 June 2022 (revised agreements). The requirement to reduce interest-bearing debt by R1.0 billion by 30 September 2022 remains.

The restriction to reduce debt only through asset disposals and/or a capital raise was relaxed so as to allow the utilisation of all cash flows generated through normal operating activities, inclusive of the repayments of historical debt by the Reserve Bank of Zimbabwe (RBZ), but subject to the cancellation of commensurate committed facilities. In order to reduce commitment fees on unutilised facilities, the group cancelled R2.6 billion of its historic facilities of R10.1 billion. The remaining facilities of R7.5 billion are considered adequate for the group's requirements.

The dollar component of the group's net debt for covenant purposes was reduced to 41% at 30 September 2021 from 65% in the prior year utilising the proceeds from the disposals of Glass and Cartons Nigeria.

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. A non-recourse trade finance facility (trade finance facility) of up to R1.0 billion which was secured post the year-end will improve short term liquidity. Utilisation of this facility will count towards the required repayment of interest-bearing debt of R1.0 billion by 30 September 2022. The group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term.

The group has already instituted the following action plans to further improve adjusted EBITDA (defined as 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 — hereinafter referred to as "EBITDA") and cash generation complemented by various cash conservation plans including the following:

- Several restructuring, cost savings and retrenchment processes and initiatives were completed during the 2021 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 damage 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 within terms and a focus on ensuring inventory holdings are funded by matching trade payables;
- The utilisation of the trade finance facility will assist in repaying debt and in funding growth;
- Progressing the asset disposal processes with identified targeted disposals expected to contribute to the required debt repayments by 30 September 2022;
- Continuing and expediting cash transfers from businesses in Angola, Nigeria and Zimbabwe;
- The business has specific plans set out for the 2022 year and quarterly milestones are required to be met in terms of the revised funding agreements concluded in September 2021 failing which a capital raise will be triggered for the shortfall in the required debt repayment at a date of default;
- Internal budgets for 2022 per operation and the group have been thoroughly reviewed and focus on revenue growth, primarily driven by a recovery from the impacts of COVID-19, profitability improvements from the optimisation of trading margins off stable gross margins and an improved cost base, and cash generation through well managed working capital and strictly controlled capital expenditure. No material expansionary capital expenditure is budgeted for 2022 with moderate capex in the stratplan years;

- The group has appointed advisors and continues to consider the implications of various capital raising alternatives. In assessing the various options available to reduce debt, the group is mindful of the impact that different potential disposals may have on the business's cash flow generation thereafter. The non-recourse trade finance facility creates optionality in the plan to reduce interest-bearing debt by R1.0 billion by 30 September 2022. A capital raise for a portion of the required debt reduction may be required (in the event of non-compliance with the agreed milestones at 30 June 2022) but this is considered a last resort and not probable at this stage.
- The group has no intention to cease trading, curtail operations or liquidate the businesses, other than planned asset disposals, which are aligned with the requirements of the funding agreement.

Solvency and Liquidity

Solvency

At 30 September 2021, after impairments, the valuations of the group's assets, fairly valued, exceed the group's liabilities. As such, the group is of the view that given the headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the group is solvent as at 30 September 2021 and at the date of this report.

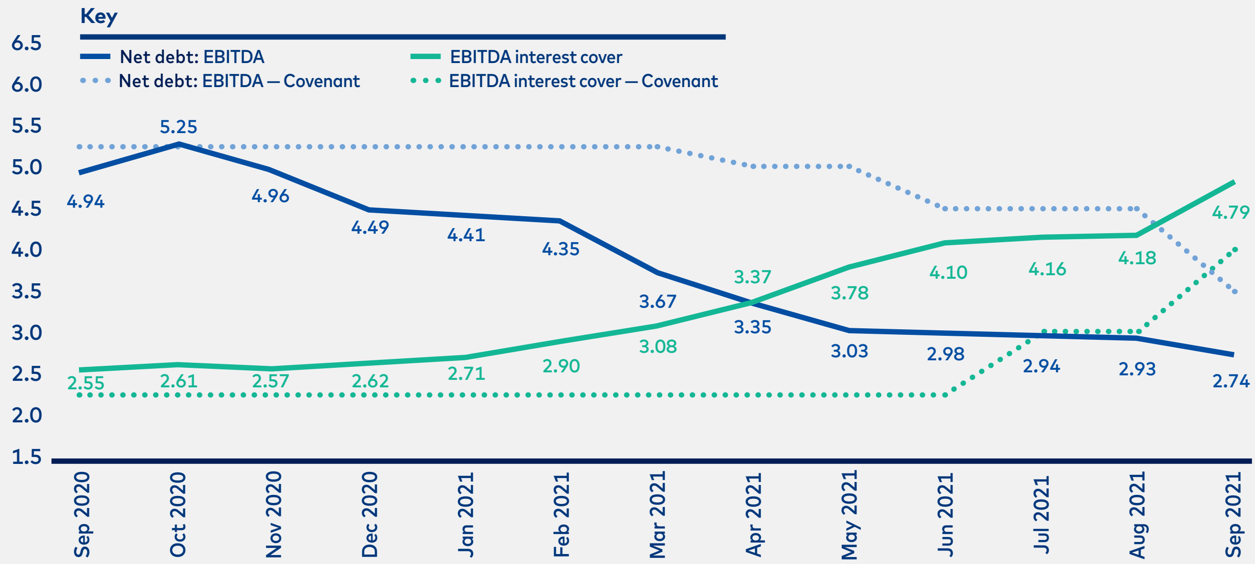
Liquidity management

During the current year, funding covenants remained consistently below the monthly covenant threshold levels set by lenders and returned to below the originally contracted net debt to EBITDA ratio of 3.0 times by 30 June 2021 and was 2.74 times at 30 September 2021.

Both of the group's covenants are computed based on a rolling 12 month EBITDA. The covenants benefited during the current year as the poor trading months from the prior year were replaced by stronger trading elevating the EBITDA. A stronger rand dollar exchange rate positively impacted the translation of US dollar denominated debt. Further steps were taken to renegotiate the group's funding facilities with covenant relaxations as set out in the table below. Despite the renegotiated relaxed net debt to EBITDA covenant of 3.5 times at 30 September 2021, the group achieved a net debt to EBITDA ratio of 2.74 times which was well within the originally contracted threshold of 3.0 times. This covenant will be measured quarterly but reported monthly to lenders for the ensuing financial year. The EBITDA interest cover ratio of 4.79 times has been adversely impacted by the inclusion of the ratchet interest costs of R87.8 million for the year.

The group complied with its covenants at the quarterly measurement dates and at 30 September 2021 as follows:

Funding covenant levels for the year to September 2021 (%)



Covenant computations above reflect the adjustment for spot translation of the hyperinflationary economy – Zimbabwe.

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In terms of the revised agreements, compliance with debt covenants will be closely managed by the funders with monthly reporting and a formal quarterly meeting with the funders. Covenants will be measured quarterly. There are clearly defined milestones and a clear focus on managing the process in terms of which the group is required to reduce its interest-bearing debt by R1.0 billion by 30 September 2022 through the disposal of certain assets, the receipts from the RBZ repayment plan, the internal generation of cash, the utilisation of the trade facility and or a capital raise.

In the unlikely scenario of inadequate cash being generated and the group not being able to meet the deleveraging obligations or if a capital raise event is triggered prior to that date, the group may be called upon to implement a capital raise. This could potentially be through a rights issue or a private placement of shares. Hence, the rights issue documentation has been prepared in parallel with the asset disposal process and alternative capital raising processes are being considered.

Estimates and judgements considered within the liquidity assessment

The board has assessed the group consolidated budget for 2022, 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 potential assets for disposal, the capacity and potential use of the non-recourse trade finance facility of R1.0 billion and are of the view that the group has 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 2021 where considered necessary.

Conclusion

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, and:

- meet its debt covenant requirements at 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022;
- meet milestones and related contractual action points as agreed with its lenders which include the mandatory debt redemption of R1.0 billion by 30 September 2022; and
- meet forecasted liquidity requirements.

While 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, the historic track record of the group to deliver on disposals, cost reduction 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.

3.2 Impairment of assets

In terms of IAS 36: Impairment of Assets, the group is required to perform tests for 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 must be tested 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.

In testing the goodwill pertaining to Bevcan Nigeria in particular, management took into consideration the economic outlook for Nigeria and the market for beverage cans in particular. After the worst downturn in recent history due to the COVID-19 pandemic and oil price drop, the Nigerian economy grew slightly in 2021 and is expected to grow by 2.9% in 2022 as demand at home and abroad recover. The strong demand for beverage cans experienced in 2021 is 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 determined that significant headroom 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 R1.6 billion (US$102.6 million) while the recoverable amount of the Bevcan Nigeria operation amounts to R4.0 billion (US$267.7 million).

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 2021 taking into account the approved budget for 2022 and the stratplans to 2026.

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

Bevcan Angola

The Angolan economy grew slightly in 2021 thereby ending a multi-year recession and is expected to grow by 2.9% in 2022. This growth is expected on the back of the new oil sector bill which should boost investment growth, as well as the easing of domestic and foreign COVID-19 lockdown measures. These developments are in turn expected to have a positive impact on consumer demand and that the recovery in earnings seen in the current year will continue in 2022 and accelerate from 2023. As a result, management has determined that an impairment loss reversal for the year of R68.9 million (US$4.7 million) should be recognised. The recoverable amount of the Bevcan Angola operation amounts to R1 550.0 million (US$102.6 million).

DivFood South Africa

Following the easing of COVID-19 lockdown measures in 2021, the DivFood business has seen a significant recovery in earnings in the current year. Further revenue growth is expected following the identification of tangible opportunities in several key areas of this business, while the completion of recent restructuring initiatives are expected to limit overhead increases year on year. As a result, earnings and cash flows are expected to continue to improve from 2022 and management has determined that an impairment loss reversal for the year of R100.6 million should be recognised. This was partially offset by impairment losses of R26.8 million on specific assets held for sale. The recoverable amount of the DivFood business amounts to R1 633.3 million.

Rigids South Africa

The Rigids business lost several customers in recent years and revenue has not returned to the levels experienced prior to COVID-19. No new contracts have been secured at the year-end to offset the impact of these lost customers, while the full benefits of various internal projects to simplify and optimise operations have yet to be realised. As a result, earnings and cash flows for this business are expected to remain under pressure from 2022 and management has determined that an impairment loss for the year of R391.0 million should be recognised. The recoverable amount of the Rigids business amounts to R411.6 million.

3.3 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.

These criteria include: the directors are committed to a plan to sell the disposal groups in question, the disposal group is available for sale, an active programme to locate a buyer has been initiated, the sale is highly probable within 12 months of classification as held for sale, the disposal group is being marketed for sale at a sales price that is reasonable in relation to its fair value, and actions required to complete the plan indicate that is unlikely that the plan will be significantly changed or withdrawn.

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During March 2021, the Nampak Limited board took a decision to dispose of the following businesses after consideration of binding offers received for these businesses in terms of the group's de-gearing plan set out in note 3.1:

- DivFood Mobeni business (part of the DivFood division of Nampak Products Limited, a direct subsidiary of Nampak Limited);
- Rigids Tubes business (part of the Rigids division of Nampak Products Limited, a direct subsidiary of Nampak Limited).

After an assessment of the transactions pertaining to these businesses in terms of the above 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 remain classified as such at 30 September 2021. These businesses, however, were not classified as discontinued operations as they neither represent a separate major line of business nor a geographical area of operations.

Details of the net assets of these businesses are disclosed in note 11.

Two other businesses in the Rigids division were considered for disposal during the year. However, neither of these disposals are at an advanced stage of negotiation and as such it was determined that neither met the above criteria at 30 September 2021. These businesses were therefore not classified as held for sale.

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

In order to protect shareholder interests from foreign currency devaluation on the dollar denominated liabilities of Nampak Zimbabwe Limited (NZL) to Nampak International Limited (NIL), management secured an agreement with the Reserve Bank of Zimbabwe (RBZ) on 27 September 2019 in terms of which the RBZ undertook to repay USD 66.8 million relating to historic intragroup funding owed by NZL to NIL over a period of five years in quarterly repayments commencing on 31 March 2021.

In terms of IFRS 9: Financial Instruments, the group recognised a financial asset at amortised cost based on the contract. This standard requires management to determine at each reporting date whether the credit risk pertaining to the asset has increased significantly from its initial recognition. To this end, management is required to consider all reasonable and supportable information available in order to compare the risk of a default occurring at the reporting date with that occurring at initial recognition. Where the risk of default has increased significantly, an expected credit loss (ECL) provision must be recognised equal to the credit losses expected to be incurred over the lifetime of the asset. In determining the measurement of the ECL provision, management should apply a definition of default that is consistent with the definition used for internal credit risk management purposes for the relevant asset and consider qualitative factors where appropriate. For the RBZ financial instrument, 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 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. This assessment and determination remained unchanged at 31 March 2020 and 30 September 2020.

At 31 March 2021, however, the RBZ failed to settle the first instalment in terms of the group's agreement with them. The RBZ acknowledged their default, indicating that the default was due to the Blocked Funds Framework that needed to be finalised. The RBZ communicated their non-contractual commitment to pay a reduced amount and comply with the terms of the original agreement. As the economic data available for Zimbabwe indicated that inflation has moderated and currency fluctuations have stabilised in 2021, management determined that, despite the default on the first instalment and commitment to pay a reduced amount, the risk of default had not increased and that the ECL provision of 85% should remain unchanged at 31 March 2021 until more substantive information became available.

At 30 September 2021, however, the RBZ defaulted on this revised commitment. Based on the past due information above and forward-looking information based on the data included previously which indicates continued deterioration in the future, management has determined that the risk of default on this asset has increased since March 2021, and that the ECL provision should be increased from 85% to 90% based on the calculation of the present value of the cash flows expected from the asset over the remaining repayment period.

Details of the carrying value of the RBZ financial instrument are disclosed in note 10.

3.5 Modification of financial liabilities

The contractual terms for the revolving credit facilities were amended in September 2021. 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 a substantial or insubstantial modification to the instrument concerned. In addition, IFRS 9 requires an entity to determine an accounting policy as to whether credit spread adjustments, as determined in a loan agreement, reflect movements in market rates of interest for the credit risk of the entity (defined as a floating-rate financial liability), or whether such adjustments do not reflect movements in market rates of interest for the credit risk of the entity (defined as a fixed-rate financial liability). Such re-estimations of future cash flows are then reflected in the gross carrying amount of the instrument.

When the contractual terms of a financial liability are substantially modified, it is accounted for as an extinguishment of the original debt instrument and the recognition of a new financial liability. The new debt instrument is recorded at fair value and any difference between this value and the carrying amount of the extinguished liability, including any non-cash consideration transferred, is recorded in profit or loss as are any costs or fees incurred. If a modification to the terms of a financial liability is not substantial, then the amortised cost of the liability is recalculated as the present value of the estimated future contractual cash flows discounted at the original effective interest rate. The resulting gains or losses are recognised in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial liability and are amortised over its term.

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

Based on a qualitative 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 modification was assessed as being insubstantial and the carrying value of the debt remains unchanged as at 30 September 2021 as the interest rate set on the loan was reset to the market rate.

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.

3.6 Functional currency of Nampak Bevcan Angola Limitada and Nampak Bevcan Nigeria Limited

In determining the functional currency of an entity, management is required to consider the indicators provided in IAS 21: The Effects of Changes in Foreign Exchange Rates being the currency that mainly influences the selling prices for the goods or services provided, the currency whose competitive forces and regulations mainly determine the sales prices of these goods and services, the currency that mainly influences labour, material and other costs of providing these goods or services, the currency in which funds from financing activities are generated, and the currency in which receipts from operating activities are usually retained.

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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 the above factors, in particular selling prices and production costs being the dominant factors, the US Dollar was determined to be the functional currency for Nampak Bevcan Angola Limitada and Nampak Bevcan Nigeria Limited in management's initial and ongoing assessment.

Selling prices for aluminium beverage cans are negotiated in US dollar as they are linked to the London Metal Exchange (LME) where aluminium is traded in US dollar. Raw materials, being mainly aluminium, has to largely be imported and is priced internationally in US dollar. Other production costs such as gas and consumables, although payable in local currency, are also linked to the US dollar exchange rate. In addition, the nature of the manufacturing process is specialised and requires the employment of international labour which is payable in US dollar. Furthermore, the majority of the property, plant and equipment was purchased in US dollars with a significant portion of maintenance costs being US dollar linked.

There has been no change to the transactions, events and conditions supporting these factors. Consequently, there has been no change to the group's initial assessment and the decision was made that the US Dollar remains the functional currency of both companies.

3.7 Translation of Zimbabwe group companies

The Zimbabwean exchange rates used in translating the results and financial position of the Zimbabwe group companies to the reporting currency of the group for consolidation purposes are derived from the Bloomberg market internet site. These rates are aligned with the official auction mid-rates as published by the Reserve Bank of Zimbabwe on their internet site. Management, therefore, considers these rates to be appropriate for the translation and consolidation of the results and financial position of the Zimbabwe group companies.

3.8 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 Bevcan Nigeria Limited and Nampak Bevan Angola Limitada in respect of assessed losses carried forward from prior years. In respect of the latter, deferred tax assets are only recognised to the extent that the company is expecting to utilise the tax losses with the consideration that these losses prescribe in 2025.

4. Operating profit/(loss) before net impairment losses

Operating profit/(loss) is defined as the profit/(loss) derived from the core operating activities of group companies over which we have control in terms of IFRS 10: Consolidated Financial Statements. Operating profit/(loss) 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/(loss), therefore excludes finance costs and finance income as these are not part of the core operating activities of the group, while the share of net profits/(losses) of associates and joint ventures are excluded from operating profit/(loss) as the group does not have control over the investing, financing and operating decisions of these entities.

The comparative for operating profit/(loss) has been restated due to incorrectly presenting the operating loss for the 2020 financial year exclusive of net impairment losses. The operating loss for the 2020 financial year was presented in the 2020 financial statements as R283.0 million, which excluded net impairment losses of R4 020.2 million presented below the operating loss, and has therefore been restated to an operating loss of R4 303.2 million inclusive of these net impairment losses. The reason for excluding net impairment losses for the year concerned was to demonstrate the sustainable operating profit/(loss) of the group as it was considered that the inclusion of the net impairment losses, which were material and arose under abnormal market conditions, would distort this line item. However, after consideration of the requirements of IAS 1 Presentation of Financial Statements, it was considered that it would be more appropriate to reflect net impairment losses as part of operating profit/(loss) although separately presented on the face of the statement of comprehensive income where these losses are material. Accordingly, the operating profit/(loss) is now disclosed before and after net impairment losses.

4.1 Included in operating profit/(loss) before net impairment losses from continuing operations are the following items in addition to those indicated in the reconciliation below:

R million	30 Sep 2021	30 Sep 2020
Depreciation	**441.2**	521.2
Amortisation	**19.2**	15.4

4.2 Reconciliation of operating profit/(loss) before net impairment losses to trading profit[1]

R million	30 Sep 2021	30 Sep 2020
Operating profit/(loss) before net impairment losses	**1 194.9**	(283.0)
Adjusted for capital[2] and other items[3]	**226.6**	965.1
Capital items	**(10.2)**	58.3
Net (profit)/loss on disposal of investments and businesses	**(10.2)**	141.0
Insurance proceeds for asset replacements in respect of a fire at the Rigids Dundee plant	**–**	(82.7)
Other items	**236.8**	906.8
Net impact of devaluation in Zimbabwe	**(4.5)**	263.8
Net devaluation loss arising from Angolan and Nigerian exchange rate movements	**246.0**	323.8
Retrenchment and restructuring costs[4]	**(1.3)**	135.3
(Gain)/loss on restructuring loans and lease liabilities	**(0.8)**	136.0
Other[5]	**(2.6)**	47.9
Trading profit	**1 421.5**	682.1

1 Trading profit is the main measure of profitability used for segmental reporting purposes and includes foreign exchange movements on forward exchange contracts.

2 Capital items relate to items other than impairment losses/reversals that are adjusted for in the headline earnings per share calculation.

3 Other items are defined as losses/(gains) which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the year.

4 Includes a reversal of a provision raised in the previous year for the DivFood operations in Mobeni and Rosslyn where alternative measures were adopted in the current year.

5 Primarily relates to ineffective cash flow hedging losses (prior year).

Notes
continued

5. Net impairment losses

R million	30 Sep 2021	30 Sep 2020
Impairment losses	**436.8**	4 029.8
Plant, equipment and vehicles	**229.7**	1 595.5
Right of use assets	**169.5**	209.2
Goodwill	**–**	2 213.4
Other intangible assets	**2.4**	7.9
Assets held for sale	**35.2**	–
Loan receivables	**–**	3.8
Reversal of impairment losses	**(172.5)**	(9.6)
Freehold land and buildings	**(3.0)**	–
Plant and equipment	**(136.2)**	(9.6)
Right of use assets	**(33.3)**	–
Net impairment losses	**264.3**	4 020.2

6. Net finance costs

R million	30 Sep 2021	30 Sep 2020
Loans	**352.5**	381.8
Bank overdrafts and other	**27.6**	13.3
Finance costs before lease liabilities	**380.1**	395.1
Lease liabilities	**126.1**	129.0
Finance costs	**506.2**	524.1
Liquid bonds	**5.6**	34.9
RBZ receivable*	**3.9**	19.9
Bank balances and other	**12.1**	21.7
Finance income	**21.6**	76.5
Net finance costs	**484.6**	447.6

* Relates to the write-up of the asset carried at amortised cost at the effective interest rate applicable.

7. Income tax (expense)/benefit

R million	30 Sep 2021	30 Sep 2020
Current tax		
Current year	**(119.2)**	(82.0)
Prior year	**(20.8)**	38.7
Capital gains tax	**(0.6)**	–
Hyper-inflation adjustment	**(20.9)**	(40.1)
Deferred tax		
Current year	**117.7**	451.6
Prior year	**(2.2)**	33.2
Change in tax rate	**0.3**	62.3
Hyper-inflation adjustment	**(2.1)**	5.6
Withholding and foreign tax	**(19.9)**	(67.8)
Total	**(67.7)**	401.5

The company tax rate in South Africa is 28% (2020: 28%). Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions.

Tax rate reconciliation

%	30 Sep 2021	30 Sep 2020[1]
Statutory tax rate	**28.0**	28.0
Increase in tax rate due to:	**24.6**	(23.6)
Disallowable expenses[2]	**8.6**	(1.3)
Hyperinflation adjustments	**5.8**	(2.2)
Adjustment for prior year	**5.2**	—
Withholding and other foreign taxes	**4.5**	(1.4)
Deferred taxation not recognised	**0.5**	(5.6)
Recoupment of tax incentives on disposal of business	**—**	—
Foreign currency translation impact when converting local tax computations to functional currency	**—**	(0.9)
Foreign tax rate differential	**—**	(3.8)
Goodwill impairment	**—**	(8.4)
Reduction in tax rate due to:	**(37.4)**	4.1
Tax rate reduction	**—**	1.3
Adjustment for prior year	**—**	1.5
Amount not debited to income statement — capital allowances	**—**	—
Foreign currency translation impact when converting local tax computations to functional currency	**(0.7)**	—
Foreign tax rate differential	**(1.0)**	—
Government incentives	**(1.8)**	0.1
Exempt income (including capital profits)[3]	**(2.1)**	1.2
Utilisation of tax losses not previously recognised	**(8.4)**	—
Recognition of losses and temporary differences not previously recognised[4]	**(23.4)**	—
Effective group rate of tax	**15.2**	8.5

1 Prior year signage of reconciling items are impacted by the loss before tax for the year.

2 Disallowed expenses includes unproductive interest, expenses not in the production of income, expenses not deductible in terms of local tax law and expenses of a capital nature.

3 Exempt income includes the exempt interest subject to other taxes and the reversal of non-taxable provisions.

4 Deferred tax was raised mainly on a portion of tax losses in Angola based on future taxable profits.

8. Determination of headline earnings/(loss) and headline earnings/(loss) per share

R million	30 Sep 2021	30 Sep 2020
Profit/(loss) attributable to equity holders of the company for the year	**207.2**	(3 467.6)
Less: preference dividend	**(0.1)**	(0.1)
Basic earnings/(loss)	**207.1**	(3 467.7)
Adjusted for:		
Net impairment losses on property, plant, equipment, right of use assets, goodwill, other intangible assets and assets held for sale	**264.3**	4 029.3
Net profit on disposal of investments and businesses	**(10.2)**	(305.8)
Net (profit)/loss on disposal of plant, equipment, intangible assets and assets held for sale	**(9.8)**	9.0
Insurance proceeds — Rigids Dundee plant	**—**	(82.7)
Tax effects and non-controlling interests	**(49.1)**	(747.5)
Headline earnings/(loss)	**402.3**	(565.4)

Notes
continued

R million	30 Sep 2021	30 Sep 2020
Basic earnings/(loss) per share	**32.1**	(537.7)
Continuing operations	**32.1**	(594.9)
Discontinued operations	**–**	57.2
Diluted basic earnings/(loss) per share	**32.1**	(537.2)
Continuing operations	**32.1**	(594.4)
Discontinued operations	**–**	57.2
Headline earnings/(loss) per share	**62.3**	(87.7)
Continuing operations	**62.3**	(77.6)
Discontinued operations	**–**	(10.1)
Diluted headline earnings/(loss) per share	**62.3**	(87.6)
Continuing operations	**62.3**	(77.5)
Discontinued operations	**–**	(10.1)

9. Property, plant, equipment and investment property

R million	30 Sep 2021	30 Sep 2020
Net carrying value at the beginning of the year	**5 905.8**	7 195.2
Additions	**311.6**	538.6
Depreciation	**(333.1)**	(389.5)
Disposals	**(7.1)**	(35.7)
Net impairment losses	**(90.5)**	(1 585.9)
Net reclassifications to assets held for sale	**(216.2)**	(65.4)
Translation differences	**(228.8)**	260.3
Other movements	**19.2**	(11.8)
Net carrying value at the end of the year	**5 360.9**	5 905.8

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

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

Depreciation methods, useful lives and residual values are reassessed annually or when there is an indication that they have changed.

Impairment losses are recognised on property, plant and equipment where the carrying value exceeds the higher of value-in-use of the assets at the operation/cash generating unit concerned or the fair value of the asset less costs to sell these assets.

10. Loan and lease receivables

R million	30 Sep 2021	30 Sep 2020
Liquid bonds[1]	–	307.4
Equipment sales receivables[2]	**22.4**	24.1
Reserve Bank of Zimbabwe financial instrument[3]	**87.5**	150.4
Other loan receivables	**11.5**	16.4
Loan and lease receivables	**121.4**	498.3
Less: Amounts receivable within one year reflected as current	**43.3**	358.6
Liquid bonds	–	307.4
Equipment sales receivables	**6.3**	5.4
Reserve Bank of Zimbabwe financial instrument	**35.0**	41.3
Other loan receivables	**2.0**	4.5
Non-current loan and lease receivables	**78.1**	139.7

1 Liquid bonds relate to US dollar indexed Angolan kwanza bonds. Interest rates earned were between 5.0% and 7.0%. Amounts are presented net of the calculated expected credit loss allowance. During the year all remaining liquid bonds were disposed of.

2 Equipment sales receivables are repayable from 2021 to 2026. Interest rates earned are from 7.0% to 15.5% (2020: from 6.0% to 15.5%). Amounts are presented net of the calculated expected loss allowance.

3 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 that the expected credit loss (ECL) provision should be increased from 85% to 90%. Refer to note 3.4. A net measurement of the loss allowance relating to the RBZ instrument, being a gain of R8.2 million, was recognised. This amount consists of an impairment loss reversal of R50.2 million after payments of R57.4 million were received from the RBZ, and a further impairment loss of R42.0 million on the remeasurement of the ECL provision from 85% to 90% of the gross amount due to the increased risk of default as indicated. The gross carrying value of the instrument is R875.2 million, while the ECL provision relating to this instrument is R787.7 million. The net carrying value of this instrument is therefore R87.5 million.

Loan and lease receivables are measured initially at fair value. Subsequently, liquid bonds are measured at fair value through other comprehensive income, while other loan receivables and lease receivables are measured at amortised cost. The liquid bonds were held for collecting contractual cash flows and for sale. All remaining liquid bonds were disposed of during the year.

Notes

continued

11. Disposal groups and other non-current assets held for sale

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

R million	30 Sep 2021	30 Sep 2020
Disposal groups[1]	**562.5**	–
DivFood Mobeni[2]	**508.9**	–
Plant and equipment	**186.3**	–
Right of use assets	**104.8**	–
Other intangible assets	**0.6**	–
Inventory	**144.6**	–
Trade and other receivables	**72.6**	–
Rigids Tubes[2]	**53.6**	–
Plant and equipment	**14.2**	–
Right of use assets[3]	**–**	–
Inventory	**22.3**	–
Trade and other receivables	**17.1**	–
Other non-current assets held for sale	**59.4**	92.7
Plant and equipment[4]	**59.4**	88.8
DivFood division	**59.3**	71.9
Megapak Swaziland (Pty) Ltd	**0.1**	6.6
Nampak Nigeria Limited	**–**	10.3
Investment in joint venture[5]	**–**	3.9
Total	**621.9**	92.7

1 The Nampak Limited board took a decision to dispose of these 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 3.1 above. 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.

2 No impairment losses relating to these disposal groups were incurred on the measurement of the disposal groups to fair value less costs to sell.

3 Right of use assets were impaired to less than R0.1 million in the prior year.

4 Plant and equipment classified as held for sale were regarded as redundant to the operational requirements of the divisions concerned. An impairment loss of R35.2 million (2020: nil) was recognised in respect of these assets in the current year.

5 The investment in joint venture classified as held for sale relates to the investment in Softex Tissue Products (Pvt) Limited held by Nampak Zimbabwe Limited. This investment was disposed of in the current year.

11.2 Liabilities directly associated with disposal groups held for sale

R million	30 Sep 2021	30 Sep 2020
DivFood Mobeni	**264.1**	–
Lease liability	**169.3**	–
Trade and other payables	**94.8**	–
Rigids Tubes	**20.8**	–
Lease liabilities	**5.2**	–
Trade and other payables	**15.6**	–
Total	**284.9**	–

11.3 Disposal groups held for sale — net carrying values

R million	30 Sep 2021	30 Sep 2020
DivFood Mobeni	**244.8**	–
Plant and equipment	**186.3**	–
Right of use assets	**104.8**	–
Other intangible assets	**0.6**	–
Inventory	**144.6**	–
Trade and other receivables	**72.6**	–
Lease liabilities	**(169.3)**	–
Trade and other payables	**(94.8)**	–
Rigids Tubes	**32.8**	–
Plant and equipment	**14.2**	–
Right of use assets	**–**	–
Inventory	**22.3**	–
Trade and other receivables	**17.1**	–
Lease liabilities	**(5.2)**	–
Trade and other payables	**(15.6)**	–
Total	**277.6**	–

Notes
continued

12. Reconciliation of movement in capital and reserves

		Capital reserves		
R million	Share capital	Share premium	Treasury shares	Share-based payments reserve
At 30 September 2019 (as previously reported)	35.5	268.9	(515.7)	170.7
Adjustment due to adoption of IFRS 16	—	—	—	—
At 30 September 2019 (restated)	35.5	268.9	(515.7)	170.7
Employee share option scheme:				
Value of employee services	—	—	—	(13.6)
Transfer between reserves	—	—	—	(140.2)
Treasury shares disposed	—	—	2.3	—
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	—	—	—	—
Disposal of business — FCTR recycled through profit/loss	—	—	—	—
Attribution of Zimbabwe revocation agreement to non-controlling interest	—	—	—	—
Fair value adjustment on bonds*	—	—	—	—
Disposal of liquid bonds — recycled through profit/loss	—	—	—	—
Loss for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2020	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*	—	—	—	—
Profit for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2021	**35.5**	**270.9**	**(513.4)**	**15.6**

* Liquid bonds are measured at fair value through other comprehensive income.

Other reserves							
Foreign currency translation reserve	Financial instruments hedging reserve	Recognised actuarial gains/(losses)	Other	Retained earnings	Total attributable to owners of Nampak Limited	Non-controlling interest	Total equity
1 368.9	(10.8)	(1 427.4)	(17.0)	9 059.2	8 932.3	(722.4)	8 209.9
—	—	—	—	(209.0)	(209.0)	—	(209.0)
1 368.9	(10.8)	(1 427.4)	(17.0)	8 850.2	8 723.3	(722.4)	8 000.9
—	—	—	—	—	(13.6)	—	(13.6)
—	—	—	—	140.2	—	—	—
—	—	—	—	(2.3)	—	—	—
673.7	—	—	—	—	673.7	29.5	703.2
(775.8)	—	—	—	—	(775.8)	183.1	(592.7)
—	11.3	—	—	—	11.3	—	11.3
—	—	72.7	—	—	72.7	—	72.7
(153.0)	—	752.2	—	(752.2)	(153.0)	—	(153.0)
—	—	—	(26.2)	(66.9)	(93.1)	248.9	155.8
—	—	—	(6.9)	—	(6.9)	(3.0)	(9.9)
—	—	—	14.0	—	14.0	6.0	20.0
—	—	—	—	(3 467.6)	(3 467.6)	(512.5)	(3 980.1)
—	—	—	—	(0.1)	(0.1)	—	(0.1)
1 113.8	0.5	(602.5)	(36.1)	4 701.3	4 984.9	(770.4)	4 214.5
—	—	—	—	—	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)**	**4 911.7**	**4 829.8**	**(528.7)**	**4 301.1**

Notes
continued

13. Loans

13.1 Loans — non-current

R million	30 Sep 2021	30 Sep 2020
Local	**3 186.1**	2 300.0
Foreign	**2 738.2**	4 455.2
Loans	**5 924.3**	6 755.2
Less: Amounts due for repayment within one year, reflected as current	**1 450.0**	1 000.0
Non-current loans	**4 474.3**	5 755.2

Loans are 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. No liabilities have been recognised for outstanding guarantees. Interest rates charged range between 5.4% and 5.5% on the local loans, and between 2.3% and 5.3% on the foreign loans.

13.3 Lease liabilities — non-current

R million	30 Sep 2021	30 Sep 2020
Local	**1 299.8**	1 420.7
Foreign	**19.9**	5.0
Lease liabilities	**1 319.7**	1 425.7
Less: Amounts due for repayment within one year, reflected as current	**127.0**	134.5
Non-current lease liabilities	**1 192.7**	1 291.2

With effect from 1 October 2019, the group applied IFRS 16: Leases.

13.3 Loans and lease liabilities — current

R million	30 Sep 2021	30 Sep 2020
Current portion of loans (note 13.1)	**1 450.0**	1 000.0
Current portion of lease liabilities (note 13.2)	**127.0**	134.5
Total	**1 577.0**	1 134.5

14. Provisions

R million	Restructuring	Customer claims	Other	Total
At 1 October 2019	159.7	35.8	137.4	332.9
Additions	169.5	9.0	11.0	189.5
Usage	(31.7)	(23.2)	(0.3)	(55.2)
Reversals	(40.3)	(18.1)	(150.2)	(208.6)
Translation differences	(0.5)	3.6	13.7	16.8
At 30 September 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**

Restructuring provision

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

Customer claims

The provision for customer claims consists of amounts expected to be payable under customer claims in respect of packaging already supplied. The provision is based on historical customer claims data and a weighting of all possible outcomes against their associated probabilities.

Other

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

15. Summarised group statement of cash flows analysis

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

R million	30 Sep 2021	30 Sep 2020
Profit/(loss) before taxation	**445.1**	(4 369.5)
Continuing operations	**445.1**	(4 750.3)
Discontinued operations	**–**	380.8
Adjustment for:		
Depreciation and amortisation	**460.4**	536.6
Net (profit)/loss on disposal of property, plant, equipment, intangible assets and investments	**(20.0)**	9.0
Net profit on disposal of businesses	**–**	(305.8)
Financial instruments fair value adjustment	**(11.9)**	(14.2)
Net defined benefit plan expense	**58.2**	30.5
Impairment losses	**436.8**	4 046.0
Reversal of impairment losses	**(172.5)**	(9.6)
Net devaluation impact in Zimbabwe	**(4.5)**	263.8
Foreign exchange (gains)/losses in Zimbabwe operations	**(0.8)**	81.9
Monetary adjustment for hyperinflation	**4.5**	181.9
Net measurement of expected credit loss allowance — Reserve Bank of Zimbabwe financial instrument	**(8.2)**	–
Share of net loss/(profit) in associates and joint ventures	**0.9**	(0.5)
Share based payments expense/(reversal)	**3.3**	(13.6)
Net finance costs	**484.6**	547.4
Cash generated from operations before working capital changes	**1 680.4**	720.1
Net working capital changes	**(621.2)**	367.0
(Increase)/decrease in inventories	**(388.8)**	569.9
(Increase)/decrease in trade and other current receivables	**(987.7)**	589.9
Increase/(decrease) in trade and other current payables	**755.3**	(792.8)
Cash generated from operations	**1 059.2**	1 087.1

Notes
continued

15.2 Net cash paid in financing activities

R million	30 Sep 2021	30 Sep 2020
Non-current loans raised	**1 499.6**	2 388.4
Non-current loans repaid	**(1 998.5)**	(4 127.5)
Net current loans raised	**–**	1.5
Lease liabilities repaid	**(71.2)**	(79.0)
Total	**(570.1)**	(1 816.6)

15.3 Net cash and cash equivalents at the end of the year

R million	30 Sep 2021	30 Sep 2020
Bank balances and deposits	**1 136.6**	1 528.9
Bank overdrafts*	**(25.0)**	(128.5)
Total	**1 111.6**	1 400.4

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

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

16. Carrying amount of financial instruments

The carrying amounts of financial instruments as presented on the statement of financial position are measured as follows:

R million	30 Sep 2021	30 Sep 2020
At fair value through other comprehensive income — level 1		
Liquid bonds[1]	**–**	307.4
At fair value — level 2		
Financial assets		
Derivative financial assets[2]	**31.1**	13.7
Financial liabilities		
Derivative financial liabilities[2]	**13.5**	11.1
At amortised cost		
Financial assets	**3 865.5**	3 501.1
Non-current loan and lease receivables	**78.1**	190.9
Trade and other current receivables[3]	**2 607.5**	1 730.1
Current loan and lease receivables	**43.3**	51.2
Bank balances and deposits	**1 136.6**	1 528.9
Financial liabilities	**10 083.9**	10 542.3
Non-current loans	**4 474.3**	5 755.2
Non-current lease liabilities	**1 192.7**	1 291.2
Trade and other current payables[4]	**2 814.9**	2 232.9
Current loans and lease liabilities	**1 577.0**	1 134.5
Bank overdrafts	**25.0**	128.5

1 The remaining liquid bonds were disposed of during the year.

2 Derivative financial assets and liabilities consist of forward exchange contracts and commodity futures. Their fair values are determined using the contract exchange rate at their measurement date, with the resulting value discounted back to the present value.

3 Excludes derivative financial assets (disclosed separately), prepayments and trade and other current receivables presented as part of assets classified as held for sale.

4 Excludes derivative financial liabilities (disclosed separately), shareholders for dividends, VAT payables and trade and other current payables presented as part of liabilities directly associated with assets classified as held for sale.

17. Capital expenditure, commitments and contingent liabilities

R million	30 Sep 2021	30 Sep 2020
Capital expenditure	**312.9**	666.2
Replacement	**273.7**	541.4
Expansion	**39.2**	124.8
Capital commitments	**36.3**	139.9
Contracted	**32.5**	89.5
Approved not contracted	**3.8**	50.4
Lease commitments	**27.5**	41.3
Land and buildings	**1.2**	7.4
Other	**26.3**	33.9
Contingent liabilities — customer claims and guarantees	**10.0**	10.7

18. Share statistics

	30 Sep 2021	30 Sep 2020
Ordinary shares in issue (000)	**690 475**	689 812
Ordinary shares in issue — net of treasury shares (000)	**645 744**	645 081
Weighted average number of ordinary shares on which basic earnings and headline earnings per share are based (000)	**645 469**	644 935
Weighted average number of ordinary shares on which diluted basic earnings and diluted headline earnings per share are based (000)	**646 070**	645 465

19. Key ratios and exchange rates

19.1 Key ratios

		30 Sep 2021	30 Sep 2020
EBITDA — continuing operations[1]	R million	**1 655.3**	253.6
EBITDA — covenants[2]	R million	**1 716.2**	1 067.9
Net gearing			
— based on total net borrowings	%	**144**	149
— based on net borrowings excluding capitalised finance leases	%	**109**	115
Current ratio	times	**1.5**	1.7
Acid-test ratio	times	**0.9**	1.0
Net debt: EBITDA — debt covenants	times	**2.7**	4.9
EBITDA: Interest cover — debt covenants	times	**4.8**	2.6
Return on equity	%	**4.2**	(49.8)
Return on net assets			
— based on trading profit	%	**12.8**	5.6
— based on operating profit	%	**8.4**	(29.0)
Return on invested capital			
— based on trading profit	%	**9.8**	4.8
— based on operating profit	%	**6.4**	1.4
Net asset value per ordinary share[3]	cents	**748**	773
Tangible net asset value per ordinary share[3]	cents	**462**	456

1 EBITDA — continuing operations is calculated as operating profit from continuing operations before depreciation, amortisation and net impairment losses.

2 EBITDA — covenants is calculated as trading profit before depreciation and amortisation, and adjusted for unrealised foreign exchange losses/(gains) and lease payments.

3 Calculated on shareholders' equity and ordinary shares in issue, net of treasury shares.

Notes
continued

19.2 Exchange rates

Key currency conversion rates used for the periods concerned were as follows:

	30 Sep 2021	30 Sep 2020
Rand/UK pound		
Average	**20.29**	20.68
Closing	**20.34**	21.55
Rand/Euro		
Average	**17.73**	18.19
Closing	**17.49**	19.56
Rand/US dollar		
Average	**14.83**	16.24
Closing	**15.11**	16.69
Naira/US dollar		
Average	**400.33**	375.15
Closing	**413.05**	381.75
Kwanza/US dollar		
Average	**655.82**	549.67
Closing	**614.21**	640.10
RTGS dollar/US dollar		
Closing*	**87.67**	81.44

* 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.

20. Related party transactions

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions being not significant, is included in the financial performance and results of the group.

21. Subsequent events

On 21 October 2021, the group concluded a trade finance facility with Standard Bank Group Limited for up to R1.0 billion. This facility allows the group to sell on a non-recourse basis a portion of its accounts receivable balances at terms that are beneficial to the group. During October 2021, an amount of R206.1 million was utilised against this facility and applied against the R1.0 billion debt repayment requirement.

On 29 October 2021, the maturity date of one of the group's dollar-based banking facilities amounting to R504.0 million (US$33.4 million) was extended from 25 September 2022 to 1 April 2023. The facility, of which R450.0 million was drawn-down, was classified as a short-term liability at 30 September 2021.

22. Independent Auditor's opinion

These summarised consolidated financial statements for the year ended 30 September 2021 have been audited by Deloitte & Touche, who have expressed an unmodified opinion in terms of the International Standards of Auditing, including a paragraph on material uncertainty relating to going concern. The auditors also expressed an unmodified opinion in terms of the International Standards on Auditing, with a paragraph on material uncertainty relating to going concern on the annual financial statements from which these summarised consolidated financial statements were extracted. Events or conditions indicate that material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

The full auditor's report, including key audit matters, is available on the link as follows **http://www.nampak.com/Investors/Financial-Information**. Copies of their unmodified audit report on the consolidated and separate financial statements are available for inspection at the company's registered office. Any reference to future financial performance included in this announcement, has not been reviewed or reported on by the company's auditors. The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

Independent auditor's report on summary financial statements

To the shareholders of Nampak Limited

Opinion

The summarised consolidated financial statements of Nampak Limited, which comprise the summary consolidated statement of financial position as at 30 September 2021, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Nampak Limited for the year ended 30 September 2021.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Nampak Limited, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Nampak Limited and the auditor's report thereon.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 3 December 2021. That report also includes the following statements:

- We draw attention to Note 1.4 in the consolidated and separate financial statements, which indicates the Group's and Company's ability to (a) meet its debt covenant requirements at 31 December 2021, 31 March 2022, 30 June 2022 and 30 September 2022; (b) meet milestones and related contractual action points as agreed with its funders, which include a mandatory debt redemption of R1.0 billion by 30 September 2022; and (c) meet forecast liquidity requirements.
- The communication of other key audit matters as reported in the auditor's report of the audited consolidated and separate financial statements financial statements.

Directors' responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary *consolidated* financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in note 1 to the summarised *consolidated* financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and to also, as a minimum, contain the information required by IAS 34, *Interim Financial Reporting*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the consolidated audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: JHW de Kock
Partner
3 December 2021
5 Magwa Crescent, Waterfall City, 2090, South Africa

Corporate information

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