



Nampak
packaging excellence

Annual Financial Statements 2023





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Report feedback

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

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Directors' responsibility for annual financial statements

for the year ended 30 September 2023

The directors of Nampak Limited have the pleasure of presenting the consolidated and separate annual financial statements (hereinafter referred to as annual financial statements) for the year ended 30 September 2023.

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

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

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

The directors have reviewed the appropriateness of the accounting policies and concluded that judgements and estimates are prudent. They are of the opinion that the annual financial statements fairly present in all material respects the state of affairs and business of the group as at 30 September 2023 and believe that the group has adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis and the external auditors concur.

The annual financial statements for the year ended 30 September 2023, set out on pages 14 to 113, were approved by the board of directors at its meeting on 1 December 2023 and were signed on their behalf by:



PM Surgey
Chairman



PM Roux
Chief executive
officer



GR Fullerton
Chief financial
officer

Preparer of financial statements

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



GR Fullerton

Certificate by company secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 71 of 2008, that for the year ended 30 September 2023, the Company has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.



O Pillay

Company Secretary

1 December 2023

Independent auditor's report

To the Shareholders of Nampak Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Nampak Limited (the Group and Company) set out on pages 22 to 113, which comprise the consolidated and separate statements of financial position as at 30 September 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 30 September 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report.

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

Material uncertainty related to going concern

We draw attention to Notes 1.4 and 5.4 in the financial statements, which indicate that R2.7 billion of the Group's core funding is repayable on or before 31 March 2025. Of this, R720m is disclosed as short-term as it is repayable during the Group's next financial year ending 30 September 2024. As stated in Note 1.4, this debt cannot be repaid out of cash generated from operations in the timeframe allowed. The ultimate success of management's plans to reduce the Group's debt via the Asset Disposal Plan, described in Note 1.4, is inherently uncertain and this, in combination with the outcome of any resultant future negotiations with the Group's funders, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters are addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to the going concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How the matter was addressed in the audit
Asset impairment testing	
<p><i>IAS 36: Impairment of Assets</i> ("IAS 36") requires an entity to assess at the end of each reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset based on the higher of value in use and fair value less costs to sell.</p> <p>The Nampak share price has declined significantly over the past 5 years resulting in a significant gap between the group's market capitalisation and its net asset value (NAV). This gave rise to a general risk of impairment of the Group's assets and, in particular, those making losses.</p> <p>Significant impairments have been recognised over recent years due to declining volumes and higher costs of capital in the markets that the Group operates in. Unpredictable underlying macroeconomics and inflation have made forecasting more challenging than usual.</p> <p>The Group recognised impairment losses of R2.8 billion for the year-ended 30 September 2023.</p> <p>Given the audit effort expended in this area, including our use of experts, the technical nature of the estimates and judgements applied by the Directors and the materiality of the impairment numbers, we determined that the impairment assessments were a Key Audit Matter for the current audit.</p> <p>The Impairment risk was pinpointed to Bevcan Nigeria's material goodwill balance and the following underperforming operations: Bevcan Angola, DivFood South Africa and Rigids South Africa.</p> <p>The Director's oversaw the calculation of a "value in use" computation for each of the Group's significant operations where the following key assumptions and judgements were made:</p> <ul style="list-style-type: none"> › Identifying cash generating units ("CGUs"); › Determining an appropriate weighted average cost of capital, utilising relevant capital structures, risk free rates and country-risk premiums; › Determining an appropriate terminal growth rate with consideration given to plant production capacity where relevant; and › Forecasting future sales volumes, pricing strategies and volume growth rates. <p>Operating budgets and forecasts for the next 5 years were used as a base and adjusted for current market realities. Aspirational targets and expansion plans were appropriately adjusted for.</p> <p>A net impairment of R2 8 billion was recorded in the current year, R1.5 billion of which relates to Bevcan Nigeria's goodwill.</p> <p>The Directors' impairment considerations have been disclosed in notes 1, 2.3, 6.1, 6.2 and 6.3 of the consolidated financial statements and note 4 of the separate financial statements.</p>	<p>We evaluated the design and implementation of the controls implemented by the directors in the execution of the Group and Company's year-end impairment tests.</p> <p>These included controls designed and implemented to ensure the robustness of the key assumptions used in the impairment tests, such as the utilisation of in-house corporate finance expertise and detailed scrutiny of operational forecasts by the central team, who we regard as having appropriate knowledge, experience and expertise in the Group's manufacturing operations.</p> <p>With respect to the impairment models, we utilised internal valuation specialists on the audit team to assist with:</p> <ul style="list-style-type: none"> › assessing the construct of the 5-year discounted cash flow valuation model, to ensure that it complied with the requirements of IAS 36; › auditing and challenging the WACC and terminal growth rates used by comparing key inputs to external market data, industry practice and relevant industry data published by specialist agencies; and › auditing and challenging the cost of debt and equity including allowing for country specific adjustments. <p>With respect to the individual CGUs of Bevcan Angola, DivFood, Rigids and Bevcan Nigeria, we challenged, with the assistance of the component auditors, the reasonableness of future sales volume projections given the uncertainties inherent in the different economies, margins and pricing strategies. These forecasts were checked against budgets approved by the board, external market data and the historic performance of the CGUs against their budgets.</p> <p>We assessed the reasonability of management's sensitivity calculations in determining the impact of possible changes in key assumptions and considered management's disclosure of these sensitivities in the notes to the financial statements.</p> <p>We concluded that the impairments were appropriately calculated in terms of IFRS and that the disclosures are in line with the requirements of IAS36, in all material respects.</p> <p>Similarly, the disclosures made, and conclusions reached, in the separate financial statements, in respect of the carrying value of investments are appropriate.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled Nampak Limited Annual Financial Statements for the year ended 30 September 2023, which includes the Directors' Report, the Audit and Risk committee report, the Certificate by the Company Secretary and the Supplementary Information as required by the Companies Act of South Africa, the Chief Executive Officer and Chief Financial Officer's internal financial control responsibility statement and the Director's responsibility statement, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Nampak Limited for 55 years.

DocuSigned by:

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Deloitte & Touche
Registered Auditor

Per: MH Holme
Partner

1 December 2023

5 Magwa Crescent, Waterfall City, 2090 South Africa

Report of the audit and risk committee

for the year ended 30 September 2023

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

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

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

Overview

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

In 2023 the Group and Committee maintained focus on the internal control environment, accounting judgements and financial reporting.

The Committee considered management's going concern conclusion by reviewing the assessment of solvency and liquidity, the improvement in the group's capital structure through the raising of a net R960 million from the rights issue that was concluded in September 2023, the successful refinancing of the group, the compliance with debt covenants during the year as well as by testing the robustness of the deleveraging plans.

Nampak complied with all its covenant ratios during the year. Covenants for 30 September 2023 were waived given the new financing agreements concluded on 25 September 2023.

During the year we focused on:

- › The review of significant financial risks, including financial liquidity risks, rights issue process, the refinancing of the group, the required deleveraging plans and balance sheet management, key audit matters and significant areas of judgement.
- › The valuations of our underlying operations given rising WACC rates and challenging economic conditions and resultant impairments, consideration of the classification of assets held for sale and tax matters.
- › A critical assessment of management's going concern assumptions.
- › Sound financial management, financial performance and balance sheet strengthening.
- › A review of the Group risk profile and appetite, and assessment of the effectiveness of controls and mitigation measures in the determination of our top ten risks.
- › An information management transformation project designed to introduce sufficient flexibility and scalability in order to rebase associated costs.
- › Ensuring sound governance, enhanced internal control and effective reporting.

The refinancing and rights issue were key events during the year that have significantly improved the structure of the group's balance sheet and have provided a sound platform for the group to operate from for the foreseeable future. There has been a significant reduction in the US Dollar denominated component of debt, thereby reducing the risk in the group's capital and funding structure. Historic debt that arose from expansion activities into the rest of Africa has been separated from funding required for operational requirements with the former component to be settled from the proceeds from the asset disposal plan over the ensuing 18 months. A flexible funding structure utilising borrowing based financing, underpinned by inventories and trade receivables, has been created to fund the group's operational requirements.

The asset disposal plan remains core to the group's deleveraging plans supported by a clear focus on an improvement in operating efficiencies, further reductions in overheads, tight working capital control, cash generation and a conservative capital expenditure. Capital expenditure has been allocated to the Bevcan Springs line 2 expansion to meet the growing demand for energy drinks. Compliance with funding covenant ratios and other funding obligations and commitments remain key priorities.

Composition and meetings

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

Meeting dates between 1 October 2022 and 30 September 2023

Members	7 Nov 2022 [#]	28 Nov 2022	14 Mar 2023	18 May 2023	8 Sep 2023
Independent non-executive director					
SP Ridley (chairman)	✓	✓	✓	✓	✓
KW Mzondeki	✓	✓	✓	✓	✓
LJ Sennelo ¹	✓	✗	✓	✗	NA
N Khan	✓	✗	✓	✓	✓
TN Kruger ²	NA	NA	NA	✓	✓

[#] Special meeting.

1. LJ Sennelo resigned effective 23 May 2023.

2. TN Kruger appointed effective 16 March 2023 (and resigned effective 25 October 2023).

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

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

Executing on our statutory duties and other areas of responsibilities

Reporting

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

- › Considered the going concern assumptions by reviewing the assessment on solvency and liquidity, compliance with the conditions of loan covenants and arrangements held with financial institutions and testing the robustness of the deleveraging plans and confirmed the going concern as the basis for preparation of the annual financial statements.
- › Considered the appropriateness of the accounting policies adopted and changes thereto, accounting treatments, significant unusual transactions and accounting judgements and considered whether any concerns and/or risks were identified regarding significant tax, legal and other matters that could have a material bearing on the financial statements.
- › Reviewed the JSE's reports on its proactive monitoring of financial statements in 2023 and the limited scope thematic review on cash flow, designed remedial actions, where necessary, and improved upon certain

disclosures and presentations, where required.

Where applicable, the actions to implement the recommendations made by the JSE are monitored by the Committee.

- › Considered the adequacy and effectiveness of the internal financial controls relied upon by management in compiling the annual financial statements in order to discharge their obligations in terms of section 3.84(k) of the JSE Listings Requirements.
- › Reviewed the interim financial results and oversaw the preparation of Nampak's annual financial statements and is satisfied that they fairly present the consolidated and separate results of the operations, cash flows and financial position of Nampak for the year ended 30 September 2023 and comply, in all material respects with the Companies Act and the International Financial Reporting Standards (IFRS).
- › Reviewed reports to shareholders and other announcements on the Group's 2023 financial results and is satisfied that they comply in all material respects with IFRS and other appropriate standards as required by the JSE.
- › Confirmed that it is satisfied with the quality and integrity of the integrated report, the annual financial statements and the sustainability information published, and wish to highlight the following key audit matters and significant areas of judgement taken under consideration during the year.

Significant areas of judgement

<p>Going concern</p>	<p>In determining the appropriate basis of preparation of the annual financial statements, the directors are required to consider whether the Nampak Group (the group) will continue as a going concern for the next twelve months and for the foreseeable future.</p> <p>The group has successfully restructured its debt and completed the rights offer process. This has significantly improved the group position from a going concern perspective. As a result, the group's current ratios and acid test were 1.8 times and 1.0 times respectively as at 30 September 2023 reflecting improvements over the prior year ratios of 1.4 times and 0.8 times respectively. These ratios have improved solvency and headroom has significantly improved with lower debt as well as the rights offer proceeds thereby improving liquidity. Critical to the judgement related to going concern is the ability of the group to deliver on the requirements from lenders to meet the requirements of the asset disposal plan as well as the group's ability to meet its covenant compliance thresholds. Based on the group's forecast positions it is anticipated that these requirements will be met.</p> <p>Increases in country risk premiums and rising interest rates have contributed to material increases in the weighted average cost of capital. Economic conditions in several of the geographies in which the group operates have deteriorated during the year. The aforementioned have resulted in downward revisions of future expected cash flows and significant impairments. Improvements in global and country specific economic outlooks in the future would positively impact growth rates, limit foreign exchange fluctuations, reduce interest rates and resultant net interest costs and be reflected in declining WACC rates resulting in possible asset impairment reversals. The aforementioned would be expected to reduce earnings volatility. Management of the group's operating margin, limiting forex losses, active management of working capital cycles together with the prudent management of capital expenditure are key initiatives to improve the group's cash generative ability going forward.</p> <p>The committee has assessed all matters related to the going concern assumption and are comfortable that the group will continue as a going concern for the foreseeable future.</p> <p>The group remains highly focussed on disposing the identified assets in the group's asset disposal plan which are expected to deliver proceeds of R2.7 billion. The timing and values of these disposals remain a material uncertainty.</p> <p>Refer notes 1.3 and 1.4 of the consolidated financial statements.</p>
<p>Non-current assets classified as held for sale</p>	<p>The classification of non-current assets (including disposal groups) as 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.</p> <p>During the current year, management took a decision to dispose of certain plant and equipment in Nampak Nigeria Ltd due to the decision to close this business, as well as a property in the United Kingdom due to this asset being redundant to the group's requirements. An operating line in the DivFood business was also classified as held for sale due to it being unprofitable.</p> <p>The remaining plant and equipment in Bullpak Ltd continue to be classified as held for sale due to the decision to close this business still being effective and that these assets are expected to be disposed during 2024.</p> <p>After an assessment of the transactions pertaining to other assets (including businesses) that are earmarked for sale in terms of group's asset disposal plan, the directors determined that these assets and disposal groups met all the criteria to be classified as held for sale in terms of the above standard other than for the sale of these assets and disposal groups being considered highly probable at 30 September 2023. These assets and disposal groups have not, therefore, been classified as held for sale at this date.</p> <p>In particular, the group is actively engaged in market exploration and the evaluation of multiple alternatives for the disposal of Nampak Bevcan Nigeria Ltd. This ongoing evaluation process introduces uncertainties about the likelihood of this disposal.</p> <p>Details of these assets are disclosed in note 6.7.</p>
<p>Goodwill</p>	<p>The Nigerian economy has been adversely impacted in the current financial year by rampant inflation caused largely by the removal of the fuel subsidy and the depreciation of the Naira due to a forex market that was increasingly dysfunctional during the period under review as forex illiquidity worsened. These events have slowed economic growth and resulted in volume growth being lower than previously anticipated. The WACC has also increased to 16.6% from 12.5% in the previous year due to an increase in the risk-free rate and the increased country risk premium. In light of these developments, the group assessed the carrying value of goodwill in Bevcan Nigeria for impairment at 30 September 2023. As a result, an impairment loss was recognised of R1 549.2 million (US\$84.8 million) reducing the carrying value of goodwill attributed to Bevcan Nigeria to R336.3 million (US\$17.8 million). The estimated recoverable amount of the Bevcan Nigeria operation is R1.3 billion (US\$71.2 million).</p> <p>The committee agreed with the impairment of goodwill related to Bevcan Nigeria.</p> <p>Refer notes 1.3, 2.3 and 6.3 of the consolidated financial statements.</p>

<p>Group market capitalisation below consolidated shareholders' equity indicating potential group-wide asset impairment</p>	<p>Asset impairment assessments</p> <p>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 2023 taking into account the approved budget for 2024 and the strategic plans for the years 2025 to 2028. Post impairments processed by the group in the current period, the group's market capitalisation is now closely aligned with its net asset value.</p> <p>Bevcan Angola</p> <p>The Angolan economy has deteriorated over the past 12 months due to lower oil production volumes, the fall in the oil price and the depreciation of the Kwanza, which in turn has impacted distributable income of customers (and thereby, sales volumes). As a result, GDP growth is expected to be around 1.7% for the year (compared to 3.3% in the prior year). The WACC has increased to 17.7% from 14.9% in the previous year due to the higher risk-free rate, higher cost of debt and increased country risk premium, resulting in the recognition of an impairment loss at 30 September 2023 of R827.1 million (US\$44.6 million). The recoverable amount of the Bevcan Angola operation amounts to R927.6 million (US\$49.0 million).</p> <p>DivFood South Africa</p> <p>The DivFood business continues to experience low demand for certain product categories. The net working capital, however, has improved due to the reduction in commodity prices and the improved collection from customers. Several initiatives to increase the profitability of this business are also currently being pursued including the correction of customer pricing and reduced overheads. In light of the current circumstances however, as well as the WACC for this business being increased to 14.2% (2022: 13.6%), management has determined that an impairment loss at 30 September 2023 of R290.5 million should be recognised. The recoverable amount of the DivFood business amounts to R975.4 million.</p> <p>Rigids South Africa</p> <p>The Rigids business continues to experience pressure on volumes. Imported material is also impacting margins. Internal projects to simplify and optimise operations are ongoing and the benefits have not yet been fully realised. Due to these circumstances, as well as the higher WACC of 14.2% (2022: 13.6%), an impairment loss of R174.8 million was recognised at 30 September 2023. The recoverable amount of the Rigids business amounts to R84.3 million.</p> <p>Details of the key assumptions used in the impairment assessments as well as the impairment losses incurred are set out in note 2.3.</p>
<p>Taxation</p>	<p>The group is exposed to tax laws in various jurisdictions.</p> <p>The deferred tax credit was impacted by the net impairment losses and the recognition of deferred tax assets on tax losses in Angola. A deferred taxation asset represents the amount of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The deferred tax asset as at 30 September 2023 has increased to R496 million from R436 million as at 30 September 2022. The deferred tax asset value is considered to be recoverable against future taxable profits and taxable temporary differences. The deferred tax asset arises mainly from tax losses carried forward, interest paid, right of use assets and liabilities, and retirement benefit obligations, mainly in Nampak Products Limited. The deferred tax liability value is R46 million as at 30 September 2023 (2022: R96 million) and arises mainly on the translation of the tax base of non-monetary assets due to the hyperinflation adjustment.</p> <p>Refer notes 1.3 and 3 of the consolidated financial statements.</p>
<p>Reserve Bank of Zimbabwe agreement and expected credit losses</p>	<p>During the 2019 financial year, Nampak Zimbabwe Limited (NZL) entered into a legal agreement with the Reserve Bank of Zimbabwe (RBZ) in terms of which the RBZ agreed to settle blocked funds related to legacy debt owing by NZL to Nampak International Limited amounting to US\$66.8 million. The RBZ defaulted on the terms of the agreement during the financial year ended 30 September 2021 but repayments totalling US\$4.0 million had been received by 30 September 2022. The 90% expected credit loss (ECL) provision at this date was accordingly maintained.</p> <p>Following the finalisation of the Blocked Funds Framework by Zimbabwe, the group received US\$3.3 million of treasury bonds which were discounted by 69% resulting in a further US\$1.0 million received during the current year. A further allocation of treasury bonds was received in September 2023 and based on the aforementioned position and taking into account all other forward-looking macroeconomic scenarios, management amended the ECL provision to 97.5%.</p> <p>Details of the carrying value of the RBZ financial instrument are disclosed in note 5.3.</p>

External and internal auditors¹

The Committee:

- › Nominated Deloitte & Touche ("Deloitte") for appointment by the shareholders as the external auditor of Nampak for the financial year ending 30 September 2023. Mr Mark Holme was appointed as the designated auditor with effect 13 September 2022 and is responsible for Deloitte's final audit before the mandatory audit firm rotation to PwC for the financial year ended 30 September 2024.

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

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

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

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

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

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

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

Information and information technology

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

Combined assurance, internal controls and risk management

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

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

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

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

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

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

The Committee was not made aware of any material breaches of any laws or regulations or material breaches of internal controls or procedures during the 2023 financial year.

The Committee:

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

The Committee assessed the finance function and Chief Financial Officer

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

Mandatory audit firm rotation

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

Deloitte's 55-year tenure as Nampak's audit firm exceeds the new maximum of ten consecutive financial years and, accordingly, a new audit firm must be appointed at Nampak's annual general meeting in 2024. The Committee believed it important to allow sufficient time for the incoming firm to plan and execute a smooth transition, and so launched and completed a selection process in 2022. Following a thorough process, the Committee recommended the appointment of Pricewaterhouse Coopers as incoming audit firm for the 2024 financial year and this will accordingly be proposed to shareholders at the commencement of that financial year.

Despite the recent court judgement on mandatory audit firm rotations, the group remains committed to the required changes and have accordingly decided to proceed with the recommendation to shareholders of the appointment of PriceWaterhouseCoopers as auditors with effect from 1 October 2023.

Conclusion

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference, as well as its statutory and other responsibilities for the 2023 financial year.

Having had regard to all material risks and factors that may impact on the integrity of the integrated report and annual financial statements and following appropriate review, the Committee recommended the consolidated and separate annual financial statements and the integrated report for the year ended 30 September 2023 for approval to the board.

On behalf of the Audit and Risk Committee



SP Ridley CA(SA)

Chairman of the Audit and Risk Committee

1 December 2023

Directors' report

for the year ended 30 September 2023

The directors wish to present their report which forms part of the annual financial statements of Nampak Limited for the year ended 30 September 2023.

Nature of business of the company

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

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

Many of our customers are among the world's largest FMCG companies. Nampak is a market leader in the manufacture of beverage cans in South Africa and Angola and a major player in Nigeria. We also have strong positions in other metal and plastic packaging in South Africa and other parts of the continent. More detail on the nature of Nampak's businesses can be found in our integrated report. It must be noted that the group has a turnaround strategy which may result in it being more focused in the South African market in the metals manufacturing businesses.

Financial results

The group's revenue declined by 2% with volume reductions primarily in Bevcan Nigeria, DivFood and Bevcan SA. A 5% decrease in Metals was partially offset by increases of 2% and 28% for Plastics and Paper respectively.

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

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

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

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

The operating loss of R2.6 billion reflects an adverse movement of R3.2 billion from the prior year's operating profit of R640 million due to a significant increase in net impairments to R2.8 billion from R512 million.

Net impairment losses

The increase in net impairments was primarily due to significantly higher WACC rates in Nigeria and Angola driven by increased country risk premiums and risk-free rates coupled with increased interest rates in these countries. Downward revisions in future expected volumes in Nigeria and Angola given the downturn in these markets during the second half of the group's financial year have also been contributing factors. The net impairments of R2.8 billion recognised at 30 September 2023 consisted of the impairment of goodwill in Bevan Nigeria of R1.5 billion, Bevcan Angola asset impairment of R827 million, DivFood asset impairment of R290 million and Rigids impairment of R175 million. These impairments represent 61% of the group's last reported shareholders' equity of R4 662 million.

Net finance costs

Net finance costs of R1.2 billion reflects an increase of 109% or R637 million over the prior year's net finance costs of R586 million and includes expensed capitalised transaction costs of R335 million due to the substantial modification of debt and R109 million relating to the capitalised leased assets (2022: R98 million).

On average significantly high interest rates charged within the lender agreements and higher working capital throughout the year contributed to this significant increase in net funding costs.

Effective tax rate

The group's effective tax rate for the year under review is negative 4.1% with an effective tax rate of 143.7% in the prior year. The tax rate for the period has been materially impacted by the impairments.

Loss for the year

A loss of R4.0 billion attributable to owners of Nampak Limited was incurred compared to a loss of R147 million in the comparative period and results in a loss per share of 117 295.5 cents compared to a loss of 4 879.5 cents per share (cps) in the prior year. Headline loss of R1.6 billion is reported compared to R229 million headline earnings in the prior period, resulting in a headline loss of 46 811.7 cps compared to headline earnings of 7 589.2 cps. The weighted average number of shares has taken into account the share consolidation and the impacts of the rights issue.

Net asset value per share

The net asset value per share of 19 810 cents decreased from 183 723 cents in September 2022, largely due to forex losses, impairments, high interest costs and the dilution impact of the rights issue.

Statement of financial position

The group's total assets at 30 September 2023 of R13.9 billion have been significantly reduced by the R2.8 billion impairment in the year. Current assets have declined to R7.9 billion from R8.8 billion at 30 September 2023. Cash balances have increased from R1.5 billion at 30 September 2022 to R1.8 billion at 30 September 2023.

Non-current liabilities have increased to R7.6 billion from R6.7 billion due to the increase in longer term debt post the group debt restructure process. Current liabilities are affected by lower trade payables moving from R3.8 billion in 2022 to a balance of R3.3 billion in 2023, largely due to decreased inventory levels. Net debt decreased from R5.2 billion to R4.6 billion following the successful rights offer process and reduced terms to a large customer but partially offset by higher forex losses and higher transaction costs and interest costs following the debt restructure process.

Statement of cash flows

The key contributors to the increase in the net cash and cash equivalents of R1.8 billion held at 30 September 2023 compared to net cash and cash equivalents of R1.5 billion at 30 September 2022 are set out below:

- › a reduction of R763 million in cash generated before working capital charges primarily due to the significant forex losses in Nigeria and Angola and reported operating losses in Bevcan Nigeria and Nampak Nigeria;
- › offset by the release of R905 million from working capital primarily due to inventory delivering positive cash flows of R370 million, trade receivables of R423 million and trade payables of R112 million despite the cancellation of the invoice discounting facility due to finalisation of agreements related to the debt restructure with no further drawdowns allowed after 26 September 2023;
- › higher cash interest paid of R608 million in the year ended 30 September 2023;
- › capital expenditure of R352 million partially offset by R235 million proceeds from asset disposals
- › debt repaid of R447 million; and
- › proceeds from the successful rights offer process of R960 million.

Rights offer

On 22 September 2023 Nampak completed a successful, oversubscribed rights offer and generated R1.0 billion in cash with associated transaction costs of R40 million. This was a significant milestone and the single most important step in the debt restructure program. This set in motion the funds flow agreement and the group successfully executed this highly complex funds flow agreement within 4 days.

Borrowing facilities

Salient features

The salient features of the revised debt structure are set out below:

- › a simplified lender structure on implementation date, as one lender will no longer form part of the consortium;
- › usage of the proceeds from the rights offer to repay debt;
- › borrowing-base facility of R2.6 billion in Nampak Products Ltd and a revolving credit facility of US\$10 million in Nampak International Ltd, providing flexible working capital financing secured through the group's high-quality debtors book and raw material and finished goods inventory;
- › a reduction in the US dollar based financing to minimise exchange rate exposure with a clear path to redeem the USPP debt of US\$25 million within the next 18 months; and
- › strong support from the big four South African banks including a commitment to finance the group in the long term.

Covenant requirements

The impacts of the restructured debt package are fully set out within the going concern note 1.4 of the financial statements and is a critical factor in the assessment.

Security

On 25 September 2023, the group entered into new financing agreements with its lenders and US private placement noteholders which replaced the financing agreements from 31 March 2023. The new financing was secured through inter alia, the following security granted to the lenders:

Nampak Ltd

- › A first ranking pledge and cession in security under South African law in terms of which Nampak Ltd pledges its shares in, and cedes its shareholder claims against, Nampak Products Ltd and any other entity incorporated in South Africa (other than a member of the group which is a dormant company); and
- › To the extent applicable, local law governed first ranking security over its shares in and shareholder claims against Nampak International Ltd and any other entity incorporated in a jurisdiction other than South Africa (other than a member of the group which is a dormant company).

Nampak Products Ltd

- › A first ranking cession in security of its present and future claims (including trade receivables), cash and cash equivalents, bank accounts, intellectual property rights (other than trademarks), insurances, insurance proceeds and disposal proceeds, deed of hypothecation over trademarks under South African law:
 - » first mortgage bonds over fixed assets;
 - » general notarial bond over moveable assets and inventory; and » special notarial bond over certain specified moveable assets.

Nampak International Ltd

- › local law governed first ranking security agreements in terms of which it charges its shares in, and assigns its shareholder claims against Nampak Bevcan Nigeria Ltd and Nampak Bevcan Angola LDA; and
- › to the extent possible, customary local law all asset security over its present and future assets, including but not limited to all present and future claims (including trade receivables), cash and cash equivalents, bank accounts, insurances, insurance proceeds, disposal proceeds intellectual property rights (including trademarks and patents).

Accounting policies

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

Stated and share capital

	Authorised		Issued	
	Number of shares	R million	Number of shares	R million
Ordinary shares of no par value	600 000 000	N/A	8 476 184	N/A
6.5% cumulative preference shares of R2 each	100 000	0.2	100 000	0.2
6% cumulative preference shares of R2 each	400 000	0.8	400 000	0.8

Notes:

1. The issued ordinary share capital includes 175 097 treasury shares and 44 shares held by the Nampak Black Management Trust.
2. Share premium as at 30 September 2023: — (2022: R270.9 million).
3. There were no changes to the 6.5% and 6% preference shares.

Share plans

Details of the share plans are set out on pages 88 to 92. All share plan numbers presented in the current year have been adjusted for the share consolidation of 250:1.

The Nampak Share Appreciation Plan 2009 (SAP)

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

Number of shares	2023	2022
Balance at the commencement of the financial year	1 225 046	1 411 518
Share consolidation	(1 220 146)	—
Forfeitures/cancellations	(530)	(186 472)
Share appreciation rights forfeited as at 30 September of each year due to performance targets not being fulfilled	(4 370)	—
Balance at the end of the financial year	—	1 225 046

The Nampak Performance Share Plan 2009 (PSP)

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

Number of shares	2023	2022
Balance at the commencement of the financial year	3 593 887	4 712 815
Share consolidation	(3 579 511)	—
Forfeitures/cancellations	(253)	(145 301)
Forfeitures	(8 301)	(973 627)
PSP rights exercised	(2 027)	—
Balance at the end of the financial year	3 795	3 593 887

The Nampak Deferred Bonus Plan 2009 (DBP)

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

Number of shares	2023	2022
Balance at the commencement of the financial year	680 816	680 816
Share consolidation	(678 093)	—
Number of bonus shares purchased by employees during the year	1 754	—
Number of bonus shares transferred/sold by employees during the year	(4 477)	—
Balance at the end of the financial year	—	680 816

The Executive Incentive Plan (EIP)

The EIP represents the total variable pay opportunity for the Chief Executive Officer, Chief Financial Officer and other group executives and is aligned with the turnaround strategy. On 6 December 2022, 4 100 000 shares at a volume weighted average price per share of R1.45 were purchased and on 7 December 2022, 4 784 629 shares at a volume weighted average price per share of R1.37 were purchased in Nampak Limited on behalf of the participants in the EIP for the one-year performance period to 30 September 2023.

Number of shares	2023	2022
Balance at the commencement of the financial year	11 308 712	—
Shares purchased on behalf of the participants during the year	8 884 629	11 308 712
Share consolidation	(20 112 568)	—
Forfeitures/cancellations	(22 917)	—
Number of shares transferred to employees during the year	(24 385)	—
Balance at the end of the financial year	33 471	11 308 712

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

In terms of resolutions passed by shareholders of the company at the annual general meeting held on 8 February 2006, no more than 7.13% of the total issued ordinary shares as at 24 January 2006 (46.4 million shares) may be set aside from the unissued share capital of the company for purposes of all share plans. The total unissued shares under the control of the directors for purposes of all share plans at 30 September 2023 is summarised below:

Number of shares	30 September 2023
Balance at the commencement of the financial year	15 017 645
Share consolidation	(14 957 574)
<i>Add:</i>	
Share appreciation rights forfeited in terms of SAP during the current financial year	530
Awards forfeited in terms of the PSP during the current financial year	8 554
Maximum available for future allocations:	69 155

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

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

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

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

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

Dividends

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

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

Class of share	Dividend number	Cents per share (gross)	Declaration date	Last day to trade	Payment date
6% cumulative preference	108	6.00	02/12/2022	31/01/2023	06/02/2023
	109	6.00	23/05/2023	01/08/2023	07/08/2023
6.5% cumulative preference	108	6.50	02/12/2022	31/01/2023	06/02/2023
	109	6.50	23/05/2023	01/08/2023	07/08/2023

Directors

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

Ms Mzondeki and Mr Raphiri are the directors who are required to retire as directors of the company in terms of clause 29.1 of the memorandum of incorporation. Ms Mzondeki is both eligible and available for re-election. Mr Surgey has indicated his intention to resign as a director and as chairman of the board at the annual general meeting to be held on 15 February 2024. The remuneration of Nampak Limited's directors is set out on pages 93 to 95 of these annual financial statements.

Interests of directors and prescribed officers

The total direct and indirect beneficial and non-beneficial interests of the directors, the prescribed officers and group executive committee members of Nampak Limited (including directors and prescribed officers who retired during the financial year) in the issued ordinary share capital of the company at 30 September 2023 are shown below:

	Ordinary shares			
	30 Sep 2023	Rights offer shares	Post-consolidation	2022
Beneficial interests				
Executive directors				
PM Roux	—	—	—	N/A
EE Smuts ¹	N/A	N/A	N/A	785 598
GR Fullerton	14 418 ⁸	837 ¹¹ and 13 202 ¹²	379	94 994
Non-executive directors				
PM Surgey	3 081	2 121	960	240 001
SP Ridley	2 259	1 555	704	176 000
A van der Veen	600 649 ⁹	413 473	187 176	N/A
TN Kruger ²	20 422 ¹⁰	14 048	6 364	N/A
Prescribed officers (other than executive directors)				
C Burmeister ³	N/A	N/A	N/A	273 237
H Nel ⁴	N/A	N/A	N/A	63 724
LD Kidd ⁵	N/A	N/A	N/A	88 965
SB McGill ⁶	N/A	N/A	N/A	60 928
IH van Lochem ⁷	N/A	N/A	N/A	31 341

- EE Smuts resigned effective 20 April 2023.
- TN Kruger resigned effective 25 October 2023.
- C Burmeister resigned effective 30 November 2022.
- H Nel resigned effective 31 July 2023.
- LD Kidd retired effective 31 July 2023.
- SB McGill resigned effective 31 August 2023.
- IH van Lochem resigned effective 31 August 2023.
- GR Fullerton via E-Knowledge (Pty) Ltd has an indirect beneficial interest in 1 216 Nampak Shares.
- A van der Veen via A2 Investment Partners (Pty) Ltd has an indirect beneficial interest in 600 649 Nampak Shares.
- TN Kruger via The TNI Trust has an indirect beneficial interest in 20 422 Nampak Shares.
- Subscription for rights offer shares by E-Knowledge (Pty) Ltd.
- Subscription for rights offer shares by GR Fullerton in respect of forfeitable shares awarded in terms of the EIP.

There have been no changes to the directors' shareholdings outlined above since the end of the financial year-end and to the date of this report. The group executive committee represents the prescribed officers of Nampak Ltd.

Litigation statement

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

Going concern

Going concern note 1.4 of the financial statements sets out the group's going concern assessment. The board has assessed the group consolidated budget for 2024 and stratplans to 2028, 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 and are of the view that the group has adequate access to liquidity for the foreseeable future. Management is of the view that, despite a material uncertainty existing at the reporting date regarding the group's ability to effectively deliver on the asset disposal plan, the group has already delivered a successful, oversubscribed rights offer process as well as the full implementation of the restructured debt package. These were two critical items previously in doubt and now delivered. In terms of the restructured lender agreements, the group is required to reduce debt by R243 million by 31 March 2024 and R477 million by 30 September 2024 through internally generated activities or asset disposal proceeds. Based on these assessments, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements and that the group will continue to operate for the foreseeable future.

Subsequent events

On 31 October 2023, the group received the first instalment of NGN6.7 billion (US\$8.6 million) from the disposal of property and related plant of Nampak Nigeria Ltd, a group company, in terms of the agreement effected during August 2023 for NGN7.5 billion (US\$9.5 million) on meeting certain conditions pertaining to the agreement. The details of this transaction were communicated in a SENS dated 30 August 2023. R104.7 million (US\$5.5 million) of these proceeds have been remitted to Nampak International Ltd to date. The balance of the purchase price net of related disposal costs is expected to be received in January 2024.

On 31 October 2023, the group disposed of a property located in the United Kingdom for the net amount of R41.4 million (GBP1.8 million). Transfer was effected on 10 November 2023 and these proceeds were received during November 2023. This property is disclosed as held for sale in note 6.7.

Both disposals were effected in terms of the group's asset disposal plan and the net proceeds will be applied to the reduction of the group's outstanding debt obligations.

Retirement funds

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

Subsidiaries, joint ventures and associate companies

Details of the company's significant subsidiaries, joint ventures and associates are reflected on pages 99 to 102 in these annual financial statements.

External auditors

Deloitte & Touche was the external auditor of Nampak Ltd and other group companies for the financial year ended 30 September 2023.

At the annual general meeting of 14 February 2024, shareholders will be requested to appoint PricewaterhouseCoopers ("PwC") as external auditor of Nampak Ltd following the audit and risk committee's decision to nominate PwC as its independent auditor for the financial year commencing 1 October 2023. Mr J.F.M. Kotze will be the individual responsible for performing the functions of the auditor.

Company Secretary

The company secretary of Nampak Ltd is Ms O Pillay. Her contact details appear on the inside back cover of these annual financial statements.

CEO and CFO's internal financial control responsibility statement for the year ended 30 September 2023

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

- i) Each of the directors, whose names are stated below, hereby confirm that:
 - a. the annual financial statements set out on pages 22 to 113, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
 - b. to the best of our knowledge and belief, no facts have been omitted, or untrue statements made that would make the annual financial statements false or misleading;
 - c. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the issuer;
 - d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

- e. where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have remediated the deficiencies; and
- f. we are not aware of any fraud involving directors.



PM Roux
Chief executive officer

1 December 2023



GR Fullerton
Chief financial officer

Consolidated statement of comprehensive income

for the year ended 30 September 2023

R million	Notes	2023	2022
Revenue	2.1	16 633.6	16 936.5
Raw materials and consumables used		(9 967.7)	(10 305.7)
Employee benefit expense		(2 293.3)	(2 074.3)
Depreciation and amortisation expense		(409.3)	(471.7)
Net expected credit loss reversals/(losses) — financial instruments other than the Reserve Bank of Zimbabwe financial instrument		3.0	(41.3)
Other operating expenses		(3 889.9)	(2 958.8)
Other operating income		266.2	137.2
Operating profit before items below		342.6	1 221.9
Net impact of devaluation associated with Zimbabwe		(66.8)	(69.7)
Net foreign exchange gains		256.7	64.8
Monetary adjustment for hyperinflation		(258.1)	(125.5)
Net expected credit losses — Reserve Bank of Zimbabwe financial instrument		(65.4)	(9.0)
Operating profit before net impairment losses	2.2, 2.4	275.8	1 152.2
Net impairment losses	2.3	(2 841.6)	(512.1)
Operating (loss)/profit		(2 565.8)	640.1
Finance costs	5.2	(1 255.5)	(605.9)
Finance income	5.2	31.7	19.5
Share of net (loss)/profit in associates and joint venture		(6.2)	5.1
(Loss)/profit before tax		(3 795.8)	58.8
Income tax expense	3.1	(156.0)	(84.5)
Loss for the year		(3 951.8)	(25.7)
Other comprehensive income for the year, net of tax		16.0	464.0
Items that will not be reclassified to profit or loss			
Net actuarial (loss)/gain from retirement benefit obligations		(0.7)	11.1
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations excluding Zimbabwe operations		38.0	609.7
Exchange differences on translation and hyperinflation effects of Zimbabwe operations		(24.7)	(160.1)
Gain on cash flow hedges		3.4	3.3
Total comprehensive (loss)/income for the year		(3 935.8)	438.3
(Loss)/profit for the year attributable to:			
Owners of Nampak Limited		(4 032.8)	(146.9)
Non-controlling interest in subsidiaries	8.4	81.0	121.2
Total		(3 951.8)	(25.7)
Total comprehensive (loss)/income for the year attributable to:			
Owners of Nampak Limited		(4 008.2)	375.1
Non-controlling interest in subsidiaries	8.4	72.4	63.2
Total		(3 935.8)	438.3
Loss per share*			
Basic (cents per share)	4.1	(117 295.5)	(4 879.5)
Diluted basic (cents per share)	4.2	(117 295.5)	(4 879.5)

* Loss per share has been restated due to the share consolidation and rights issue. Refer to note 8.2.

Consolidated statement of financial position

at 30 September 2023

R million	Notes	2023	2022
Assets			
Non-current assets			
Property, plant, equipment and investment property	6.1	4 341.4	5 452.0
Right of use assets	6.2	453.0	679.5
Goodwill	6.3	457.7	1 976.1
Other intangible assets	6.4	132.3	141.8
Investments in associates, joint venture and other		34.6	39.3
Retirement benefit asset	7.1	97.8	221.6
Deferred tax assets	3.2	495.7	436.0
Loan and lease receivables — non-current	5.3	12.5	84.5
		6 025.0	9 030.8
Current assets			
Inventories	6.5	3 413.5	3 934.9
Trade and other current receivables	6.6	2 488.6	3 258.4
Tax assets		15.4	24.0
Loan and lease receivables — current	5.3	34.1	51.8
Bank balances and deposits	5.7	1 843.9	1 501.6
		7 795.5	8 770.7
Assets classified as held for sale	6.7	90.3	51.2
Total assets		13 910.8	17 852.7
Equity and liabilities			
Capital and reserves			
Stated and share capital	8.1	1 266.3	35.5
Capital reserves	8.2	(501.5)	(245.9)
Other reserves	8.3	729.2	667.1
Retained earnings		143.8	4 205.7
Shareholders' equity		1 637.8	4 662.4
Non-controlling interests	8.4	276.3	213.9
Total equity		1 914.1	4 876.3
Non-current liabilities			
Loans — non-current	5.4	5 809.9	4 721.9
Lease liabilities — non-current	5.5	1 016.1	1 090.9
Retirement benefit obligation	7.1	727.6	746.3
Deferred tax liabilities	3.2	46.4	95.6
Other non-current liabilities		8.4	10.5
		7 608.4	6 665.2
Current liabilities			
Trade and other current payables	6.8	3 257.6	3 753.8
Provisions	6.9	135.1	115.9
Tax liabilities		65.6	68.4
Loans and lease liabilities — current	5.6	930.0	2 373.1
		4 388.3	6 311.2
Total equity and liabilities		13 910.8	17 852.7

Consolidated statement of cash flows

for the year ended 30 September 2023

R million	Notes	2023	2022
Cash flows from operating activities			
Cash receipts from customers		17 255.4	16 620.5
Cash paid to suppliers and employees		(15 610.4)	(15 775.3)
Cash generated from operations	2.5	1 645.0	845.2
Finance costs paid		(1 169.3)	(557.4)
Finance income received		14.6	10.7
Retirement benefits, contributions and settlements		(78.2)	(75.4)
Income tax paid		(226.0)	(169.6)
Cash flows from operations		186.1	53.5
Dividends paid		(10.1)	(0.1)
Cash generated from operating activities		176.0	53.4
Cash flows from investing activities			
Capital expenditure		(352.5)	(208.3)
Replacement		(258.2)	(192.7)
Expansion		(94.3)	(15.6)
Proceeds from disposal of property, plant, equipment and investments		235.5	43.0
Proceeds from Reserve Bank of Zimbabwe receivable		18.2	—
Decrease in other non-current financial assets		11.1	3.4
Cash utilised in investing activities		(87.7)	(161.9)
Net cash generated/(utilised) before financing activities		88.3	(108.5)
Cash flows from financing activities			
Loans raised	2.6	6 649.7	912.1
Loans repaid	2.6	(7 097.0)	(511.6)
Invoice discounting finance (repaid)/raised	6.8	(66.5)	177.9
Lease liabilities repaid	2.6	(120.8)	(125.4)
Treasury shares purchased*		(12.6)	(45.5)
Proceeds from issue of shares		1 000.0	—
Share issue expenses		(40.1)	—
Cash raised in financing activities		312.7	407.5
Net increase in cash and cash equivalents		401.0	299.0
Net cash and cash equivalents at beginning of year		1 501.6	1 111.6
Translation of cash in foreign subsidiaries		(58.7)	91.0
Net cash and cash equivalents at end of year	5.7	1 843.9	1 501.6

* Refer to footnote 2 on the consolidated statement of changes in equity.

Consolidated statement of changes in equity

for the year ended 30 September 2023

R million	Notes	2023	2022
Opening balance		4 876.3	4 459.1
Rights issue — net proceeds of shares issued during the year		959.9	—
Share-based payment expense		(1.1)	26.5
Share grants forfeited		—	(2.0)
Liquidation of business ¹		37.5	—
Treasury shares purchased ²		(12.6)	(45.5)
Total comprehensive (loss)/income for the year		(3 935.8)	438.3
Dividends paid		(10.1)	(0.1)
Closing balance		1 914.1	4 876.3
Comprising:			
Stated and share capital	8.1	1 266.3	35.5
Capital reserves	8.2	(501.5)	(245.9)
Share premium		—	270.9
Treasury shares		(523.7)	(558.9)
Share-based payments reserve		22.2	42.1
Other reserves	8.3	729.2	667.1
Foreign currency translation reserve		1 373.2	1 313.8
Financial instruments hedging reserve		6.7	3.3
Recognised actuarial losses reserve		(624.5)	(623.8)
Other ³		(26.2)	(26.2)
Retained earnings		143.8	4 205.7
Shareholders' equity		1 637.8	4 662.4
Non-controlling interests	8.4	276.3	213.9
Total equity		1 914.1	4 876.3

1. Represents the foreign currency translation reserve relating to Nampak Holdings (UK) Ltd that was recycled on its liquidation.
2. During the year 8 884 629 Nampak Limited shares were acquired pre-consolidation at a cost of R12.6 million as the deferred incentive portion of the Executive Incentive Plan for 2022. The deferred incentive is structured as forfeitable shares, meaning participants are the owners of the shares, but the shares are subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applicable).
3. Other reserves relate to deferred tax on the equity contribution by Nampak International Limited to Nampak Zimbabwe of R26.2 million (debit).

Consolidated statement of changes in equity

for the year ended 30 September 2023 *continued*

R million	Capital reserves			
	Stated and share capital	Share premium	Treasury shares	Share-based payments reserve
At 30 September 2021	35,5	270.9	(513.4)	15.6
Employee share option scheme:				
Value of employee services	—	—	—	26.5
Share grants exercised	—	—	—	—
Treasury shares purchased	—	—	(45.5)	—
Exchange difference on translation of foreign operations — excluding Zimbabwe operations	—	—	—	—
Exchange difference on hyperinflation and related effects — Zimbabwe operations	—	—	—	—
Gain on cash flow hedges	—	—	—	—
Net actuarial gain	—	—	—	—
Dilution of non-controlling interests on Angola restructure	—	—	—	—
Transfer between reserves	—	—	—	—
Loss for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2022	35.5	270.9	(558.9)	42.1
Shares issued — rights issue	1 000.0	—	—	—
Share issue expenses written off	(40.1)	—	—	—
Transfer to stated and share capital	270.9	(270.9)	—	—
Employee share option scheme:				
Value of employee services	—	—	—	(1.1)
Share grants exercised	—	—	47.8	(18.8)
Treasury shares purchased	—	—	(12.6)	—
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 loss	—	—	—	—
Liquidation of business	—	—	—	—
Profit for the year	—	—	—	—
Dividends paid	—	—	—	—
At 30 September 2023	1 266.3	—	(523.7)	22.2

Consolidated statement of changes in equity

for the year ended 30 September 2023 *continued*

Other reserves				Retained earnings	Total attributable to owners of Nampak Limited	Non-controlling interest	Total equity
Foreign currency translation reserve	Financial instruments hedging reserve	Recognised actuarial gains/(losses) reserve	Other				
787.6	—	(634.9)	(43.2)	5 069.7	4 987.8	(528.7)	4 459.1
—	—	—	—	—	26.5	—	26.5
—	—	—	—	(2.0)	(2.0)	—	(2.0)
—	—	—	—	—	(45.5)	—	(45.5)
589.9	—	—	—	—	589.9	19.8	609.7
(82.3)	—	—	—	—	(82.3)	(77.8)	(160.1)
—	3.3	—	—	—	3.3	—	3.3
—	—	11.1	—	—	11.1	—	11.1
—	—	—	—	(679.4)	(679.4)	679.4	—
18.6	—	—	17.0	(35.6)	—	—	—
—	—	—	—	(146.9)	(146.9)	121.2	(25.7)
—	—	—	—	(0.1)	(0.1)	—	(0.1)
1 313.8	3.3	(623.8)	(26.2)	4 205.7	4 662.4	213.9	4 876.3
—	—	—	—	—	1 000.0	—	1 000.0
—	—	—	—	—	(40.1)	—	(40.1)
—	—	—	—	—	—	—	—
—	—	—	—	—	(1.1)	—	(1.1)
—	—	—	—	(29.0)	—	—	—
—	—	—	—	—	(12.6)	—	(12.6)
38.0	—	—	—	—	38.0	—	38.0
(16.1)	—	—	—	—	(16.1)	(8.6)	(24.7)
—	3.4	—	—	—	3.4	—	3.4
—	—	(0.7)	—	—	(0.7)	—	(0.7)
37.5	—	—	—	—	37.5	—	37.5
—	—	—	—	(4 032.8)	(4 032.8)	81.0	(3 951.8)
—	—	—	—	(0.1)	(0.1)	(10.0)	(10.1)
1 373.2	6.7	(624.5)	(26.2)	143.8	1 637.8	276.3	1 914.1

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Notes to the consolidated financial statements

for the year ended 30 September 2023

1. Basis of preparation

1.1 General

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

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

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

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

1.2 New and revised standards in issue

IFRS 17: Insurance contracts, is effective for annual reporting periods beginning on or after 1 January 2023. Nampak Insurance Company Ltd is currently in the process of unwinding without taking on any new risk for the new financial year. The implementation of IFRS 17 will not be material to the group as no new insurance contracts will be written by the company from 1 September 2023.

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

1.3 Critical judgements and estimates

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

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

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

Going concern

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

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

Impairment of assets

In terms of IAS 36: Impairment of Assets, the group is required to perform tests for the impairment of property, plant and equipment, right of use assets and intangible assets based on the expected future cash flows pertaining to these assets whenever there is an indication that these assets may be impaired while goodwill must be tested in a similar manner on an annual basis.

Discounted cash flow valuation principles are applied in assessing the expected future cash flows pertaining to assets. The key assumptions used are cash flow projections, growth rates and the weighted average cost of capital (WACC). 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.

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 2023 taking into account the approved budget for 2024 and the strategic plans for the years 2025 to 2028.

The impairment assessments impacted the assets of four cash generating units in particular. The cash generating units impacted and the circumstances in which the impairment losses occurred are as follows:

Bevcan Nigeria

The Nigerian economy has been adversely impacted in the current financial year by rampant inflation caused largely by the removal of the fuel subsidy and the depreciation of the Naira due to a forex market that was increasingly dysfunctional during the period under review as forex illiquidity worsened. These events have slowed economic growth and resulted in volume growth being lower than previously anticipated. The WACC has also increased to 16.6% from 12.5% in the previous year due to an increase in the risk-free rate and the increased country risk premium. In light of these developments, the group assessed the carrying value of goodwill in Bevcan Nigeria for impairment at 30 September 2023. As a result, an impairment loss was recognised of R1 549.2 million (US\$84.8 million) reducing the carrying value of goodwill attributed to Bevcan Nigeria to R336.3 million (US\$17.8 million). The estimated recoverable amount of the Bevcan Nigeria operation is R1.3 billion (US\$71.2 million).

Bevcan Angola

The Angolan economy has deteriorated over the past 12 months due to lower oil production volumes, the fall in the oil price and the depreciation of the Kwanza, which in turn has impacted the distributable income of customers (and thereby, sales volumes). As a result, GDP growth is expected to be around 1.7% for the year (compared to 3.3% in the prior year). The WACC has increased to 17.7% from 14.9% in the previous year due to the higher risk-free rate, higher cost of debt and increased country risk premium, resulting in the recognition of an impairment loss at 30 September 2023 of R827.1 million (US\$44.6 million). The recoverable amount of the Bevcan Angola operation amounts to R927.6 million (US\$49.0 million).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

DivFood South Africa

The DivFood business continues to experience low demand for certain product categories. The net working capital, however, has improved due to the reduction in commodity prices and the improved collection from customers. Several initiatives to increase the profitability of this business are also currently being pursued including the correction of customer pricing and reduced overheads. In light of the current circumstances however, as well as the WACC for this business being increased to 14.2% (2022: 13.6%), management has determined that an impairment loss at 30 September 2023 of R290.4 million should be recognised. The recoverable amount of the DivFood business amounts to R975.4 million.

Rigids South Africa

The Rigids business continues to experience pressure on volumes. Imported material is also impacting margins. Internal projects to simplify and optimise operations are ongoing and the benefits have not yet been fully realised. Due to these circumstances, as well as the higher WACC of 14.2% (2022: 13.6%), an impairment loss of R174.8 million was recognised at 30 September 2023. The recoverable amount of the Rigids business amounts to R84.3 million.

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

Classification of non-current assets and disposal groups as held for sale

The classification of non-current assets and disposal groups as 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.

During the current year, management took a decision to dispose of certain plant and equipment in Nampak Nigeria Ltd due to the decision to close this business, as well as a property in the United Kingdom due to this asset being redundant to the group's requirements. An operating line in the DivFood business was also classified as held for sale due to it being unprofitable.

The remaining plant and equipment in Bullpak Ltd continues to be classified as held for sale due to the decision to close this business still being effective and that these assets are expected to be disposed during 2024.

After an assessment of the transactions pertaining to other assets (including businesses) that are earmarked for sale in terms of group's asset disposal plan, the directors determined that these assets and disposal groups met all the criteria to be classified as held for sale in terms of the above standard other than for the sale of these assets and disposal groups being considered highly probable at 30 September 2023. These assets and disposal groups have not, therefore, been classified as held for sale at this date.

In particular, the group is actively engaged in market exploration and the evaluation of multiple alternatives for the disposal of Nampak Bevcan Nigeria Ltd. This ongoing evaluation process introduces uncertainties about the likelihood of this disposal.

Details of these assets are disclosed in note 6.7.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

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

During the 2019 financial year, Nampak Zimbabwe Ltd (NZL) entered into a legal agreement with the Reserve Bank of Zimbabwe (RBZ) in terms of which the RBZ agreed to settle blocked funds related to legacy debt owing by NZL to Nampak International Ltd amounting to US\$66.8 million.

The RBZ defaulted on the terms of the agreement during the financial year ended 30 September 2021 but repayments totalling US\$4.0 million had been received by that date. The 90% expected credit loss (ECL) provision at this date was accordingly maintained at 30 September 2022.

Following the finalisation of the Blocked Funds Framework by Zimbabwe, the group received US\$3.3 million of treasury bonds which were discounted by 69% resulting in a further US\$1.0 million received during the current year. A further allocation of treasury bonds was received in September 2023 and based on the aforementioned position and taking into account all other forward-looking macroeconomic scenarios, management amended the ECL provision to 97.5%. The treasury bonds are not tradeable instruments but rather represent a legal acknowledgement by the RBZ of outstanding legacy debt.

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

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

In determining the functional currency of an entity, management is required to consider the indicators provided in IAS 21: The Effects of Changes in Foreign Exchange Rates. Where the above indicators are mixed and the functional currency is not obvious, management should use its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. Only where there is a change to those underlying transactions, events and conditions, can the functional currency be changed.

After consideration of these 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.

Functional currency and translation of Zimbabwe group companies

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

Nampak has adopted the use of the exchange rate movements between the Zimbabwe Dollar (functional currency) and the US Dollar (a relatively stable foreign currency) in determining the general price index from February 2023 onwards. Management has applied these factors in determining the hyperinflation numbers for year ended 30 September 2023.

The economy in Zimbabwe remained hyperinflationary during the 2023 financial year with annual inflation reaching 650.4% as at 30 September 2023.

Nampak Zimbabwe's hyperinflated results have also been converted to rand, being the reporting currency of the group for consolidation purposes, at the closing rate on 31 March 2023 in terms of IAS 21: The effects of changes in foreign exchange rates. The exchange rate used in translating these results are derived from the Bloomberg market internet site and are based on the official auction mid-rates as published by the Reserve Bank of Zimbabwe.

Modification and extinguishment of financial liabilities

The contractual terms for the revolving credit facilities, defined as floating rate financial liabilities measured at amortised cost, were amended on 31 March 2023. A new finance package consisting of loan and revolving credit facilities was agreed to on 25 September 2023 effectively replacing the previous facilities.

In terms of IFRS 9: Financial Instruments, when the contractual terms of a financial liability have been amended, it must be determined whether the amendments result in an extinguishment of the financial liability or in a modification to the financial instrument concerned. 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 assessment of the revised contractual terms in March 2023, management determined that these terms were substantially different from the terms of the previous facility. Accordingly, the financial liabilities were extinguished and the unamortised transaction fees of R87.9 million relating to these liabilities were recognised in profit and loss at this date.

A further qualitative assessment of the contractual terms for the new financing package agreed to in September was conducted and based on a qualitative assessment of these terms, management determined that the loans and revolving credit facilities in terms of the previous agreement as amended were extinguished. All transaction fees relating to the new finance package (R246.9 million) were recognised as incurred in profit and loss.

Details of the revised contract terms are disclosed in note 1.4, while the amounts expensed are disclosed in note 5.2.

Aggregation of operating segments

The group is required to report financial information about each operating segment separately in terms of IFRS 8: Operating Segments. Operating segments may be aggregated into a single operating segment if they meet the criteria set out in IFRS 8.

The operating segments of the group are aggregated in line with the core principle of IFRS 8 which is to enable users to evaluate the nature and financial effects of the business activities in which the group engages and the economic environments in which it operates. These segments are aggregated based on their similar economic characteristics, the nature of their products, the nature of their production processes, the type of customers for their products and the methods to distribute their products.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.3 Critical judgements and estimates *continued*

The operating segments of the group are aggregated into the Metals, Plastic and Paper operating segments for segmental reporting purposes where the type of packaging material of the products produced by the operating segments is the key aggregation determining factor.

Information pertaining to segmental performance, and operating assets and liabilities is set out in notes 2.4 and 6.11.

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. Deferred tax was not raised on a portion of the tax losses due to uncertainty about the recoverability beyond the normal strategic plan period. Further deferred tax assets were recognised in Nampak Bevcan Angola Limitada in respect of assessed losses carried forward from prior years as well as unrealised foreign exchange losses. 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. A deferred tax asset was also recognised at Nampak Bevcan Nigeria Ltd in relation to unrealised foreign exchange losses and tax losses carried forward. However, deferred tax was not recognised on unabsorbed interest cost due to uncertainty about the recoverability thereof against future taxable profits.

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

1.4 Going concern assessment

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

Financial performance during the year

The group's revenue declined by 2% with volume reductions primarily in Bevcan Nigeria, DivFood and Bevcan SA. A 5% decrease in Metals was partially offset by increases of 2% and 28% for Plastics and Paper respectively.

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

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

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

The operating loss of R2.6 billion reflects an adverse movement of R3.2 billion from the prior year's operating profit of R640 million due to a significant increase in net impairments to R2.8 billion from R512 million.

Net impairment losses

The increase in net impairments was primarily due to significantly higher WACC rates in Nigeria and Angola driven by increased country risk premiums and risk-free rates coupled with increased interest rates in these countries. Downward revision in future expected volumes in Nigeria and Angola given the downturn in these markets during the second half of the group's financial year have also been contributing factors.

Net impairments of R2.8 billion recognised at 30 September 2023 consisted of the impairment of goodwill in Bevcan Nigeria of R1.5 billion, Bevcan Angola asset impairment of R827 million, DivFood asset impairment of R290 million and Rigids impairment of R175 million. These impairments represent 61% of the group's last reported shareholders' equity of R4 662 million.

Net finance costs

Net finance costs of R1.2 billion reflects an increase of 109% or R637 million over the prior year's net finance costs of R586 million and includes expensed transaction costs of R335 million due to the substantial modification of debt and R109 million relating to the capitalised leased assets (2022: R98 million). On average significantly high interest rates charged within the lender agreements and on average higher working capital throughout the year contributed to this significant increase in net funding costs.

Effective tax rate

The group's effective tax rate for the year under review is negative 4.1% with an effective tax rate of 143.7% in the prior year. The tax rate for the period has been materially impacted by the impairments.

Loss for the year

A loss of R4.0 billion attributable to owners of Nampak Ltd was incurred compared to a loss of R147 million in the comparative period and results in a loss per share of 117 295.5 cents compared to a loss of 4 879.5 cents per share (cps) in the prior year. Headline loss of R1.6 billion is reported compared to R229 million headline earnings in the prior period, resulting in a headline loss of 46 811.7 cps compared to headline earnings of 7 589.2 cps. The weighted average number of shares has taken into account the share consolidation and the impacts of the rights issue.

The net asset value per share of 19 810 cents decreased from 183 723 cents in September 2022, largely due to forex losses, impairments, high interest costs and the dilution impact of the rights issue.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Statement of financial position

The group's total assets at 30 September 2023 of R13.9 billion have been significantly reduced by the R2.8 billion impairment in the year. Current assets have declined to R7.9 billion from R8.8 billion at 30 September 2023. Cash balances have increased from R1.5 billion at 30 September 2022 to R1.8 billion at 30 September 2023.

Non-current liabilities have increased to R7.6 billion from R6.7 billion due to the increase in longer term debt post the group debt restructure process. Current liabilities are affected by lower trade payables moving from R3.8 billion in 2022 to a balance of R3.3 billion in 2023, largely due to decreased inventory levels. Lower short-term debt as net debt decreased from R5.2 billion to R4.6 billion following the successful rights offer process and reduced terms to a key customer but offset by higher forex losses and higher transaction costs and interest costs following the debt restructure process.

Statement of cash flows

The key contributors to the increase in the net cash and cash equivalents of R1.8 billion held at 30 September 2023 are depicted below, net cash and cash equivalents amounted to R1.5 billion at 30 September 2022:

- › a reduction of R763 million in cash generated before working capital charges primarily due to the significant forex losses in Nigeria and Angola and reported operating losses in Bevcan Nigeria and Nampak Nigeria;
- › offset by the release of R905 million working capital primarily due to inventory delivering positive cash flows of R370 million, trade receivables of R423 million and trade payables of R112 million despite the cancellation of the invoice discounting facility due to finalisation of agreements related to the debt restructure with no further drawdowns allowed after 26 September 2023;
- › higher cash interest paid of R608 million in the year ended 30 September 2023;
- › capital expenditure of R352 million partially offset by R236 million proceeds from asset disposals
- › debt repaid of R447 million; and
- › net proceeds from the successful rights offer process of R960 million.

Working capital absorption has been an issue in the past and was reflective of a structural imbalance in Bevcan South Africa's trading terms offered to a key customer. Post 31 March 2023 an agreement was reached with the customer for credit terms to be reduced to 30 days from invoice with effect from 1 April 2023 down from 137 days which resulted in an approximate improvement of R400 million in working capital.

Impacts of volatile commodity prices, continued disruptions in supply chains and increased demand from our customers required careful planning given the impacts on the group's funding requirements. High commodity prices resulted in elevated working capital levels for a significant portion of the year which have been funded by a combination of internally generated cash and existing borrowing facilities. The group aims to operate a working capital funding model that funds inventory holdings through trade payables with the group therefore only funding its high-quality trade receivables book. The group was not able to fund all inventory holdings utilising funding from trade creditors with certain creditors not having the financial flexibility to accommodate the increased demand from the group and the higher commodity prices. This absorbed working capital for a significant part of the year and led to increased net finance costs.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

The current ratio as at 30 September 2023 was 1.8 times and the acid test ratio at 1.0 times, well ahead of the prior year ratios of 1.4 times and 0.8 times, respectively. This is due to the successful rights offer process being concluded and the debt restructure implemented at the end of September 2023 which converted debt previously classified as short term at 30 September 2022 to long term at 30 September 2023. The requirements from the delivery of the asset disposal plan as approved by the board will be critical in delivering the required debt reduction

Debt has been successfully termed to 31 March 2026 except for R720 million which falls due for settlement against facilities A1 and A2, and USPP noteholders in at 31 March 2024 (R243 million) and 30 September 2024 (R477 million) respectively.

Short-term liquidity, funding facilities and negotiations with funders

The salient features of the revised debt structure are set out below:

- › a simplified lender structure on implementation date, as one lender will no longer form part of the consortium;
- › usage of the proceeds from the rights offer to repay debt;
- › borrowing-base facility of R2.6 billion in Nampak Products Ltd and a revolving credit facility of US\$10 million in Nampak International Ltd, providing flexible working capital financing secured through the group's high-quality debtors book and raw material and finished goods inventory;
- › a reduction in the US dollar based financing to minimise exchange rate exposure with a clear path to redeem the USPP debt of US\$25 million within the next 18 months; and
- › strong support from the big four South African banks including a commitment to finance the group in the long term.

The group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term other than a R350 million expansion required to upgrade line 2 at Bevcan South Africa.

Timing and success of asset disposals

The requirements from the delivery of the asset disposal plan as approved by the board will be critical in delivering the required debt reduction and amounts to R2.7 billion.

Rights offer

On 22 September 2023 Nampak completed a successful, oversubscribed rights offer and generated R1.0 billion in cash partially offset by transaction costs raising a net proceeds of R960 million. This was a significant milestone and the single most important step in the debt restructure programme, this set in motion the funds flow agreement and the group successfully executed this highly complex funds flow agreement within 4 days.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Solvency and liquidity

Solvency

At 30 September 2023, after impairments, the valuations of the group's assets, at fair value, exceed their liabilities. As such, the group is of the view that given the headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the group is solvent as at 30 September 2023 and at the date of this report.

Liquidity management

Covenants have been complied with for all measurement periods including 30 June 2023. As debt had already been restructured at 30 September 2023 the lenders have allowed a dispensation for measuring the covenant at 30 September 2023. Set out in the first table below are the covenant positions and thresholds applied and met during the current financial year:

Covenant	Measurement period		
	31 Dec 2022	31 Mar 2023	30 Jun 2023
Net debt/EBITDA	2.93	2.90	3.18
Net debt/EBITDA threshold	<3.50	<3.00	<3.30
EBITDA/Interest	3.83	3.35	2.87
EBITDA/Interest threshold	>3.00	>3.00	>2.75

The second set of tables set out the covenant ratios going forward:

Leverage ratio

Measurement period	Leverage ratio
Period ending 31 December 2023	8.75 : 1.00
Period ending 31 March 2024	5.50 : 1.00
Period ending 30 June 2024	5.50 : 1.00
Period ending 30 September 2024	5.50 : 1.00

The leverage ratio is the total outstanding loans and drawn-down facilities (other than for a loan of R1.9 billion that forms part of the junior debt package which is required to be settled from the disposal of businesses and assets in terms of the group's asset disposal plan i.e. the 'junior debt component') expressed as a ratio of the adjusted EBITDA (defined for covenant purposes i.e. the 'covenant EBITDA') relating to Nampak Products Ltd for the previous 12 months determined on a rolling 12-month basis for all measurement periods.

Interest coverage ratio

Measurement period	Interest cover ratio
Period ending 31 December 2023	0.80 : 1.00
Period ending 31 March 2024	1.10 : 1.00
Period ending 30 June 2024	1.20 : 1.00
Period ending 30 September 2024	1.15 : 1.00

The interest coverage ratio is the covenant EBITDA relating to Nampak Products Ltd for the previous 12 months determined on a rolling 12-month basis expressed as a ratio of the net finance costs of the group relating to the total outstanding loans and drawn-down facilities (other than the junior debt component). These net finance costs are annualised for all measurement periods concerned in the financial year ending 30 September 2024. For all measurement periods after 30 September 2024, these net finance costs relate to the previous 12 months on a rolling 12-month basis.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Current ratio

Measurement period	Current ratio
Period ending 31 December 2023	1.40 : 1.00
Period ending 31 March 2024	1.10 : 1.00
Period ending 30 June 2024	1.20 : 1.00
Period ending 30 September 2024	1.10 : 1.00

The current ratio is the total current assets of Nampak Products Ltd expressed as a ratio of the total current liabilities of Nampak Products Ltd.

Group tangible net asset value

Measurement period	Group tangible net asset value
Period ending 31 March 2024	2.60 : 1.00
Period ending 30 September 2024	2.60 : 1.00

The group tangible net asset value ratio is the total net tangible asset value of Nampak Limited (excluding the junior debt component) expressed as a ratio of the junior debt component.

The parent shall, at all times, ensure that the group maintains available liquidity of no less than R650 million.

Security

On 25 September 2023, the group entered into new financing agreements with its lenders and US private placement noteholders which replaced the financing agreements from 31 March 2023. The new financing was secured through inter alia, the following security granted to the lenders:

Nampak Ltd

- › A first ranking pledge and cession in security under South African law in terms of which Nampak Ltd pledges its shares in, and cedes its shareholder claims against, Nampak Products Ltd and any other entity incorporated in South Africa (other than a member of the group which is a dormant company); and
- › To the extent applicable, local law governed first ranking security over its shares in and shareholder claims against Nampak International Limited and any other entity incorporated in a jurisdiction other than South Africa (other than a member of the group which is a dormant company).

Nampak Products Ltd

- › A first ranking cession in security of its present and future claims (including trade receivables), cash and cash equivalents, bank accounts, intellectual property rights (other than trademarks), insurances, insurance proceeds and disposal proceeds Deed of hypothecation over trademarks under South African law:
 - › first mortgage bonds over fixed assets;
 - › general notarial bond over moveable assets and inventory; and
 - › special notarial bond over certain specified moveable assets.

Nampak International Ltd

- › local law governed first ranking security agreements in terms of which it charges its shares in, and assigns its shareholder claims against Nampak Bevcan Nigeria Ltd and Nampak Bevcan Angola LDA; and
- › to the extent possible, customary local law all asset security over its present and future assets, including but not limited to all present and future claims (including trade receivables), cash and cash equivalents, bank accounts, insurances, insurance proceeds, disposal proceeds intellectual property rights (including trademarks and patents).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

1. Basis of preparation *continued*

1.4 Going concern assessment *continued*

Estimates and judgements considered within the liquidity assessment

Management is of the view that, despite a material uncertainty existing at the reporting date regarding the group's ability to effectively deliver on the group's asset disposal plan ("ADP"), with a very high proportion of the proceeds derived from the disposal of Bevcan Nigeria, the group has already delivered a successful, oversubscribed rights offer process with net R960 million settled against debt as well as the full implementation of the restructured debt package. These were two critical items previously in doubt and now delivered. The disposals of the Tanzania, UK property and Nampak Nigeria properties have already been completed with proceeds to flow in due course (albeit after the year-end) as well as progress made on locating a buyer for Bevcan Nigeria (although not all criteria have been met for an asset held for sale), all pointing towards the ADP being well under way and likely to deliver on expectations from our lenders and shareholders. The debt restructure and rights offer process has strengthened the balance sheet and significantly improved the group's short-term liquidity. Furthermore, increased focus on the collection of overdue trade receivables as well as the tightening of credit terms to customers is expected to positively impact working capital, cash flow and resultant debt levels. In terms of the restructured lender agreements, the group is required to reduce debt by R243 million by 31 March 2024 and R477 million by 30 September 2024 through internally generated activities and asset disposals. The combined amount of R720 million has been reflected as a short-term liability at 30 September 2023.

Conclusion

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

Whilst there are material uncertainties, the directors have, based on the information available to them, considered the financial plans and forecasts, available funding facilities, the actions taken by the group, cost reduction and optimisation plans, the management of working capital and capital expenditures, as well as the group already having refinanced the group and executed a successful raise capital through a proposed rights offer.

Based on these assessments, the directors are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

1.5 Subsequent events

On 31 October 2023, the group received the first instalment of NGN6.7 billion (US\$8.6 million) from the disposal of property and related plant of Nampak Nigeria Ltd, a group company, in terms of the agreement effected during August 2023 for NGN7.5 billion (US\$9.5 million) on meeting certain conditions pertaining to the agreement. The details of this transaction were communicated in a SENS dated 30 August 2023. R104.7 million (US\$5.5 million) of these proceeds have been remitted to Nampak International Ltd to date. The balance of the purchase price net of related disposal costs is expected to be received in January 2024.

On 31 October 2023, the group disposed of a property located in the United Kingdom for the net amount of R41.4 million (GBP1.8 million). Transfer was effected on 10 November 2023 and these proceeds were received during November 2023. This property is disclosed as held for sale in note 6.7.

Both disposals were effected in terms of the group's asset disposal plan and the net proceeds will be applied to the reduction of the group's outstanding debt obligations.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance

2.1 Revenue

R million	2023	2022
Sale of finished goods	16 151.2	16 304.7
Transport cost recoveries	117.4	171.9
Rendering of services	20.9	38.1
Scrap sales	344.1	421.8
Total	16 633.6	16 936.5

Revenue comprises the consideration received or receivable on contracts entered into with customers in the ordinary course of the group's activities and is shown net of taxes, cash discounts, settlement discounts and rebates provided to customers.

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

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

Revenue is recognised on the sale of goods when control is transferred to the customer usually by means of delivery of the goods concerned and is primarily earned in the Metals segment. Transport costs recovered from customers are recognised on provision of the transport concerned and is primarily earned in the Metals South Africa segment for segmental reporting purposes. Revenue from providing services is recognised when the services have been performed over the period of the contract(s) concerned.

Revenue from scrap sales is earned in the Metals South Africa segment for segmental reporting purposes. Revenue is recognised on the sale of scrap when control is transferred to the customer being at the point where the goods are loaded on to the transport vehicle of the customer concerned.

Revenue is disaggregated in line with segmental reporting (note 2.4).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.2 Operating profit before net impairment losses

Operating profit/(loss) is defined as the profit/(loss) derived from the core operating activities of group companies over which the group has control in terms of IFRS 10: Consolidated Financial Statements. Operating profit/(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 income/(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.

Operating profit is stated after taking into account the following items:

R million	2023	2022
Employee benefit expense includes:		
Retrenchment costs	105.3	6.7
Defined benefit plan expense	80.2	78.8
Pension fund curtailment gain	(21.6)	(37.9)
Defined benefit surplus	—	(221.6)
Other share-based payment expenses	(1.1)	26.5
Depreciation and amortisation consists of:		
Freehold and leasehold buildings	33.5	33.1
Plant, equipment and vehicles	263.1	309.3
Investment properties*	—	—
Right of use assets	98.6	110.9
Intangible assets	14.1	18.4
Total	409.3	471.7

* Amounts less than R50 000.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.2 Operating profit before net impairment losses *continued*

R million	2023	2022
Other operating expenses and income include:		
Auditors' remuneration		
Audit and professional fees	35.9	31.8
Tax services	1.4	2.5
Other services	2.2	2.3
Total	39.5	36.6
Rentals in respect of low value assets, short-term leases and rates and taxes		
Low value leases (assets valued at less than R0.1m)	8.7	5.2
Short-term leases	5.7	0.3
Variable leases	31.8	30.1
Total	46.2	35.6
Net loss/(gain) on financial instruments		
Derivatives	16.1	(8.1)
Net foreign exchange losses excluding Zimbabwe*	1 256.8	542.4
Total	1 272.9	534.3
* Includes devaluation losses arising from Angolan and Nigerian exchange rate movements of R1 234.7 million (2022: R545.6 million) relating to trade receivables, trade payables and bank balances. Refer note 2.4.		
Net (profit)/loss on disposals and liquidations		
Net profit on disposal of property, plant and equipment*	(156.9)	(9.8)
Net loss on liquidation of businesses	49.2	—
Total	(107.7)	(9.8)
Other expenses/(income)		
Net impact of devaluation in Zimbabwe	66.8	69.7
Gap cover for insurance claims intimated due to exceptional losses	—	50.0
Fair value gain on assets	(8.1)	(17.8)
Administration and technical fees	10.2	8.3
Selling expenses	4.1	26.1
Distribution expenses	482.1	505.4
Transport expenses	415.0	430.7
Other distribution expenses	67.1	74.7
Research and development expenditure	2.9	1.1
Legal and related fees — financial instruments	—	8.9
Restructuring costs	45.1	4.9

* Included in the current year is net profit on the disposal of property, plant and equipment related to business closure (R139.0 million). Refer note 2.4.

Directors and prescribed officers' remuneration

Full details of remuneration are included in note 7.3.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.3 Net impairment losses

R million	2023	2022
Impairment losses	2 841.6	543.6
Plant, equipment and vehicles	1 113.7	345.4
Right of use assets	178.2	142.8
Goodwill	1 549.2	45.4
Other Intangible assets	0.5	0.2
Assets held for sale	—	9.8
Reversal of impairment losses	—	(31.5)
Freehold land and buildings	—	(0.9)
Plant and equipment	—	(30.6)
Total	2 841.6	512.1

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

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 2023 taking into account the approved budget for 2024 and the strategic plans for the years 2025 to 2028.

The key assumptions used for the assessments were as follows:

%	South African divisions	Bevcan Nigeria	Bevcan Angola	Rest of Africa (excl. Bevcan Nigeria and Bevcan Angola)
2023				
Growth rate	4.6	2.4	2.4	2.4 – 12.8
Discount rate (pre-tax)	17.8	27.1	23.2	23.4 – 41.1
Discount rate (post-tax)	14.2	16.6	17.7	16.6 – 35.1
2022				
Growth rate	4.7	2.6	2.6	2.6 – 13.5
Discount rate (pre-tax)	17.3	18.0	18.7	17.2 – 35.3
Discount rate (post-tax)	13.6	12.5	14.9	14.0 – 24.6

Management estimates discount rates using the weighted average cost of capital (WACC) for the group, adjusted for risks associated with the geographical markets in which the cash generating unit operates. The WACC increased generally in the current year as a consequence of higher in-country risk premiums and interest rates. Growth rates are based on industry growth rate forecasts.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

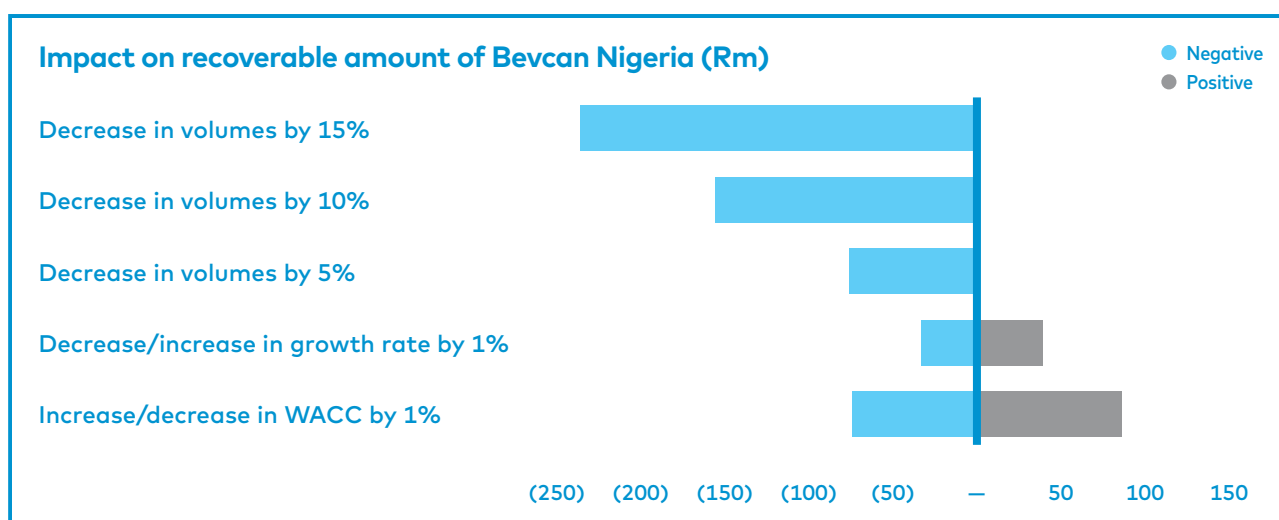
2. Operational performance *continued*

2.3 Net impairment losses *continued*

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

Bevcan Nigeria

The Nigerian economy has been adversely impacted in the current financial year by rampant inflation caused largely by the removal of the fuel subsidy and the depreciation of the Naira due to a forex market that was increasingly dysfunctional during the period under review as forex illiquidity worsened. These events have slowed economic growth and resulted in volume growth being lower than previously anticipated. The WACC has also increased to 16.6% from 12.5% in the previous year due to an increase in the risk-free rate and the increased country risk premium. In light of these developments, the group assessed the carrying value of goodwill in Bevcan Nigeria for impairment at 30 September 2023. As a result, an impairment loss was recognised of R1 549.2 million (US\$84.8 million) reducing the carrying value of goodwill attributed to Bevcan Nigeria to R336.3 million (US\$17.8 million). The estimated recoverable amount of the Bevcan Nigeria assets is R1.3 billion (US\$71.2 million).



Bevcan Angola

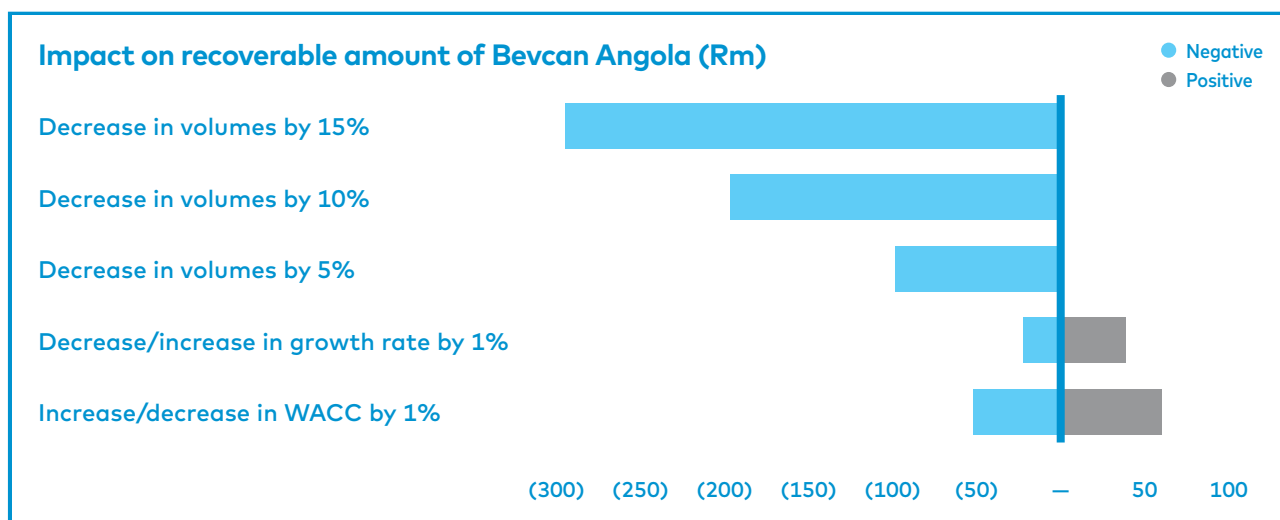
The Angolan economy has deteriorated over the past 12 months due to lower oil production volumes, the fall in the oil price and the depreciation of the Kwanza, which in turn has impacted the distributable income of customers (and thereby, sales volumes). As a result, GDP growth is expected to be around 1.7% for the year (compared to 3.3% in the prior year). The WACC has increased to 17.7% from 14.9% in the previous year due to the higher risk-free rate, higher cost of debt and increased country risk premium, resulting in the recognition of an impairment loss at 30 September 2023 of R827.1 million (US\$44.6 million). The recoverable amount of the Bevcan Angola operation amounts to R927.6 million (US\$49.0 million).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

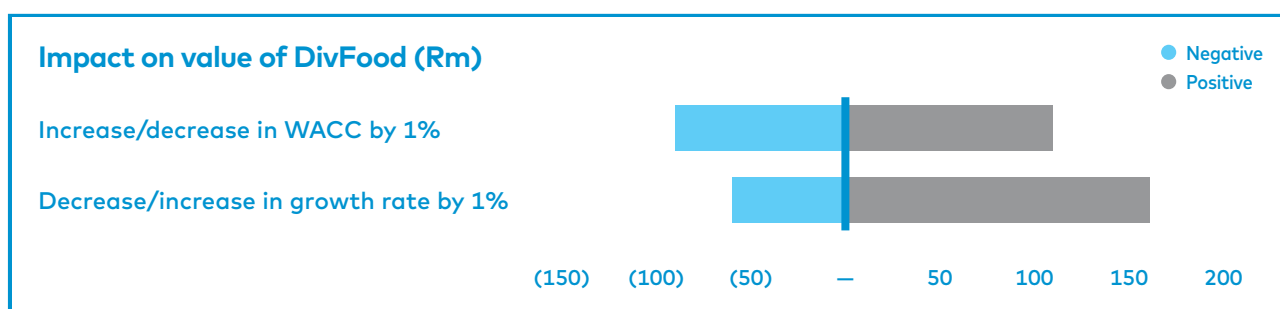
2. Operational performance *continued*

2.3 Net impairment losses *continued*



DivFood South Africa

The DivFood business continues to experience low demand for certain product categories. The net working capital, however, has improved due to the reduction in commodity prices and the improved collection from customers. Several initiatives to increase the profitability of this business are also currently being pursued including the correction of customer pricing and reduced overheads. In light of the current circumstances however, as well as the WACC for this business being increased to 14.2% (2022: 13.6%), management has determined that an impairment loss at 30 September 2023 of R290.5 million should be recognised. The recoverable amount of the DivFood business amounts to R975.4 million.



Rigids South Africa

The Rigids business continues to experience pressure on volumes. Imported material is also impacting margins. Internal projects to simplify and optimise operations are ongoing and the benefits have not yet been fully realised. Due to these circumstances, as well as the higher WACC of 14.2%, an impairment loss of R174.8 million was recognised at 30 September 2023. The recoverable amount of the Rigids business amounts to R84.3 million based on fair value less costs to sell. This represents a level 3 fair value measurement per IFRS 13 fair value hierarchy.

A 5% change in fair value less costs to sell would amount to R4.2 million, while a 10% change in fair value less costs to sell would amount to R8.4 million.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.4 Segmental performance

R million	External revenue		Internal revenue ¹		Trading profit/(loss) ²		Trading margin (%)		Adjusted EBITDA ³	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Segment analysis:										
Metals	12 268.1	12 914.8	—	2.0	1 386.5	1 280.6	11.3	9.9	427.6	1 035.9
Plastic	2 999.3	2 953.0	11.2	5.9	217.2	247.5	7.2	8.4	269.4	253.7
Paper	1 366.2	1 068.7	18.3	10.2	249.6	182.6	18.3	17.1	232.4	173.8
Operations	16 633.6	16 936.5	29.5	18.1	1 853.3	1 710.7	11.1	10.1	929.4	1 463.4
Corporate	—	—	1 264.8	1 617.3	(215.4)	(99.3)	—	—	(244.3)	160.5
Eliminations	—	—	(1 294.3)	(1 635.4)	—	—	—	—	—	—
Total	16 633.6	16 936.5	—	—	1 637.9	1 611.4	9.8	9.5	685.1	1 623.9
Geographical analysis:										
South Africa	11 114.6	11 495.1	328.0	450.8	554.5	399.3	5.0	3.5	664.8	637.1
Rest of Africa	5 519.0	5 441.4	—	0.4	1 298.8	1 311.4	23.4	24.1	264.6	826.3
Operations	16 633.6	16 936.5	328.0	451.2	1 853.3	1 710.7	11.1	10.1	929.4	1 463.4
Corporate	—	—	1 264.8	1 617.3	(215.4)	(99.3)	—	—	(244.3)	160.5
Eliminations	—	—	(1 592.8)	(2 068.5)	—	—	—	—	—	—
Total	16 633.6	16 936.5	—	—	1 637.9	1 611.4	9.8	9.5	685.1	1 623.9

1. Internal revenue relates to the sale of goods to group companies other than those that reside in the same segment as the company effecting the sale. The group accounts for intragroup transactions on the same basis as transactions with third parties (being at current market prices).
2. Trading profit/(loss) is the main measure of profitability used for segmental reporting purposes and includes foreign exchange movements on forward exchange contracts. Trading profit is determined after excluding capital and other items, as defined below, from operating profit before net impairment losses.
3. The adjusted EBITDA calculation is based on operating profit before depreciation, amortisation and net impairment losses. Due to the impact of the debt restructuring in the current period, the metric of adjusted EBITDA for current purposes, as previously reported, no longer applies. Management has therefore revised this metric in the current period and comparative numbers have been represented.

R million	2023	2022
Revenue to external customers by customer location:		
South Africa	10 274.3	10 212.8
Nigeria	1 991.7	2 455.3
Zimbabwe	1 853.2	1 458.4
Angola	911.8	850.9
Zambia	412.3	383.8
Malawi	212.2	154.5
Kenya	172.5	192.8
Botswana	139.3	191.3
Namibia	63.1	240.4
Rest of the world	603.2	796.3
Total	16 633.6	16 936.5

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

During the current year one customer in the Metals South Africa segment contributed R1 853.9 million (2022: R1 708.1 million) i.e. 11.1% (2022: 10.1%) of the total external revenue of the group. There were no other customers that contributed individually more than 10% to the total external revenue of the group.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.4 Segmental performance *continued*

R million	2023	2022
Reconciliation of operating profit before net impairment losses to trading profit and adjusted EBITDA		
Operating profit before net impairment losses	275.8	1 152.2
Adjusted for capital and other items		
Capital items ¹	(89.8)	—
Net loss on liquidation of businesses	49.2	—
Net profit on property, plant and equipment disposed due to business closure	(139.0)	—
Other items ²	1 451.9	459.2
Net impact of devaluation in Zimbabwe	66.8	69.7
Devaluation loss arising from Angolan and Nigerian exchange rate movements	1 234.7	545.6
Retirement benefit plan surplus ³	—	(221.6)
Insurance loss ⁴	—	50.0
Retrenchment and restructuring costs	150.4	11.6
Net measurement of expected credit loss allowance on loan and lease receivables (other than the Reserve Bank of Zimbabwe financial instrument)	—	4.0
Other	—	(0.1)
Trading profit	1 637.9	1 611.4
Operating profit before net impairment losses	275.8	1 152.2
Depreciation and amortisation expense ⁵	409.3	471.7
Metals	249.8	304.3
Plastic	45.9	41.8
Paper	16.5	16.3
Corporate	97.1	109.3
Adjusted EBITDA	685.1	1 623.9

- Capital items relate to items other than impairment losses/(reversals) that are adjusted for in the headline earnings per share calculation.
- Other items are defined as losses/(gains) which do not arise from normal trading activities or are of such a size, nature or incidence that their disclosure is relevant to explain the performance for the year.
- Prior year relates to the portion of the actuarial surplus in the Malbak Group Pension Fund accruing to Nampak Products Limited, a direct subsidiary of Nampak Limited. Refer note 7.1.
- Prior year relates to the gap cover for insurance claims intimated due to the exceptional losses arising from the flood damage incurred in KwaZulu-Natal during April 2022.
- Depreciation and amortisation has been presented in the current period in line with the requirements of IFRS 8: Operating Segments into its segmental components and the prior year numbers have been provided.

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

The principal activities of the segments are as follows:

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

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

Paper — manufacture of corrugated boxes and folding cartons;

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.4 Segmental performance *continued*

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

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

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

2.5 Cash generated from operations

R million	2023	2022
Reconciliation of (loss)/profit before tax to cash generated from operations		
(Loss)/profit before taxation	(3 795.8)	58.8
Adjustment for:		
Depreciation and amortisation	409.3	471.7
Net profit on disposal of property, plant, equipment, intangible assets and investments	(156.9)	(9.8)
Net loss on liquidation of businesses	49.2	—
Financial instruments fair value adjustment	16.1	(8.1)
Net defined benefit plan expense	58.6	40.9
Defined benefit asset utilisation/(surplus)	30.8	(221.6)
Impairment losses	2 841.5	543.6
Reversal of impairment losses	—	(31.5)
Net devaluation impact in Zimbabwe	66.8	69.7
Net foreign exchange gains	(256.7)	(64.8)
Monetary adjustment for hyperinflation	258.1	125.5
Net expected credit losses — Reserve Bank of Zimbabwe financial instrument	65.4	9.0
Share of net loss/(profit) in associate and joint venture	6.2	(5.1)
Share based payments (benefit)/expense	(1.1)	26.5
Fair value gain on assets	(8.1)	(17.8)
Net finance costs	1 223.8	586.4
Cash generated from operations before working capital changes	740.4	1 503.7
Net working capital changes	904.6	(658.5)
Decrease/(increase) in inventories	369.9	(753.8)
Decrease/(increase) in trade and other current receivables	423.0	(404.2)
Increase in trade and other current payables	111.7	499.5
Cash generated from operations	1 645.0	845.2

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

2. Operational performance *continued*

2.6 Changes in liabilities arising from financing activities

R million	2023	2022
Loans		
Opening balance	6 880.4	5 924.3
Loans — non-current	4 721.9	4 474.3
Loans — current	2 158.5	1 450.0
Financing cash flows:		
Loans raised	6 649.7	912.1
Loans repaid	(7 097.0)	(511.6)
Non-cash changes:		
Amendment fees capitalised	41.2	—
Derecognition gain on debt restructuring	(82.1)	—
Translation differences	137.7	555.6
Closing balance	6 529.9	6 880.4
Loans — non-current	5 809.9	4 721.9
Loans — current	720.0	2 158.5
Lease liabilities		
Opening balance	1 305.5	1 156.1
Lease liabilities — non-current	1 090.9	972.8
Lease liabilities — current	214.6	183.3
Financing cash flows:		
Lease liabilities repaid	(120.8)	(125.4)
Non-cash changes:		
Restatement — IFRS 16	—	(29.3)
Lease liabilities raised	3.6	56.4
Lease liabilities cancelled	(7.8)	—
Lease modification	51.7	103.8
Transfer from held-for-sale	—	149.9
Other movements	(0.4)	(0.4)
Translation differences	(5.7)	(5.6)
Closing balance	1 226.1	1 305.5
Loans — non-current	1 016.1	1 090.9
Loans — current	210.0	214.6

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

3. Taxation

3.1 Income tax

R million	2023	2022
South Africa		
Current tax		
Current year	–	0.3
Prior year	(0.2)	(0.3)
Deferred tax		
Current year	(8.2)	(61.9)
Prior year	10.2	12.6
Change in tax rate	–	13.3
Withholding tax	1.4	4.9
Total South African income tax charge/(credit)	3.2	(31.1)
Foreign		
Current tax		
Current year	144.3	109.6
Prior year	4.3	9.8
Capital gains tax	0.6	0.6
Hyper-inflation adjustment	83.9	51.5
Deferred tax		
Current year	(142.1)	(71.8)
Prior year	–	(43.7)
Change in tax rate	–	1.2
Hyper-inflation adjustment	29.2	32.1
Withholding and other taxes	32.6	26.3
Total foreign tax charge	152.8	115.6
Total	156.0	84.5

The company tax rate in South Africa is 27% (2022: 28%) of the taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in those relevant jurisdictions. In particular, the company tax rates for Nigeria, Angola and Zimbabwe are as follows:

- › Nigeria – 30.00% (2022: 30.00%)
- › Angola – 25.00% (2022: 25.00%)
- › Zimbabwe – 24.72% (2022: 24.72%)

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

3. Taxation *continued*

3.1 Income tax *continued*

%	2023	2022
Reconciliation of rate of tax¹		
Statutory tax rate	27.0	28.0
Increase in tax rate due to:	(32.0)	542.0
Goodwill impaired ²	(10.9)	—
Deferred taxation not recognised ³	(7.7)	135.5
Foreign currency translation impact	(5.0)	68.7
Hyperinflation adjustments	(3.0)	166.8
Foreign tax rate differential	(1.9)	—
Disallowable expenses ⁴	(2.2)	92.3
Withholding and other foreign taxes	(0.9)	53.9
Adjustment for prior years	(0.4)	—
Tax rate reduction	—	24.8
Reduction in tax rate due to:	0.9	(426.3)
Recognition of losses and temporary differences not previously recognised	—	(34.4)
Adjustment for prior years	—	(36.8)
Foreign tax rate differential	—	(84.1)
Utilisation of tax losses not previously recognised	0.2	(247.4)
Government incentives and exempt income (including capital profits) ⁵	0.7	(23.6)
Effective group rate of tax	(4.1)	143.7

1. Current year signage of reconciling items is impacted by the loss before tax for the year.
2. Due to the economic slow down in Nigeria, the carrying value of the Nampak Bevcan Nigeria Ltd goodwill was assessed and an impairment loss was recognised for which no tax shield is available.
3. Deferred tax not recognised relates mainly to the deferred tax assets not recognised on a portion of the tax loss of Nampak Products Ltd and Nampak Bevcan Nigeria Ltd disallowed interest expense carried forward where the forecast level of EBITDA is insufficient to allow recoverability.
4. Disallowed expenses include unproductive interest, expenses not in the production of income, expenses not deductible in terms of local tax law and expenses of a capital nature.
5. Exempt income relates mostly to the profit on the disposal of property in Tanzania.

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

In addition to the income tax charge to profit or loss, a deferred tax charge of R31.5 million (2022: R5.8 million charge) has been recognised in other comprehensive income during the year.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

3. Taxation *continued*

3.2 Deferred tax

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

R million	Accelerated tax depreciation	Provisions	Retirement benefit obligation	Right of use assets	Tax losses	Inventory	Foreign exchange differences	Other*	Total
At 1 October 2021	1 114.4	(209.9)	(224.1)	(171.3)	(738.4)	58.9	(87.9)	23.5	(234.8)
(Credit)/charge to other comprehensive income for the year	(4.8)	(2.6)	9.4	4.3	—	—	(0.5)	—	5.8
(Credit)/charge to profit for the year	(172.8)	35.9	13.1	1.8	(77.2)	(6.5)	47.5	7.9	(150.3)
Hyperinflation adjustment	22.8	(0.1)	—	—	—	—	9.6	(0.2)	32.1
Translation differences	45.4	(3.0)	0.1	(4.2)	(19.1)	(2.8)	7.8	(17.4)	6.8
At 30 September 2022	1 005.0	(179.7)	(201.5)	(169.4)	(834.7)	49.6	(23.5)	13.8	(340.4)
Charge/(credit) to other comprehensive income for the year	20.1	18.3	—	(0.1)	—	—	(6.5)	(0.3)	31.5
(Credit)/charge to profit for the year	(141.8)	18.5	5.0	(40.1)	177.3	31.5	(236.4)	45.9	(140.1)
Hyperinflation adjustment	21.7	(3.7)	—	—	—	(1.2)	12.4	—	29.2
Translation differences	(25.3)	(6.2)	0.1	1.0	(3.7)	(1.8)	6.6	(0.2)	(29.5)
At 30 September 2023	879.7	(152.8)	(196.4)	(208.6)	(661.1)	78.1	(247.4)	59.2	(449.3)

* The amount includes R57.2 million deferred tax liability in respect of a pension fund surplus received from the Malbak Group Pension Fund, as well as deferred tax in respect of share-based payments, prepayments, finance lease debtors.

R million	2023	2022
Analysed between:		
Deferred tax assets	(495.7)	(436.0)
Deferred tax liabilities	46.4	95.6
	(449.3)	(340.4)

At year end the group had unused tax losses of R3 804.6 million (2022: R4 104.3 million) available for offset against future taxable profits. Deferred tax assets have been recognised in respect of R2 448.6 million (2022: R3 121.8 million) of such losses based on the assessment of budgets prepared by management of the entities concerned. No deferred tax asset has been recognised on the remaining R1 356.0 million (2022: R982.5 million) due to the unpredictability of future profit streams. The group has tax losses of R612.3 million (2022: R1 381.9 million) that will expire within the next 5 years. Deferred tax has been raised on R225.6 million (2022: R521.5 million) of these losses. Included in the group overall tax losses is Nampak Bevcan Angola LDA losses of R451.5 million (2022: R932.9 million expiring 3 years) expiring within 2 years and R120.8 million (2022: R219.2 million expiring 4 years) expiring within 3 years.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

3. Taxation *continued*

3.2 Deferred tax *continued*

The losses below for 2023 are made up as follows:

R million	Deferred tax raised	Deferred tax not raised	Total	
			2023	2022
Nampak Products Ltd	2 104.4	700.9	2 805.3	2 530.5
Nampak Bevcan Angola LDA	206.5	365.7	572.2	1 152.2
Nampak Bevcan Nigeria Ltd	118.4	—	118.4	69.6
Nampak Malawi Ltd	19.1	14.9	34.0	42.1
Nampak Ltd	0.2	—	0.2	—
Nampak Kenya Ltd	—	160.0	160.0	158.2
Nampak Tanzania Limited	—	50.6	50.6	122.3
Nampak Nigeria Ltd	—	31.1	31.1	—
Bullpak Ltd	—	26.5	26.5	26.9
Megapak Swaziland (Pty) Ltd	—	3.8	3.8	—
Nampak Packaging Plc	—	1.9	1.9	0.1
Nampak Liquid Botswana (Pty) Ltd	—	0.6	0.6	1.6
Hunyani Forest Ltd (Zimbabwe)	—	—	—	0.8
Total	2 448.6	1 356.0	3 804.6	4 104.3

* The business of Nampak Tanzania Ltd, Nampak Nigeria Ltd, Bullpak Ltd and Megapak Swaziland (Pty) Ltd are at various stages of being closed down and the companies will be wound down. No deferred tax asset was raised on these losses, as the utilisation of the losses are uncertain.

Loss expiration table

The losses have expiry dates as follows:

R million	2023	2022
Year 1	28.3	20.4
Year 2	455.4	35.4
Year 3	121.1	956.4
Year 4	1.3	238.0
Year 5	6.2	10.8
Years 5 – 10	—	120.9
No expiry date	3 192.3	2 722.4
Total	3 804.6	4 104.3

Key judgements

Management has reviewed the future profit forecasts for Nampak Products Ltd, Nampak Bevcan Angola LDA, Nampak Bevcan Nigeria Ltd and Nampak Malawi Ltd and are satisfied that there will be sufficient taxable income in the foreseeable future to utilise the tax losses to the extent that a deferred tax asset was raised. A deferred tax asset was derecognised on R700.9 million of tax losses of Nampak Products Ltd.

For the remaining entities, deferred tax assets were raised on tax losses to the extent that management is satisfied that there will be sufficient taxable temporary differences to cover the deferred tax raised on the tax losses. In 2023 no additional deferred tax assets were raised on tax losses.

Nigeria has a 5 year limitation on interest in excess of 30% of EBITDA. Nampak Bevcan Nigeria Ltd did not raise a deferred tax asset on interest deferred amounting to R61.3 million as the interest expense deferred up 30 September 2023 is not expected to be utilised within the 5 year limitation period.

In addition, the group had capital losses available for utilisation against future capital gains to the value of R2 620.8 million (2022: R2 640.6 million).

During the year capital losses amounting to R10.5 million (2022: R10.5 million) were utilised.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

4. (Loss)/earnings per share

4.1 Basic loss per share

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

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

The weighted average number of shares used for calculating basic loss per share, headline loss per share, diluted basic loss and diluted headline loss per share for the prior reporting periods have been restated and have been adjusted by a factor of 1.18 in accordance with guidance provided in IAS 33 Earnings per share. For the current reporting period the opening weighted average number of shares and share movements that occurred prior to the rights issue have also been adjusted by the factor of 1.18 while the share movements post the rights issue have not been adjusted by the factor.

Shares are weighted for the period in which they are entitled to participate in the profits of the group.

R million	2023	2022
Basic loss		
Loss attributable to equity holders of the company for the year	(4 032.8)	(146.9)
Less: preference dividend	(0.1)	(0.1)
Basic loss	(4 032.9)	(147.0)
Weighted average number of shares in issue ('000)*	3 438	3 013
Basic loss per share*	(117 295.5)	(4 879.5)

* Weighted average number of shares and basic loss per share have been restated for the effect of the share consolidation and rights issue.

4.2 Diluted basic loss per share

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

R million	2023	2022
Diluted basic loss per share		
Diluted basic loss ¹	(4 032.9)	(147.0)
Weighted average number of ordinary shares for the purpose of diluted basic loss per share ('000)	3 438	3 013
Weighted average number of ordinary shares for the purpose of basic loss per share	3 438	3 013
Other share incentive plans ('000) ²	—	—
Diluted basic loss per share	(117 295.5)	(4 879.5)

1. No dilution of basic loss.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

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

4.3 Headline (loss)/earnings per share

Headline earnings are basic earnings calculated above adjusted to exclude remeasurements as prescribed by circular 1/2023 issued by the South African Institute of Chartered Accountants.

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

R million	2023	2022
Headline (loss)/earnings		
Basic loss	(4 032.9)	(147.0)
Adjusted for:		
Net impairment losses	2 841.6	512.1
Freehold land and buildings	—	(0.9)
Plant, equipment and vehicles	1 113.7	314.8
Right of use assets	178.2	142.8
Goodwill	1 549.2	45.4
Other intangible assets	0.5	0.2
Assets held for sale	—	9.8
Net loss on liquidation of businesses	49.2	—
Net profit on disposal of property, plant, equipment and intangible assets	(156.9)	(9.8)
Tax effects and outside shareholders' interests	(310.5)	(126.7)
Headline (loss)/earnings	(1 609.5)	228.6
Weighted average number of shares in issue ('000)*	3 438	3 013
Headline (loss)/earnings per share (cents)*	(46 811.7)	7 589.2

* Weighted average number of shares and headline (loss)/earnings per share have been restated for the effect of the share consolidation and rights issue.

4.4 Diluted headline (loss)/earnings per share

R million	2023	2022
Diluted headline (loss)/earnings¹	(1 609.5)	228.6
Weighted average number of ordinary shares for the purpose of diluted headline (loss)/earnings per share ('000)	3 438	3 068
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share ('000)	3 438	3 013
Other share incentive plans ('000) ²	—	55
Diluted headline (loss)/earnings per share (cents)	(46 811.7)	7 453.1

1. No dilution of headline earnings.
2. Share incentive plans are excluded in the current year due to the anti-dilutive effect on the headline loss per share.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt

5.1 Financial risk management

Financial risk management objectives

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

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

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

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

Carrying amount and maturity profile of financial instruments

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

R million	Notes	Carrying amount	Current year	1 – 2 years	2 – 3 years	3 – 4 years	Over 4 years
At 30 September 2023							
Financial assets							
At amortised cost							
Loan and lease receivables ¹	5.3	46.6	34.1	1.7	5.3	0.8	4.7
Trade receivables and other current assets ²	6.6	2 266.1	2 266.1	–	–	–	–
Bank balances and deposits	5.7	1 843.9	1 843.9	–	–	–	–
At fair value – level 3							
Investments	8.5	23.5	23.5	–	–	–	–
Total		4 180.1	4 167.6	1.7	5.3	0.8	4.7
Financial liabilities							
At amortised cost							
Loans ⁴	5.4	6 529.9	720.0	372.5	5 437.4	–	–
Lease liabilities ⁴	5.5	1 226.1	210.0	134.2	138.3	145.5	598.1
Trade payables and other current liabilities ⁵	6.8	2 878.8	2 878.8	–	–	–	–
At fair value – level 2							
Derivative liabilities ³	6.8	84.7	84.7	–	–	–	–
Total		10 719.5	3 893.5	506.7	5 575.7	145.5	598.1

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

R million	Notes	Carrying amount	Current year	1 – 2 years	2 – 3 years	3 – 4 years	Over 4 years
At 30 September 2022							
Financial assets							
At amortised cost							
Loan and lease receivables ¹	5.3	136.3	51.8	71.4	4.4	4.8	3.9
Trade receivables and other current assets ²	6.6	2 986.3	2 986.3	—	—	—	—
Bank balances and deposits	5.7	1 501.6	1 501.6	—	—	—	—
At fair value – level 2							
Derivative assets ³	6.6	50.6	50.6	—	—	—	—
At fair value – level 3							
Investments	8.5	22.3	22.3	—	—	—	—
Total		4 697.1	4 612.6	71.4	4.4	4.8	3.9
Financial liabilities							
At amortised cost							
Loans ⁴	5.4	6 880.4	2 158.5	4 721.9	—	—	—
Lease liabilities ⁴	5.5	1 305.5	214.6	190.4	174.2	153.6	572.7
Trade payables and other current liabilities ⁵	6.8	3 251.9	3 251.9	—	—	—	—
At fair value – level 2							
Derivative liabilities ³	6.8	22.4	22.4	—	—	—	—
Total		11 460.2	5 647.4	4 912.3	174.2	153.6	572.7

1. The maturity profile of lease receivables including unearned finance income is disclosed in note 5.3.
2. Excludes derivative assets, prepayments and trade and other current receivables presented as assets classified as held for sale.
3. Derivative assets and liabilities classified as level 2 consist of forward exchange contracts, commodity futures and an embedded derivative on a lender risk participation interest. The fair value for forward exchange contracts is determined using the contract exchange rate at measurement date, with the resulting value discounted back to the present value. The embedded derivative is valued using a Monte Carlo Simulation Model incorporating observable inputs such as the group's share price and its historical volatility.
4. The maturity profile of loans and lease liabilities including unexpensed finance charges is disclosed in notes 5.4 and 5.5. Lease liabilities exclude those presented as liabilities directly associated with assets classified as held for sale and its historical volatility.
5. Excludes derivative liabilities, 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. In the current year, additional adjustments include payroll accruals, which do not represent financial instruments, and the invoice discounting financial liabilities. The prior period has been restated accordingly as it was incorrectly presented.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

Financial risk management techniques

a) Capital risk management

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

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

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

The group completed a successful, oversubscribed rights offer on 22 September 2023 that generated R1.0 billion in cash offset by transaction cost of R40.1 million. This was a significant milestone in the group's debt restructure program and resulted in the net proceeds of this rights offer being used to partially settle the group's existing debt and a new finance package being agreed to on 29 September 2023. This finance package also resulted in the majority of previously classified short-term debt being classified as long-term, a significant reduction of US\$ denominated debt, a flexible working capital facility and a simplified lender structure.

New covenants have also been agreed to terms of the new finance agreement. These covenants are based on leverage, interest cover, current ratio, net tangible asset cover and liquidity. The covenant thresholds and the measurement dates for the next 12 months are set out in note 1.4.

The repayment of the group's obligations in terms of the new finance package is dependent on the delivery of the asset disposal plan as approved by the board. Working capital management will be critical. Otherwise, the group's asset base remains well capitalised with no significant capital expenditure requirements expected in the short to medium term other than a R300 million expansion required to line 2 at Bevcan South Africa.

b) Liquidity risk management

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

The impact of challenging trading conditions in the key areas within which the group operates including load-shedding in South Africa, frequent power outages in Zimbabwe and the Nigerian economy experiencing financial downgrades has placed the economies of these countries under pressure. This has resulted in a decrease in the distributable income of consumers with volumes and pricing being adversely impacted and liquidity being likewise impacted. A mismatch between the collection and payment terms between significant customers and suppliers at one of the group's operations for most of the current financial year also adversely impacted liquidity. At 30 September the group had undrawn facilities of R680.0 million and cash on hand of R1.8 billion. The facilities and cash on hand are considered to remain adequate to meet the group's liquidity requirements.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

Cash generated from operations before working capital by the group decreased year-on-year by 51% to R740.4 million. This decrease was mainly due to significant realised foreign exchange losses incurred in Nigeria and Angola with Nigeria particularly being impacted by the difference in the higher secondary exchange rate used to settle US\$ denominated liabilities against the official exchange rate at which these liabilities were recorded.

There has, however, been a release of R904.6 million from working capital in the current year following strenuous management of the working capital cycle in South Africa particularly. As a consequence, cash generated from operations has increased by 95% over the prior year to R1.6 billion.

The Nigerian operations effected cash transfers of R1.3 billion (2022: R1.7 billion) to Nampak International Limited for material procured during the current year. Some relief has been provided given the higher oil prices, but a significant gap between the secondary rate and the official rate for the Naira remains, which is reflective of official dollar liquidity in Nigeria. The cash balances of these operations amounting to R192.2 million (2022: R369.2 million) are largely Naira-denominated and unhedged, and therefore exposed to devaluations in the Naira currency. The Naira has devalued during the current year by 44% to a rate of 776.79 to the US dollar. In addition to cash balances, Bevcan Nigeria also has a trade facility of R24.6 million (US\$1.3 million) as at 30 September 2023 which can be drawn down in Naira or US dollar to facilitate further liquidity requirements. The entire facility was undrawn at 30 September 2023.

Bevcan Angola effected cash transfers of R0.6 billion (2022: R0.7 billion) to Nampak International Limited for material procured during the current year, while repayments of its trade creditor balance with Bevcan South Africa for ends exported to Angola continued. Angola's ability to benefit from the recovery in the oil price is limited relative to Nigeria as Angola has failed to invest in additional oil production capacity over the last 5 years given the challenges they have faced. The cash balance of R46.1 million (2022: R50.2 million) is largely Angolan kwanza-denominated and unhedged, and therefore exposed to devaluations in the Angolan kwanza currency. The Angolan kwanza has devalued by 47% during the current year to a rate of AOA842.04 to the US dollar. In addition to cash balances, Bevcan Angola also has an overdraft facility of R42.7 million (US\$2.3 million) as at 30 September 2023 to facilitate further liquidity requirements. The entire facility was undrawn at 30 September 2023.

The cash balance of R39.5 million (2022: R44.3 million) in Zimbabwe is largely Zimbabwean dollar-denominated and unhedged, and therefore exposed to devaluations in the Zimbabwean dollar exchange rate. The Zimbabwean dollar has devalued by 88% during the current year to a rate of ZWL5252.66 to the US dollar.

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

R million	South Africa	Rest of Africa	United Kingdom	Total
Expiry period at 30 September 2023				
One year	—	67.3	—	67.3
Three years	415.4	—	189.2	604.6
More than four years	—	8.1	—	8.1
Total	415.4	75.4	189.2	680.0
Expiry period at 30 September 2022				
One year	804.0	256.9	—	1 060.9
Two years	—	—	1 112.5	1 112.5
Four years	—	8.0	—	8.0
Total	804.0	264.9	1 112.5	2 181.4

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

c) Market risk management

Interest rate risk management

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

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

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

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

R million	Floating rate liabilities	Fixed rate liabilities	Floating rate assets	Fixed rate assets	Net liability/(asset)
At 30 September 2023					
South African rand	7 275.5	—	(1 311.6)	(1.8)	5 962.1
UK pound	5.4	—	(4.8)	—	0.6
US dollar	3.6	470.0	(250.4)	—	223.2
Nigerian naira	—	—	(166.7)	—	(166.7)
Angolan kwanza	1.5	—	(45.0)	—	(43.5)
Other currencies	—	—	(110.2)	—	(110.2)
Total	7 286.0	470.0	(1 888.7)	(1.8)	5 865.5
At 30 September 2022					
South African rand	4 732.4	—	(337.9)	(1.8)	4 392.7
UK pound	6.1	—	(6.3)	—	(0.2)
US dollar	2 436.7	1 005.8	(828.7)	—	2 613.8
Nigerian naira	—	—	(305.8)	—	(305.8)
Angolan kwanza	1.8	—	(49.9)	—	(48.1)
Other currencies	3.1	—	(107.5)	—	(104.4)
Total	7 180.1	1 005.8	(1 636.1)	(1.8)	6 548.0

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

	2023		2022	
	Bank balances %	Borrowings* %	Bank balances %	Borrowings* %
Weighted average interest rates are as follows:				
South African rand	8.2	11.0	6.2	7.5
US dollar	—	8.3	—	4.6

* Borrowings include overnight call facilities.

If the market interest rates had been 100 basis points higher/lower at 30 September 2023 profit or loss would have been R76.1 million lower/higher (2022: R61.2 million).

The amount of R76.1 million (2022: R61.2 million) is calculated based on the assumption that the daily average weighted cost of borrowings was higher/lower by 100 basis points throughout the year and such rate was applied to the borrowings immediately before the application of the rights offer proceeds to the loan balances in the last week of September 2023. This would not necessarily equate to the actual profit or loss as year end borrowings do not reflect actual borrowings throughout the year.

Currency risk management

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

The group uses forward exchange contracts (FECs) in particular, together with other hedging instruments such as swaps and options, to manage transactional currency risks. Specific translation risks are managed through the selective use of options and hedge positions. In South Africa, all capital commitments were required to be designated as a cash flow hedge. The DivFood division has also historically designated imports of tinsplate as cash flow hedges. All outstanding cash flow hedges matured during the year. Hedges are tested for hedge effectiveness on a regular basis. In the current year a gain on the fair value of FECs amounting to R3.4 million (2022: R3.3 million loss) was taken to equity. When risks and rewards of ownership transfer to the group, a basis adjustment will be made against the assets and inventory purchased.

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

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

During the current year, the average Kwanza/US dollar exchange rate devalued by 20%, while the closing Kwanza/US dollar exchange rate devalued by 47%. Over this period, the average and closing Naira/US dollar exchange rates devalued by 23% and 44% respectively. In terms of IAS 29: Financial Reporting in Hyperinflationary Economies, the closing Zimbabwean dollar/ZAR exchange rate is adopted as the average exchange rate with differences between the average and closing Zimbabwean dollar/US dollar exchange rates being due to these rates being derived from the relationship of the Zimbabwean dollar/ZAR and ZAR/US dollar exchange rates. During the current year, the closing Zimbabwean dollar/US dollar exchange rates devalued by 88%.

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

	2023	2022
Currency conversion guide at 30 September		
Statement of comprehensive income (average)		
Rand/UK pound	22.31	20.22
Rand/Euro	19.41	17.12
Rand/US dollar	18.17	15.82
Kwanza/US dollar	614.99	490.60
Naira/US dollar	547.92	419.25
Statement of financial position (spot)		
Rand/UK pound	23.08	20.21
Rand/Euro	20.00	17.74
Rand/US dollar	18.92	18.09
Kwanza/US dollar	842.04	443.55
Naira/US dollar	776.79	437.74
Zimbabwean dollar/US dollar	5 252.66	621.53

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

If the exchange rates with these currencies had weakened by 5% at 30 September 2023, with all other variables held constant, the impact on profit and loss for the year would have been a decrease of R0.5 million (2022: R9.3 million). Conversely, if the exchange rates with these currencies strengthened by 5%, profit and loss would increase by R0.5 million (2022: R9.3 million).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

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

R million	Average contract rate (R)		Foreign denominated amount		Fair value asset/(liability)	
	2023	2022	2023	2022	2023	2022
Fair value hedges and FECs						
US dollar						
Less than 3 months	19.01	16.86	11.0	14.5	1.3	28.6
3 to 6 months	19.18	17.55	(2.1)	3.0	(0.6)	2.8
6 to 9 months	19.64	17.42	0.3	1.3	(0.1)	1.3
Euro						
Less than 3 months	20.43	17.41	2.6	10.5	(0.9)	5.3
3 to 6 months	20.97	17.89	1.0	2.5	(0.6)	1.1
6 to 9 months	21.11	17.89	0.2	1.2	(0.2)	0.2
UK pound						
Less than 3 months	23.78	19.96	0.6	1.0	(0.6)	0.1
Other						
Less than 3 months	1.62	0.15	0.1	0.1	(0.1)	—
3 to 6 months	0.05	—	—	—	0.1	—
					(1.7)	39.4

Commodity price risk management

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

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

R million	Average contract rate (R)		Foreign denominated amount		Fair value (liability)/asset	
	2023	2022	2023	2022	2023	2022
Less than 3 months	43 587	43 318	(95.5)	(151.9)	(3.4)	(15.0)
3 to 6 months	42 997	40 890	(29.0)	(11.1)	(1.1)	(0.3)
6 to 9 months	42 767	41 272	(2.1)	(1.0)	(0.1)	—
					(4.6)	(15.3)

At year-end the primary commodity exposure that the group had related to the purchase price of aluminium. A 10% movement in the aluminium price would impact operating profit by R12.1 million gain (2022: R14.8 million gain).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.1 Financial risk management *continued*

d) Credit risk management

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

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

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

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

Based on past due information and forward-looking macroeconomic data indicated previously, management has determined that the risk of default on this asset has increased as at 30 September 2023, and that the ECL provision should be increased to 97.5% based on the calculation of the present value of the cash flows expected from the asset over the remaining repayment period. Refer note 5.3.

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.2 Net finance costs

R million	2023	2022
Finance costs		
Short-term facilities ¹	111.1	75.6
Long-term facilities	700.0	428.5
Lease liabilities	109.2	98.3
Other	0.4	3.5
Finance costs before transaction costs	920.7	605.9
Previously capitalised transaction costs now expensed ²	87.9	—
Transaction costs incurred in current year ²	246.9	—
Total	1 255.5	605.9
Finance income		
Short-term facilities	14.4	15.9
Equipment sales receivables	0.8	1.9
Other ³	16.5	1.7
Total	31.7	19.5
Net finance costs	1 223.8	586.4

1. Finance costs in respect of short-term facilities includes the factoring loss on the invoice discounting facility of R21.6 million (2022: R13.1 million).
2. Transaction costs previously capitalised on the previous facilities were expensed on the extinguishment of these facilities while the transaction costs incurred in the current year were expensed immediately as they were considered part of the same financing transaction. Refer note 1.3 'Modification and extinguishment of financial liabilities'.
3. Finance income received for the current year primarily relates to interest received on the retirement benefit asset. Refer note 7.1.

5.3 Loan and lease receivables

R million	2023	2022
Equipment sales receivables ¹	6.8	12.3
Reserve Bank of Zimbabwe financial instrument ²	27.2	105.8
Other loan receivables	12.6	18.2
Loan and lease receivables	46.6	136.3
<i>Less: Amounts receivable within one year reflected as current</i>	<i>(34.1)</i>	<i>(51.8)</i>
Equipment sales receivables	(5.7)	(4.3)
Reserve Bank of Zimbabwe financial instrument	(27.2)	(42.3)
Other loan receivables	(1.2)	(5.2)
Non-current loan and lease receivables	12.5	84.5

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.3 Loan and lease receivables *continued*

R million		Gross	Unearned finance charges	Net
Summary of equipment sales receivables by year of repayment:				
Total lease payments receivable		7.2	(0.4)	6.8
Repayable during the year ending 30 September:	2024	5.8	(0.1)	5.7
	2025	1.4	(0.3)	1.1

- Equipment sales receivables are repayable from 2024 to 2025. Interest rates charged are from 10.5% to 11.8% (2022: from 8.0% to 15.5%). Amounts are presented net of the calculated expected loss allowance – refer below.
- The gross carrying value of RBZ financial instrument is R1 087.6 million, while the expected credit loss (ECL) provision relating to this instrument is R1 060.4 million being 97.5% of the gross carrying value. The net carrying value of this instrument is therefore R27.2 million. During the year, the group received R 18.3 million (US\$1.0 million) towards the settlement of this instrument. However, after taking into account further quantitative and qualitative factors, management determined that the risk of non-recoverability of the remaining net carrying value of this instrument had increased at 30 September 2023 such that a further 7.5% increase in the ECL provision was required.

Loan receivables are measured initially at fair value, and are subsequently measured at amortised cost.

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

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

R million	2023	2022
At 1 October	957.3	789.0
Net measurement of loss allowance – 12 month ECL movement on equipment sales and other loan receivables	0.4	4.3
Net measurement of loss allowance – lifetime ECL of RBZ financial instrument	65.4	9.0
Reversal of ECL on loan receivables	(1.0)	(0.3)
Translation differences	43.4	155.3
At 30 September	1 065.5	957.3

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.4 Loans – non-current

R million	Redeemable/ repayable	Year-end interest rates (%)	2023	2022
Local*	2024 – 2026	13.3 – 14.1	5 775.0	3 445.0
Foreign*	2025	13.3 – 13.5	754.9	3 435.4
Loans			6 529.9	6 880.4
Less: amounts due for repayment within one year, reflected as current (note 5.6)			(720.0)	(2 158.5)
Non-current loans			5 809.9	4 721.9

* Loans are secured and subject to covenants as follows:

- › R6 529.9 million (2022: R6 880.4 million) debt is secured by guarantees issued by the Nampak Ltd group as indicated in note 1.4. These facilities are also subject to covenants relating to leverage, interest cover, the current ratio and the tangible net asset value. Refer note 1.4.
- › the Nampak Ltd group was within the relaxed covenant requirements at the measurement dates for the current year.

R million	Total	Local	Foreign
Summary of secured loans by year of redemption or payment:			
Gross payments during the financial year ending 30 September (capital and finance components)			
	8 663.2	7 800.9	862.3
2024	1 597.0	1 009.4	587.6
2025	1 144.4	869.7	274.7
2026	5 921.8	5 921.8	—

Loans are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. The carrying amounts approximate their fair values.

5.5 Lease liabilities – non-current

R million	Redeemable/ repayable	Year-end interest rates (%)	2023	2022
Local	2024 – 2031	6.3 – 12.0	1 215.6	1 287.4
Foreign			10.5	18.1
Lease liabilities			1 226.1	1 305.5
Less: amounts due for repayment within one year, reflected as current (note 5.6)			(210.0)	(214.6)
Non-current lease liabilities			1 016.1	1 090.9

R million	Total	Local	Foreign
Summary of lease liabilities by year of redemption or payment			
Gross payments during the financial year ending 30 September (capital and finance components)			
	1 649.8	1 638.9	10.9
2024	227.1	219.9	7.2
2025	221.1	219.3	1.8
2026	213.7	211.8	1.9
2027	209.3	209.3	—
2028 onwards	778.6	778.6	—

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.5 Lease liabilities – non-current *continued*

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

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

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

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

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

5. Financial risk management and net debt *continued*

5.6 Loans and lease liabilities – current

R million	2023	2022
Current portion of loans (note 5.4)	720.0	2 158.5
Current portion of lease liabilities (note 5.5)	210.0	214.6
Total	930.0	2 373.1

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

5.7 Net cash and cash equivalents

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

R million	2023	2022
Bank balances and deposits	1 843.9	1 501.6

Bank balances and deposits are secured as indicated in note 1.4.

Bank balances and deposits are held in the following currencies:

R million	2023	2022
South African rand	1 294.0	309.3
US dollar	223.2	722.9
Nigerian naira	166.7	305.8
Angolan kwanza	45.0	49.9
Other currencies	115.0	113.7
Total	1 843.9	1 501.6

Bank balances and deposits are measured at amortised cost.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets

6.1 Property, plant, equipment and investment property

R million	Freehold land and buildings	Leasehold buildings	Plant, equipment and vehicles ¹	Investment properties	Total property, plant and equipment and investment property
Cost					
At 1 October 2021	133.0	1 152.9	8 655.2	4.3	9 945.4
Additions	—	—	199.9	—	199.9
Disposals	—	—	(143.7)	—	(143.7)
Reclassified from assets held for sale	—	—	399.1	—	399.1
Reclassified to assets held for sale	—	—	(30.7)	—	(30.7)
Impairment loss	—	—	(345.4)	—	(345.4)
Reversal of impairment loss	0.9	—	30.6	—	31.5
Translation differences	1.7	228.1	431.9	—	661.7
Other movements	2.8	36.9	7.1	—	46.8
At 30 September 2022	138.4	1 417.9	9 204.0	4.3	10 764.6
Additions	0.1	2.7	341.7	—	344.5
Disposals	(12.3)	—	(419.5)	—	(431.8)
Reclassified to assets held for sale ²	(36.8)	(28.3)	(91.5)	—	(156.6)
Impairment loss	—	—	(1 113.7)	—	(1 113.7)
Translation differences	(2.0)	51.1	(50.1)	—	(1.0)
Other movements ³	10.6	1.8	86.7	—	99.1
At 30 September 2023	98.0	1 445.2	7 957.6	4.3	9 505.1
Accumulated depreciation					
At 1 October 2021	84.7	372.6	4 123.8	3.4	4 584.5
Depreciation charge for the year	1.5	31.6	309.3	—	342.4
Disposals	—	—	(129.5)	—	(129.5)
Reclassification from assets held for sale	—	—	198.6	—	198.6
Reclassification to assets held for sale	—	—	(14.6)	—	(14.6)
Translation differences	4.4	76.4	256.6	—	337.4
Other movements	(0.3)	0.1	(6.0)	—	(6.2)
At 30 September 2022	90.3	480.7	4 738.2	3.4	5 312.6
Depreciation charge for the year	1.0	32.5	263.1	—	296.6
Disposals	(10.3)	—	(353.8)	—	(364.1)
Reclassified to assets held for sale ²	(7.5)	—	(70.6)	—	(78.1)
Translation differences	(5.8)	23.1	(5.3)	—	12.0
Other movements ³	—	(0.1)	(15.2)	—	(15.3)
At 30 September 2023	67.7	536.2	4 556.4	3.4	5 163.7
Net carrying value at 30 September 2023					
Net carrying value at 30 September 2022	48.1	937.2	4 465.8	0.9	5 452.0

1. Included in plant, equipment and vehicles is commissioned plant and machinery with a carrying value of R2 633.5 million (2022: R3 782.3 million) and capital work in progress of R675.6 million (2022: R573.6 million).
2. During the year, freehold land and buildings relating to Nampak Properties Limited with a carrying value of R9.0 million, and freehold land and buildings, leasehold improvements, plant and equipment relating to Nampak Nigeria Limited with a carrying value of R48.8 million were reclassified to held for sale. Further plant and equipment relating to DivFood Rosslyn of R20.7 million were also reclassified to held for sale during the year. Refer note 6.7.
3. Included in other movements of the carrying value of freehold land and buildings is an increase of R3.5 million (2022: R2.0 million) related to hyperinflation. Included in other movements of the carrying value of plant, equipment and vehicles is an increase of R89.8 million (2022: R52.3 million) related to hyperinflation in Zimbabwe.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

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

Property, plant and equipment are secured as indicated in note 1.4.

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

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

The average straight-line rates of depreciation used are:

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

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

Impairment losses are recognised on property, plant and equipment where the carrying value exceeds the higher of value-in-use of the assets at the operation/cash generating unit concerned or the fair value of the asset less costs to sell these assets. The value-in-use amounts are determined using the discount rates and assumptions set out in note 2.3.

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

- › Bevcan Angola (Rest of Africa Metals segment): R827.1 million impairment loss
- › Divfood (South Africa Metals segment): R157.6 million impairment loss
- › Rigids (South Africa Plastics segment): R128.9 million impairment loss

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.2 Right of use assets

R million	Property	Plant and equipment	Total
Cost			
At 1 October 2021	822.6	37.0	859.6
Additions	31.9	24.5	56.4
Disposals	(9.8)	(10.3)	(20.1)
Impairment loss	(139.0)	(3.8)	(142.8)
Reclassified from assets held for sale	163.9	1.7	165.6
Translation differences	1.1	(7.2)	(6.1)
Other movements	98.0	0.8	98.8
At 30 September 2022	968.7	42.7	1 011.4
Additions	—	3.6	3.6
Disposals	(27.1)	(7.4)	(34.5)
Impairment loss	(174.6)	(3.6)	(178.2)
Translation differences	(6.5)	(4.6)	(11.1)
Other movements*	53.2	2.1	55.3
At 30 September 2023	813.7	32.8	846.5
Accumulated depreciation			
At 1 October 2021	151.6	13.1	164.7
Charge for the year	107.1	3.8	110.9
Disposals	(8.1)	(9.3)	(17.4)
Reclassification to assets held for sale	61.8	1.3	63.1
Translation differences	0.5	(0.2)	0.3
Other movements	(0.1)	10.4	10.3
At 30 September 2022	312.8	19.1	331.9
Charge for the year	92.3	6.3	98.6
Disposals	(20.1)	(6.6)	(26.7)
Translation differences	(3.5)	(1.5)	(5.0)
Other movements*	(4.1)	(1.2)	(5.3)
At 30 September 2023	377.4	16.1	393.5
Net carrying value at 30 September 2023	436.3	16.7	453.0
Net carrying value at 30 September 2022	655.9	23.6	679.5

* Included in other movements is an increase of R60.3 million (2022: R57.9 million) relating to a CPI adjustment on leased properties. In addition, the increase in other movements included a lease modification (CPI-linked increase contract) of R10.9 million in the prior year. Also included in other movements is an increase of R4.2 million (2022: R7.4 million decrease) in the carrying value of property, and an increase of R2.8 million (2022: R3.8 million) in the carrying value of plant and equipment, all resulting from hyperinflation in Zimbabwe.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.2 Right of use assets *continued*

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

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

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

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

Impairment losses are recognised on right of use assets where the carrying value exceeds the higher of value-in-use of the assets at the operation/cash generating unit concerned or the fair value of the asset less costs to sell these assets. The value-in-use amounts are determined using the discount rates and assumptions set out in note 2.3.

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

- › Divfood (South Africa Metals segment): R132.3 million impairment loss
- › Rigids (South Africa Plastics segment): R45.9 million impairment loss

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.3 Goodwill

R million	Net carrying value
Carrying amount	
At 1 October 2021	1 711.8
Impairment loss	(45.4)
Translation differences	309.7
At 30 September 2022	1 976.1
Impairment loss	(1 549.2)
Translation differences	30.8
At 30 September 2023	457.7

The allocation of goodwill by operating segment is presented below:

R million	Cost	Cumulative impairment	Net carrying value
At 30 September 2023			
Metals	4 498.0	(4 094.2)	403.8
Plastic	114.0	(60.1)	53.9
Paper	51.4	(51.4)	—
	4 663.4	(4 205.7)	457.7
At 30 September 2022			
Metals	4 302.9	(2 380.7)	1 922.2
Plastic	114.0	(60.1)	53.9
Paper	45.4	(45.4)	—
	4 462.3	(2 486.2)	1 976.1

Goodwill represents amounts arising on acquisition of subsidiaries in terms of IFRS3: Business Combinations and is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquirer, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed.

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

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

During the year, goodwill attributable to Nampak Bevcan Nigeria Ltd was impaired by R1 549.2 million (US\$84.8 million). This impacted the Metals cash generating unit. Details surrounding impairment sensitivities are included in note 2.3.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.4 Other intangible assets

R million	ERP systems and software	Other*	Total
Cost			
At 1 October 2021	186.4	313.0	499.4
Additions	8.4	—	8.4
Disposals	(10.8)	—	(10.8)
Reclassification from assets held for sale	10.3	—	10.3
Impairment loss	—	(0.2)	(0.2)
Translation differences	1.0	26.1	27.1
Other movements	(2.4)	0.2	(2.2)
At 30 September 2022	192.9	339.1	532.0
Additions	6.6	1.4	8.0
Disposals	(64.5)	—	(64.5)
Impairment loss	—	(0.5)	(0.5)
Translation differences	(1.8)	7.4	5.6
Other movements	(9.4)	—	(9.4)
At 30 September 2023	123.8	347.4	471.2
Amortisation			
At 1 October 2021	153.5	211.0	364.5
Charge for the year	11.2	7.2	18.4
Disposals	(10.7)	—	(10.7)
Reclassification from assets held for sale	9.7	—	9.7
Translation differences	0.9	7.6	8.5
Other movements	(0.1)	(0.1)	(0.2)
At 30 September 2022	164.5	225.7	390.2
Charge for the year	7.0	7.1	14.1
Disposals	(62.5)	—	(62.5)
Translation differences	(1.7)	2.4	0.7
Other movements	(3.5)	(0.1)	(3.6)
At 30 September 2023	103.8	235.1	338.9
Net carrying value at 30 September 2023	20.0	112.3	132.3
Net carrying value at 30 September 2022	28.4	113.4	141.8

* Other intangible assets consist of patents, trademarks, licenses and customer relationships. These assets relate mainly to the licence to use land in Angola with a carrying value of R80.2 million (2022: R77.7 million) and customer relationships, brands and supplier agreements in Zimbabwe group companies with a carrying value of R32.9 million (2022: R33.3 million).

Intangible assets are secured, where applicable, as indicated in note 1.4.

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

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

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

During the year, impairment losses of R0.5m were incurred at DivFood (South Africa Metals segment).

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.5 Inventories

R million	2023	2022
Raw materials	1 647.9	1 755.5
Work in progress	26.8	63.2
Finished goods	859.0	1 272.7
Consumables	879.8	843.5
Total	3 413.5	3 934.9
Carrying amount of inventories included at net realisable value	126.2	319.4
Amount of write-down of inventory to net realisable value included in raw materials and consumables used	(19.1)	(11.2)
Amount of reversals of previous inventory write downs included in raw materials and consumables used	10.7	—

Inventory is secured, where applicable, as indicated in note 1.4.

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. The amount of inventory expensed during the year amounted to R10 453.9 million.

6.6 Trade and other current receivables

R million	2023	2022
Trade receivables ¹	2 158.1	2 788.3
Prepayments	108.4	221.5
Derivative financial instruments	—	50.6
Retirement benefit asset – current portion ²	114.1	—
Other ³	108.0	198.0
Total	2 488.6	3 258.4

1. Net of expected credit loss allowance.
2. Refer note 7.1.
3. Other items mainly relate to refunds and deposits.

Trade receivables are secured, where applicable, as indicated in note 1.4.

Credit quality of trade and other receivables

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

The average credit term on the sale of goods is 30 days from statement with some customers having extended terms resulting in an average trade receivables days of 47.4 (2022: 60.1). No interest is charged on outstanding trade receivables.

The table below illustrates the trade receivables (before the expected loss allowance) ageing analysis:

R million	2023	2022
Performing	1 862.2	2 439.2
Overdue and non-performing	380.7	455.3
	2 242.9	2 894.5

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.6 Trade and other current receivables *continued*

Expected credit losses on trade and other receivables

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

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

The directors are comfortable with the adequacy of the provisions.

The maximum exposure to credit risk at the reporting date is the carrying amount of trade and other receivables above.

The group does not hold any collateral as security.

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

R million	2023	2022
At 1 October	106.2	65.5
Net measurement of loss allowance based on lifetime ECL	(0.9)	44.9
Amounts written off ¹	(1.5)	(7.5)
Amounts recovered	—	(0.1)
Translation differences	(19.0)	3.4
Balance at end of year ²	84.8	106.2

1. The group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are significantly past due and all enforcement activities have been exhausted, whichever occurs earlier. The group does not have a history of significant write-offs.
2. 51% (2022: 51%) of the ECL relates to performing trade receivables, while 49% (2022: 49%) relates to overdue and non-performing trade receivables.

Derivative financial assets

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.6 Trade and other current receivables *continued*

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

6.7 Non-current assets classified as held for sale

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

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

Plant and equipment classified as held for sale relate to the assets of entities that are being wound down for operational reasons or are regarded as redundant to the operational requirements of the divisions concerned. No impairment losses were recorded during the current year (2022: R9.8 million). See note 1.3 'Classification of non-current assets as held for sale'.

Non-current assets held for sale by entity

R million	2023	2022
Nampak Nigeria Ltd	30.1	—
DivFood division	40.0	40.2
Nampak Properties Ltd	9.2	—
Megapak Swaziland (Pty) Ltd	—	0.1
Bullpak Kenya Ltd	11.0	10.9
Net carrying value at the end of the year	90.3	51.2

Reconciliation of movement in non-current assets held for sale during the year

Net carrying value at the beginning of the year	51.2	59.4
Reclassified from property, plant and equipment	78.5	16.1
Disposals	(21.4)	(14.6)
Net impairment losses	—	(9.8)
Translation differences	(18.0)	0.1
Net carrying value at the end of the year	90.3	51.2

6.8 Trade and other current payables

R million	2023	2022
Trade payables	1 920.0	2 125.3
Accruals	944.4	1 125.2
Derivative financial instruments	84.7	22.4
Value-Added Tax	72.1	115.0
Invoice discounting payables ¹	111.4	177.9
Other ²	125.0	188.0
Total	3 257.6	3 753.8

1. Relates to the invoice discounting facility that the South African divisions, Bevcan and DivFood, participate in with respect to their trade receivables. The facility provides for the discounting of their trade receivables on a non-recourse basis by the facility provider. As a condition of new lender facilities agreed in September 2023, this facility is required to be wound down in 2024.
2. Other items relate to returnable packaging accruals which amounts to R59.2 million (2022: R77.9 million) and other sundry creditors.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.8 Trade and other current payables *continued*

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

Included in derivative financial instruments is a risk participation interest that arose on the debt restructuring. As part of the repayment of the debt to the funders, there is an additional payment embedded in one of the facilities. The term sheet refers to this additional payment as a 'risk participation interest'. The risk participation interest will be paid on maturity. It is based on the Day 1 net asset value amount that grows at a factor of the group's share price growth over the term of the debt instrument. The fair value of this embedded derivative has been determined by the group using a Monte Carlo simulation model. Refer to note 5.1.

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The directors consider that the carrying amounts of trade payables and other current liabilities approximate their fair values due to the short-term nature of these items.

6.9 Provisions

R million	Restructuring	Customer claims	Other	Total
At 1 October 2021	178.6	6.1	7.3	192.0
Additions	8.6	23.0	0.5	32.1
Usage	(19.0)	(20.5)	(0.7)	(40.2)
Reversals	(61.3)	(5.5)	(1.8)	(68.6)
Translation differences	(1.2)	—	0.1	(1.1)
Other	1.5	—	0.2	1.7
At 30 September 2022	107.2	3.1	5.6	115.9
Additions	42.9	5.6	10.4	58.9
Usage	(29.6)	(2.2)	(0.2)	(32.0)
Reversals	(3.8)	(3.0)	—	(6.8)
Translation differences	(0.9)	—	—	(0.9)
Other	0.5	—	(0.5)	—
At 30 September 2023	116.3	3.5	15.3	135.1

Restructuring

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

Customer claims

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

Other

These provisions mainly relate to matters arising from the Glass disposal for which the group may be responsible, as well as on-going tax audits in Nampak Bevcan Angola Lda.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.10 Contingent liabilities

R million	2023	2022
Guarantees in respect of property leases	3.1	5.3
Guarantees in respect of third parties ¹	25.2	22.6
Other ²	31.8	3.0
Total	60.1	30.9

1. During the prior year, a bank guarantee in favour of a supplier for R22.5 million was effected.
2. Included in 'other' are potential legal claims that are currently in dispute.

6.11 Segmental operating assets and liabilities

R million	Operating assets		Operating liabilities		Capital expenditure*	
	2023	2022	2023	2022	2023	2022
Segment analysis						
Metals	8 144.1	10 289.6	2 964.9	3 455.3	246.2	134.0
Plastic	1 290.5	1 422.1	498.7	490.5	85.7	46.7
Paper	597.1	549.6	261.6	250.2	10.4	14.8
Operations	10 031.7	12 261.3	3 725.2	4 196.0	342.3	195.5
Corporate	2 477.7	4 636.3	792.9	1 060.7	10.2	12.8
Eliminations	(1 098.0)	(1 364.4)	(1 117.0)	(1 376.5)	—	—
Total	11 411.4	15 533.2	3 401.1	3 880.2	352.5	208.3
Geographical analysis						
South Africa	6 170.7	7 225.7	2 171.2	2 345.7	260.3	101.9
Rest of Africa	4 002.9	5 360.6	1 685.3	2 175.3	82.0	93.6
Operations	10 173.6	12 586.3	3 856.5	4 521.0	342.3	195.5
Corporate	2 477.7	4 636.3	792.9	1 060.7	10.2	12.8
Eliminations	(1 239.9)	(1 689.4)	(1 248.3)	(1 701.5)	—	—
Total	11 411.4	15 533.2	3 401.1	3 880.2	352.5	208.3

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

Reconciliation of total operating assets to total assets

R million	2023	2022
Operating assets	11 411.4	15 533.2
Retirement benefit asset	97.8	221.6
Deferred tax assets	495.7	436.0
Loan and lease receivables — non-current	12.5	84.5
Tax assets	15.4	24.0
Loan and lease receivables — current	34.1	51.8
Bank balances and deposits	1 843.9	1 501.6
Total assets	13 910.8	17 852.7

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

6. Net operating assets *continued*

6.11 Segmental operating assets and liabilities *continued*

Reconciliation of total operating liabilities to total liabilities

R million	2023	2022
Operating liabilities	3 401.1	3 880.2
Loans – non-current	5 809.9	4 721.9
Lease liabilities – non-current	1 016.1	1 090.9
Retirement benefit obligation	727.6	746.3
Deferred tax liabilities	46.4	95.6
Tax liabilities	65.6	68.4
Loans and lease liabilities – current	930.0	2 373.1
Total liabilities	11 996.7	12 976.4

R million	Non-current assets*	
	2023	2022
Geographical information		
South Africa	3 438.5	3 899.9
Angola	558.9	1 359.6
Nigeria	1 279.6	2 809.8
Rest of the world	142.0	219.4
Total	5 419.0	8 288.7

* Non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

6.12 Lease commitments

R million	2023	2022
Year ending 30 September		
Year 1	8.2	6.3
Year 2 to 5	4.2	9.3
Total	12.4	15.6
Comprising:		
Land and buildings	0.7	1.4
Vehicles	3.4	0.9
Other	8.3	13.3
	12.4	15.6

6.13 Capital commitments

R million	2023	2022
Capital commitments for acquisition of property, plant and equipment		
– contracted*	299.3	86.1
– approved	22.9	25.8
Total	322.2	111.9

* The current year amount relates to the Springs line in Bevcan South Africa.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration

7.1 Retirement benefit information

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

Defined contribution funds

Membership and costs for defined contribution funds are as follows:

The total number of members for all defined contribution funds operated by the group as at 30 September 2023 is 4 327 (2022: 4 903). Total contribution costs for the year ended 30 September 2023 are R141.2 million (2022: R127.2 million).

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the group's obligations under the schemes are equivalent to those arising in a defined contribution retirement plan.

Retirement benefit asset

R million	2023	2022
Opening balance	221.6	—
Retirement benefit asset recognised	—	221.6
Interest received	16.2	—
Fair value gain	4.9	—
Utilisation of pension fund holiday	(30.8)	—
Transfer to short term portion	(114.1)	—
Closing balance	97.8	221.6

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

During 1997 Malbak Limited completed an unbundling exercise. Because of the unbundling, the Fund was restructured and all active members in the Fund were transferred to defined contribution funds. When these transfers were implemented, the Fund was in a sound financial position with a significant surplus amount of which the majority was distributed to the members and pensioners. Nampak acquired Malbak Limited in 2002, post the unbundling.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

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

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

During 2018, the Fund performed a valuation that reported a surplus. The valuation was only approved and accepted by the Financial Sector Conduct Authority (FSCA) on 17 December 2021. Surpluses of this nature are dealt with under section 15C of the PFA. In terms of section 15C, the rules of the Fund are used to determine any apportionment of actuarial surplus. If the rules of the Fund are not prescriptive, the apportionment of the surplus are determined by the trustees considering the interests of all stakeholders in the Fund.

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

During the current year R126.4 million and R103.4 million was transferred to the Nampak Provident Fund and the Old Mutual Superfund respectively. The pension fund contribution holiday began in July 2023; R30.8 million has been utilised in the current year.

Defined benefit obligations – unfunded

Post-retirement medical obligations:

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

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

Continuation members: With effect from 1 March 2013, Nampak agreed to subsidise future continuation members on the lowest plan they were on during the three years preceding retirement. The subsidy is capped at the Classic Comprehensive plan or an equivalent alternative at the time of retirement. With effect from 30 September 2014, it was agreed that increases on the medical scheme subsidy would be capped at Consumer Price Inflation ('CPI') for all qualifying future continuation members. As at 30 September 2022, the continuation members who retired before 30 September 2014 still enjoy increases of actual medical inflation.

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

Qualifying employees and continuation members

	2023			2022		
	Active members (pre-retirement)	Continuation members (pensioners)	Total	Active members (pre-retirement)	Continuation members (pensioners)	Total
Movement in membership						
Opening membership	53	1 186	1 239	67	1 251	1 318
Retirements	(17)	17	—	(10)	10	—
Active exits	(2)	—	(2)	(4)	—	(4)
New entrants ¹	—	—	—	—	2	2
Pensioner deaths ²	—	(57)	(57)	—	(77)	(77)
Closing membership	34	1 146	1 180	53	1 186	1 239
Average age	57.8	76.9	67.4	57.8	76.6	67.2
Average monthly contribution costs to participating medical schemes (R)	6 502	7 324	6 913	6 215	6 757	6 486

1. New entrants are the spouses of deceased pensioners.

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

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

%	Pension funds		Post-retirement medical	
	2023	2022	2023	2022
Assumptions				
Discount rate	12.3	11.3	12.3	11.3
Consumer price inflation (long-term)	7.8	7.0	7.8	7.0
Pension increase	4.0	7.1	—	—
Rate of medical inflation	—	—	9.3	8.5
Total membership	9	9	1 180	1 239

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

R million	Pension funds	Post-retirement medical	Total
2023			
Valuation results			
Present value of benefit obligations	1.1	726.5	727.6
Net liability	1.1	726.5	727.6
2022			
Valuation results			
Present value of benefit obligations	1.3	745.0	746.3
Net liability	1.3	745.0	746.3

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

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

R million	Pension funds	Post-retirement medical	Total
At 1 October 2021	1.7	799.5	801.2
Movements recognised in profit or loss:			
Current service cost	—	1.0	1.0
Interest cost	0.2	77.6	77.8
Curtailement gain*	(0.6)	(37.3)	(37.9)
Actuarial gains recognised in other comprehensive income:			
Actuarial losses arising from changes in financial assumptions	—	1.6	1.6
Actuarial gains arising from experience adjustments	—	(22.0)	(22.0)
Benefits paid	—	(75.4)	(75.4)
At 30 September 2022	1.3	745.0	746.3
Movements recognised in profit or loss:			
Current service cost	—	0.9	0.9
Interest cost	0.1	79.2	79.3
Curtailement gain*	(0.3)	(21.3)	(21.6)
Actuarial (gains)/losses recognised in other comprehensive income:			
Actuarial losses arising from changes in financial assumptions	—	(18.4)	(18.4)
Actuarial gains arising from experience adjustments	—	19.3	19.3
Benefits paid	—	(78.2)	(78.2)
At 30 September 2023	1.1	726.5	727.6
Expected contributions to defined benefit plans in 2024	0.2	77.7	77.9

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

The total unfunded pension liability is R1.1 million (2022: R1.3 million) and the unfunded post-retirement medical liability is R726.5 million (2022: R745.0 million).

The current duration of the combined group of active employees and pensioners has been calculated at approximately 12.02 years (2022:12.37 years). The expected expense in the next financial year is R82.0million (2022: R80.1million).

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

R million	2023	2022
Within the next 12 months	77.7	79.6
Between 2 and 5 years	224.8	230.7
Between 5 and 10 years	189.9	194.7
Beyond 10 years	234.1	240.0
Total	726.5	745.0

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.1 Retirement benefit information *continued*

R million	Healthcare cost trends	
	1% point increase Results in a corresponding decrease in the net discount rate	1% point decrease Results in a corresponding increase in the net discount rate
Effect on aggregate of the service costs and interest cost	4.5	(3.6)
Effect on defined benefit obligation	54.5	(54.9)

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

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

Effect on aggregate of the service costs and interest cost	increase	1.4
Effect on defined benefit obligation	increase	27.9

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

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

R million	Valuation date	Fair value of assets	Fair value of liabilities	Valuation basis
Nampak Post-Retirement Medical Aid Obligation	30/09/2023	—	726.5	Projected unit credit

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

7.2 Share-based payments

Share based payment expenses recognised:

R million	2023	2022
Performance Share Plan (PSP)	0.8	(0.4)
Deferred Bonus Plan (DBP)	0.2	0.7
Executive Incentive Plan (EIP)	(2.1)	26.2
Total	(1.1)	26.5

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

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

Performance Share Plan

Overview

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

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

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

Performance criteria for December 2019 and March 2020 awards

Three performance conditions are imposed under this scheme:

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

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

Number of shares	2023	2022
Balance at the commencement of the financial year	3 593 887	4 712 815
Share consolidation	(3 579 511)	—
Forfeitures/cancellations	(253)	(145 301)
PSP rights forfeited as at 30 September of each year due to underachievement of performance criteria	(8 301)	(973 627)
PSP rights exercised	(2 027)	—
Balance at the end of the financial year	3 795	3 593 887

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

506 810 shares were awarded to the participants as the first release tranche for the December 2019 and March 2020. Treasury shares were utilised to deliver the shares to the participants. The remaining 3 795 awards will be released equally as the second and third tranches in December 2023 and December 2024 respectively, subject to satisfaction of the continued employment criterion.

Share Appreciation Plan

Overview

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

Share allocations vest after three years if the performance condition is achieved. Participants have seven years from the allocation date to exercise their awards.

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

Performance criteria for September 2019 awards

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

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

Number of shares	2023	2022
Balance at the commencement of the financial year	1 225 046	1 411 518
Share consolidation	(1 220 146)	—
Forfeitures/cancellations	(530)	(186 472)
SAP rights forfeited as at 30 September of each year due to underachievement of performance criteria	(4 370)	—
Balance at the end of the financial year	—	1 225 046

Due to the underachievement of the performance criteria at 30 September 2022, these awards were conditionally forfeit at December 2022.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

Deferred Bonus Plan

Overview

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

A matching award, which is based on the number of bonus shares acquired and still held at the vesting date, is made to all participants. The matching award vests after three years. From 2021, the plan has been discontinued as the full variable pay offering is now awarded under the EIP.

Performance criteria

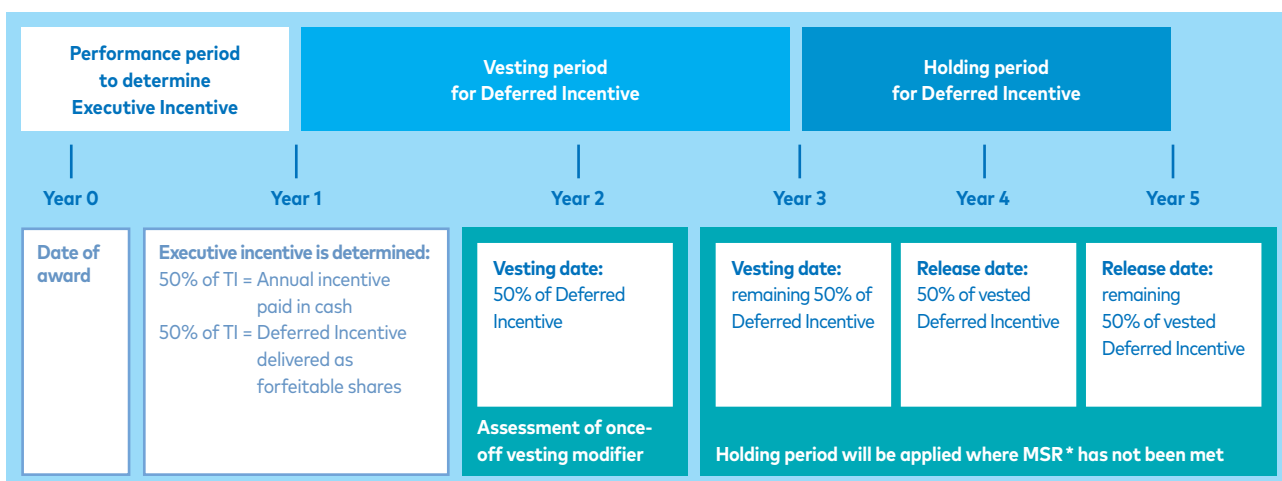
No performance criteria are applicable, but the participant must be in the employ of the group at the vesting date. No shares vest for resignation or dismissal. Pro-rated shares vest for "good leavers" such as retirees.

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

Number of shares	2023	2022
Balance at the commencement of the financial year	680 816	680 816
Share consolidation	(678 093)	—
Number of bonus shares purchased by employees during the year	1 754	—
Executive directors (Nampak Limited)	1 660	—
Employees	94	—
Number of bonus shares transferred/sold by employees during the year	(4 477)	—
Balance at the end of the financial year	—	680 816

Executive Incentive Plan

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



* MSR is the minimum shareholding requirement policy.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.2 Share-based payments *continued*

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

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

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

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

F2021 and F2022 EIP awards

Number of shares	2023	2022
Balance at the commencement of the financial year	11 308 712	–
Shares purchased on behalf of the participants during the year	8 884 629	11 308 712
Share consolidation	(20 112 568)	–
Number of shares transferred/sold by employees during the year	(24 385)	–
Number of shares forfeited during the year	(22 917)	–
Balance at the end of the financial year	33 471	11 308 712

On the 7th and 8th December 2022, 8 884 629 shares at a volume weighted average price (VWAP) per share of R1.42 were purchased in Nampak Limited on behalf of the participants in the EIP for the one-year performance period to September 2022.

During the current year the shares were consolidated by 250 shares to 1 share.

The number of 8 884 629 was determined by taking 50% of the total incentive divided by the 30-day VWAP at 30 September 2022 of R2.32.

The share-based payment charge was determined as the fair value of 50% of the total incentive taking into account the time value of money. The charge is apportioned over the one-year performance period and the remaining two-year vesting period subject to the satisfaction of the continued employment criterion.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers

Remuneration paid to the directors and prescribed officers of Nampak Limited by the company and its subsidiaries, in terms of total guaranteed packages, plus other benefits for 2023, is set out in the table below. The group executive committee represents the prescribed officers of Nampak Ltd.

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

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

Executive directors' and group executive committee members' total remuneration 2023

Rand	Basic salary	Company contribution to retirement	Guaranteed package	Shares termination and GPA	Retention and other	Total single figure remuneration
Executive directors						
EE Smuts ¹	4 734 768	37 219	4 771 987	13 257 185	—	18 029 172
GR Fullerton ¹¹	6 245 718	144 032	6 389 750	14 331	4 545 454	10 949 535
PM Roux ²	5 323 027	—	5 323 027	—	5 000 000	10 323 027
Total	16 303 513	181 251	16 484 764	13 271 516	9 545 454	39 301 734
Group executives						
C Burmeister ³	546 765	81 843	628 608	1 113 773	—	1 742 381
LD Kidd ⁴	2 958 761	132 364	3 091 125	833 460	—	3 924 585
SB McGill ⁵	3 036 887	26 347	3 063 234	520 061	—	3 583 295
H Nel ⁶	3 054 294	194 923	3 249 217	579 498	—	3 828 715
Q Swart ⁷	3 299 038	234 113	3 533 151	—	1 766 575	5 299 726
IH van Lochem ⁸	2 970 451	152 449	3 122 900	817 390	—	3 940 290
O Pillay ⁹	595 989	54 011	650 000	1 458	450 000	1 101 458
PM Mosidi ¹⁰	323 004	49 579	372 583	836	974 396	1 347 815
Total	16 785 189	925 629	17 710 818	3 866 476	3 190 971	24 768 265
Total	33 088 702	1 106 880	34 195 582	17 137 992	12 736 425	64 069 999

- EE Smuts exited on mutual terms effective 18 April 2023. The terms included severance pay of R7 084 772; notice pay of R2 045 138; leave pay of R966 723, farewell gift of R10 000, and a long service gratuity of R500 000.
- PM Roux was appointed Acting CEO on 20 April 2023. Sign-on bonus to be reinvested in Nampak shares.
- C Burmeister retired effective 30 November 2022, resulting in deferred incentive falling away in terms of the plan rules.
- LD Kidd retired effective 31 July 2023, including leave pay of R267 175; farewell gift of R5 000; and a long service gratuity of R500 000.
- SM McGill resigned effective 31 July 2023, including leave pay of R501 207; and a farewell gift of R5 000.
- H Nel resigned effective 31 July 2023, including leave pay of R566 946; and a farewell gift of R5 000.
- Q Swart resigned effective 31 October 2023. The gross retention amount of R1 766 575 will be recovered as a consequence.
- IH van Lochem retired effective 31 August 2023, including leave pay of R267 175; farewell gift of R5 000; and a long service gratuity of R500 000.
- O Pillay was appointed Group Executive: Legal and Secretarial effective 1 July 2023.
- PM Mosidi was appointed Group Executive: Human Capital effective 1 August 2023.
- Retention bonus to be reinvested in Nampak shares.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers *continued*

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

7. Staff remuneration *continued*

7.3 Remuneration of directors and prescribed officers *continued*

Non-executive directors' remuneration

The non-executive directors' remuneration paid during 2023, as approved by shareholders, and the total comparative amount for 2022 are disclosed below:

Rand	Director's fees	Audit and risk	Nominations and remuneration	Social, ethics and transformation	Total approved fees earned 2023	Total fees invoiced 2022
N Khan	507 250	182 100	—	—	689 350	585 950
T Kruger	287 660	95 973	78 695	—	462 328	—
KW Mzondeki	530 850	201 200	—	—	732 050	585 950
CD Raphiri	460 050	—	346 300	210 300	1 016 650	847 650
SP Ridley	507 250	388 800	186 500	—	1 082 550	953 550
PM Roux	69 298	—	8 630	—	77 928	—
L Sennelo	333 614	106 519	—	76 355	516 488	693 250
PM Surgey	1 575 000	—	—	—	1 575 000	1 575 000
A van der Veen	287 550	—	13 975	—	301 525	—
	4 558 522	974 592	634 100	286 655	6 453 869	5 241 350

Directors fees are shown excluding VAT where applicable.

8. Equity, distributions and group information

8.1 Stated and share capital

R million	2023	2022
Authorised:		
600 000 no par value shares (2022: 776 857 200 ordinary shares of 5 cents each)	—	38.8
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
100 redeemable preference shares of 5 cents each	—	—
Total	1.0	39.8
Issued:		
8 476 184 no par value shares (2022: 690 474 523) ordinary shares of 5 cents each	1 265.3	34.5
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	1 266.3	35.5

Preference shares

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.2 Capital reserves

R million	2023	2022
Share premium	–	270.9
Treasury shares	(523.7)	(558.9)
44 ordinary shares held by the Nampak Black Management Share Trust	(0.1)	(0.1)
175 097 ordinary shares held by Nampak Products Limited	(502.5)	(513.3)
14 410 ordinary shares held by Nampak Products Limited for the Executive Incentive Plan 2021	(14.5)	(45.5)
19 063 ordinary shares held by Nampak Products Limited for the Executive Incentive Plan 2022	(6.6)	–
Share-based payments reserve	22.2	42.1
Total	(501.5)	(245.9)
Reconciliation of number of ordinary shares issued		
Number of ordinary shares issued at beginning of year	690 474 523	690 474 523
Share consolidation	(687 712 625)	–
Rights issue	5 714 286	–
Number of ordinary shares issued at end of year	8 476 184	690 474 523
Treasury shares	(208 613)	(56 039 598)
Net number of ordinary shares	8 267 571	634 434 925

Treasury shares

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

Consolidation of shares

During July 2023 the group's share capital was restructured by the consolidation of every 250 shares into 1 share. Number of shares prior to consolidation 690 474 523 number of shares after consolidation 2 761 898. The prior year share numbers have been restated to ensure comparability.

Rights offer to qualifying shareholders

The group undertook a renounceable rights offer to qualifying shareholders to raise up to R1.0 billion. The rights offer consisted of 2 586 797 shares in a ratio of 2.20902 rights offer share for every 1 ordinary share held at the close of trade Friday, 8 September 2023 at a price of R175 per rights offer share.

The total number of rights offer shares subscribed for was 5 714 286 ordinary shares. On completion of the rights offer, the total number of Nampak shares in issue (including treasury shares) was 8 476 184 ordinary shares.

An amount of R960 million net of related costs was raised by the company.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.3 Other reserves

R million	2023	2022
Foreign currency translation reserve	1 373.2	1 313.8
Financial instruments hedging reserve	6.7	3.3
Recognised actuarial losses	(624.5)	(623.8)
Other	(26.2)	(26.2)
Total	729.2	667.1

Foreign currency translation reserve

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

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

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

Financial instruments hedging reserve

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

Recognised actuarial gains/(losses)

Actuarial gains/(losses) comprise:

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

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

Other reserves

Other reserves mainly relate to deferred tax on the equity contribution by Nampak International Ltd to Nampak Zimbabwe of R26.2 million (debit).

8.4 Non-controlling interests

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 continued

8. Equity, distributions and group information continued

8.4 Non-controlling interests continued

The following subsidiaries have non-controlling interests:

Subsidiary	Principal place of business	Operating segment	Ownership interest held by NCI (%)	
			2023	2022
Nampak Bevcan Angola Limitada (Bevcan Angola) ¹	Angola	Metals	—	—
Nampak Zimbabwe Limited (Nampak Zimbabwe)	Zimbabwe	Plastics/Paper	48.57	48.57
DivFood Botswana (Pty) Limited (DivFood Botswana) ²	Botswana	Metals	—	26.00

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

R million	Bevcan Angola ¹		Nampak Zimbabwe		DivFood Botswana ²		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	—	372.1	2 071.1	1 537.7	—	—	2 071.1	1 909.8
Net profit/(loss) for the year	—	262.8	164.9	87.4	3.6	(0.4)	168.5	349.8
Attributable to:								
Owners of Nampak Ltd	—	183.9	84.8	45.0	2.7	(0.3)	87.5	228.6
Non-controlling interests in subsidiaries	—	78.9	80.1	42.4	0.9	(0.1)	81.0	121.2
Other comprehensive income/(loss)	—	66.0	(17.7)	(160.1)	(0.1)	(0.1)	(17.8)	(94.2)
Total comprehensive income/(loss)	—	328.8	147.2	(72.7)	3.5	(0.5)	150.7	255.6
Attributable to								
Owners of Nampak Ltd	—	230.2	75.7	(37.4)	2.6	(0.4)	78.3	192.4
Non-controlling interests in subsidiaries	—	98.6	71.5	(35.3)	0.9	(0.1)	72.4	63.2
Other equity movements	—	—	(20.6)	—	—	—	(20.6)	—
Attributable to								
Owners of Nampak Ltd	—	(679.4)	(10.6)	—	—	—	(10.6)	(679.4)
Non-controlling interests in subsidiaries	—	679.4	(10.0)	—	—	—	(10.0)	679.4
Total assets	—	—	942.2	682.9	—	15.5	942.2	698.4
Non-current assets	—	—	168.8	145.3	—	12.7	168.8	158.0
Current assets	—	—	773.4	537.6	—	2.8	773.4	540.4
Total liabilities	—	—	373.4	240.6	—	19.0	373.4	259.6
Non-current liabilities	—	—	38.3	21.5	—	—	38.3	21.5
Current liabilities	—	—	335.1	219.1	—	19.0	335.1	238.1
Total equity	—	—	568.8	442.3	—	(3.5)	568.8	438.8
Attributable to:								
Owners of Nampak Limited	—	—	292.5	227.5	—	(2.6)	292.5	224.9
Non-controlling interests in subsidiaries	—	—	276.3	214.8	—	(0.9)	276.3	213.9

1. In the prior year, the non-controlling interest in Bevcan Angola was diluted to 7% following the capital restructuring of this company on 31 March 2022. The underlying nature of this transaction, however, was such that the in-substance interest held by the non-controlling shareholders represents a 0% interest for accounting purposes until their interest becomes unencumbered. Refer note 1.3 'Capital restructuring of Nampak Bevcan Angola Lda'.
2. DivFood Botswana was liquidated during the year ended 30 September 2023. The non-controlling interest realised on the liquidation of its net assets.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition

The consolidated financial statements include the accounts of Nampak Ltd (the Company) and all of its subsidiaries at 30 September 2023.

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

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

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

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

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

Subsidiaries

R million	Type	Country of incorporation	Issued share capital	Effective percentage holding (%)		Interest of holding company			
				2023	2022	Shares at cost		Indebtedness	
						2023	2022	2023	2022
Direct holdings									
Malbak Ltd	D	RSA	R100	100	100	1 482.9	1 482.9	—	—
Nampak Intermediate Holdings Ltd	I	RSA	R2 614 761	—	—	1 441.6	—	—	—
Indirect holdings									
Bullpak Ltd	O	Kenya	KES4 760 000	100	100	—	—	—	—
CarnaudMetalbox Zimbabwe Ltd	O	Zimbabwe	ZWL98 994	51.43	51.43	—	—	—	—
Hunyani Forests Ltd	P	Zimbabwe	ZWL110 000	51.43	51.43	—	—	—	—
Hunyani Paper and Packaging (Pvt) Ltd	O	Zimbabwe	ZWL24 000	51.43	51.43	—	—	—	—
Hunyani Properties Ltd	P	Zimbabwe	ZWL426 000	51.43	51.43	—	—	—	—
Megapak Swaziland (Pty) Ltd	D	Swaziland	R1 000	100	100	—	—	—	—
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	ZWL20 100	51.43	51.43	—	—	—	—
Megaplastics Ltd	I	Zimbabwe	ZWL0	51.43	51.43	—	—	—	—
Nampak Angola Holdings Ltd	I	Isle of Man	US\$10	100	—	—	—	—	—
Nampak Bevcan Angola Lda ¹	O	Angola	US\$50 000	100	100	—	—	—	—
Nampak Bevcan Nigeria Ltd	O	Nigeria	US\$5 402 000	100	100	—	—	—	—
Nampak Divfood Botswana (Pty) Ltd	D	Botswana	BWP120	—	74	—	—	—	—
Nampak Holdings Ltd	I	Mauritius	US\$37 094	100	100	—	—	—	—
Nampak Insurance Company Ltd	N	Isle of Man	R1 142 472	100	100	—	—	—	—
Nampak International Ltd*	O/I	Isle of Man	US\$440 491	100	100	—	4 347.9	—	—
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100	—	—	—	—
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100	—	—	—	—
Nampak Nigeria Ltd	O	Nigeria	NGN107 044 183	100	100	—	—	—	—
Nampak Nigeria Holdings Ltd	I	Isle of Man	US\$10	100	—	—	—	—	—
Nampak Packaging Pvt Ltd	O	Ethiopia	ETB32 626 000	100	100	—	—	—	—
Nampak Petpak (Namibia) (Pty) Ltd	D	Namibia	N\$100	100	100	—	—	—	—
Nampak Products Ltd*	O/I	RSA	R3 758 641	100	100	—	93.7	79.6	79.6
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100	—	—	—	—
Nampak Southern Africa Holdings Ltd	I	Mauritius	US\$4 726 922	100	100	—	—	—	—
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100	—	—	—	—
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100	—	—	—	—
Nampak Zambia Ltd	O	Zambia	ZMK15,000	100	100	—	—	—	—
Nampak Packaging Malawi Ltd	O	Malawi	MWK13 450 000	100	100	—	—	—	—
Nampak Zimbabwe Ltd	O/I	Zimbabwe	US\$755 648	51.43	51.43	—	—	—	—
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$364 232	100	100	—	—	—	—
Total						2 924.5	5 924.5	79.6	79.6

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

* Direct holdings in the prior year.

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

	Type	Country of incorporation	Issued share capital	Effective percentage holding (%)	
				2023	2022
Associates (Equity accounted)					
Collect-a-Can (Pty) Ltd*	O	RSA	R4 000 000	40	40
Joint ventures (Equity accounted)					
Elopak Nampak Africa	D	Kenya	€250 000	50	50

O = Operating; D = Dormant

* 31 December year-end.

Aggregate information of associates and joint ventures:

R million	Associates		Joint venture	
	2023	2022	2023	2022
Cost of investment	1.6	4.2	4.3	4.3
Decrease in investment	—	(0.5)	—	—
Transfer to other investments	—	(2.1)	—	—
Group's share of profit/(loss) after tax	6.8	13.0	(2.7)	(2.7)
Opening balance	13.0	10.1	(2.7)	(1.4)
Decrease in investment	—	(1.1)	—	—
Transfer to other investments	—	(2.4)	—	—
Share of current year (loss)/profit after tax	(6.2)	6.4	—	(1.3)
Translation differences	—	—	1.0	0.8
Aggregate carrying amount of the Group's interest in these associates and joint ventures	8.4	14.6	2.6	2.4

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

R million	Associates		Joint venture	
	2023	2022	2023	2022
Revenue	207.7	259.1	—	0.6
Net (loss)/profit for the year	(12.3)	12.8	—	(2.6)
Group's share of net profit/(loss) for the year	(6.2)	6.4	—	(1.3)
Total assets	38.8	52.1	7.8	7.4
Total liabilities	20.9	21.8	13.6	13.0
Net assets	17.9	30.3	(5.8)	(5.6)
Group's share of net assets	8.4	14.6	2.6	2.4

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.5 Group composition *continued*

Other investments

	Type	Number of shares held by group		Effective percentage holding	
		2023	2022	2023	2022
Ethiopian Crown Cork & Can Industry	O	—	5 750	—	25
PET RecoZim (Pvt) Ltd	D	10	10	5	5
Group Risk Holdings (Pty) Ltd	N	1 158	1 187	10.25	10.5
Group Risk Mutual Ltd	N	102 500	105 000	10.25	10.5

O = Operating; N = Insurance; D = Dormant

8.6 Related party transactions

Material related party transactions were as follows:

R million	2023	2022
Sales and services rendered to related parties:		
Associates	26.5	24.4
Total	26.5	24.4
Interest received from related parties:		
Associate	—	0.1
Total	—	0.1

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

R million	2023	2022
Amounts receivable from related parties:		
Loans to associate	—	1.0
Associate receivable	9.8	7.3
Joint venture receivable	5.0	4.5
Total	14.8	12.8

Notes to the consolidated financial statements

for the year ended 30 September 2023 *continued*

8. Equity, distributions and group information *continued*

8.6 Related party transactions *continued*

Key members

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

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

Key member	Entity	Position in entity
PM Mosidi	Nampak 1979 Share Purchase Trust	Trustee (appointment in progress)
	Nampak Employee Share Trust	Trustee (appointment in progress)
	Black Management Trust	Trustee (appointment in progress)
CD Raphiri	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
SP Ridley	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee
PM Surgey	Nampak 1979 Share Purchase Trust	Trustee
	Nampak Limited Performance Share Trust	Trustee
	Nampak Limited Share Appreciation Trust	Trustee

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

Related-party transactions include:

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

Compensation relating to key management personnel

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

R million	2023	2022
Short-term employee benefits	34.2	56.2
Termination benefits	14.2	—
Retention payments	12.7	—
Share-based payments	(1.3)	26.6
	59.8	82.8

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

Shareholders

An analysis of major shareholders is provided on pages 114 and 115.

Company statement of comprehensive income

for the year ended 30 September 2023

R million	Notes	2023	2022
Revenue	1	9.0	8.5
Employee benefit expense		(7.0)	(5.7)
Other operating expenses		(2.4)	(1.8)
Other operating income		6.1	17.8
Operating profit before net impairment losses		5.7	18.8
Impairment losses	3	(3 953.9)	–
Operating (loss)/profit		(3 948.2)	–
Finance costs	8	(0.8)	–
(Loss)/profit before tax		(3 949.0)	18.8
Income tax expense	2	–	(0.3)
Total comprehensive (loss)/income for the year		(3 949.0)	18.5

Company statement of financial position

as at 30 September 2023

R million	Notes	2023	2022
Assets			
Non-current assets			
Interest in subsidiaries	3	1 737.3	4 751.1
Other investment	4	23.6	18.8
		1 760.9	4 769.9
Current assets			
Subsidiary companies and trusts	8	19.1	2.2
		19.1	2.2
Total assets		1 780.0	4 772.1
Equity and liabilities			
Capital and reserves			
Stated and share capital	5	1 266.3	35.5
Capital reserves	5	22.2	313.0
Retained earnings		472.4	4 421.5
		1 760.9	4 770.0
Current liabilities			
Other payables	7	13.7	0.6
Subsidiary companies and trusts	8	5.4	1.5
		19.1	2.1
Total equity and liabilities		1 780.0	4 772.1

Company statement of changes in equity

for the year ended 30 September 2023

R million	Notes	2023	2022
Opening balance		4 770.0	4 727.1
Rights issue — net proceeds of shares issued during the year		959.9	—
Share-based payment (benefit)/expense		(1.1)	26.5
Share grants exercised		(18.8)	—
Share grants forfeited		—	(2.0)
Total comprehensive (loss)/income for the period		(3 949.0)	18.5
Dividends paid	6	(0.1)	(0.1)
Closing balance		1 760.9	4 770.0
Comprising:			
Stated and share capital	5	1 266.3	35.5
Capital reserves	5	22.2	313.0
Share premium		—	270.9
Share option reserve		22.2	42.1
Retained earnings		472.4	4 421.5
Total equity		1 760.9	4 770.0

Capital and reserves

R million	Notes	Attributable to equity holders of the company				
		Stated and share capital	Share premium	Share option reserve	Retained earnings	Total equity
At 1 October 2021		35.5	270.9	15.6	4 405.1	4 727.1
Employee share option scheme:						
— value of employee services		—	—	26.5	—	26.5
Share grants forfeited		—	—	—	(2.0)	(2.0)
Profit for the year		—	—	—	18.5	18.5
Dividends paid	6	—	—	—	(0.1)	(0.1)
At 30 September 2022		35.5	270.9	42.1	4 421.5	4 770.0
Shares issued during the year — rights offer		1 000.0	—	—	—	1 000.0
Share issue expenses		(40.1)	—	—	—	(40.1)
Transfer to stated and share capital		270.9	(270.9)	—	—	—
Employee share option scheme:						
Value of employee services		—	—	(1.1)	—	(1.1)
Share grants exercised		—	—	(18.8)	—	(18.8)
Loss for the year		—	—	—	(3 949.0)	(3 949.0)
Dividends paid	6	—	—	—	(0.1)	(0.1)
At 30 September 2023		1 266.3	—	22.2	472.4	1 760.9

Company statement of cash flows

for the year ended 30 September 2023

R million	Notes	2023	2022
Cash flows from operating activities			
Cash generated from/(utilised in) operations	9	0.8	(2.2)
Interest paid		(0.8)	—
Income tax refund		—	0.6
Cash flows from operations		—	(1.6)
Dividends paid		(0.1)	(0.1)
Cash utilised in operating activities		(0.1)	(1.7)
Cash flows from investing activities			
(Increase)/decrease in investments		(959.8)	1.7
Cash (utilised)/generated in investing activities		(959.8)	1.7
Cash flows from financing activities			
Proceeds from issue of shares		1 000.0	—
Share issue expenses		(40.1)	—
Cash raised from financing activities		959.9	—
Net movement in cash and cash equivalents		—	—
Cash and cash equivalents at beginning of year		—	—
Cash and cash equivalents at end of year		—	—

Notes to the company financial statements

for the year ended 30 September 2023

1. Revenue

R million	2023	2022
Fees received from subsidiaries	9.0	8.5

2. Taxation

2.1 Income tax

R million	2023	2022
Current tax		
— current year	—	0.3
Total	—	0.3

The company tax rate in South Africa is 27% (2022: 28%) of the estimated assessable profit for the year.

%	2023	2022
Reconciliation of rate of tax		
Normal tax rate	27.0	28.0
Reduction in tax charge due to:		
— dividend income and other exempt income	—	(26.4)
— disallowable expenses*	(27.0)	—
Effective company rate of tax	—	1.6

* Disallowable expenses include the impairment of the Nampak International Ltd investment.

2.2 Deferred tax

At 30 September 2023 the company had a tax loss of R0.2 million available for set-off against future taxable profits. Deferred tax was raised on the tax loss at 27%.

Notes to the company financial statements

for the year ended 30 September 2023 *continued*

3. Interests in subsidiaries

R million	2023	2022
(Refer to note 8.5 of the consolidated financial statements for details)		
Net investment in subsidiaries	1 441.6	4 435.5
Investment in subsidiaries	2 924.5	5 924.5
Less: Impairment losses	(1 482.9)	(1 489.0)
Share-based payments contribution	216.1	236.0
Amount due by subsidiaries*	79.6	79.6
Shares at cost less impairments	1 737.3	4 751.1
Directors' valuation	1 737.3	4 751.1

* Expected to be repaid within three years.

Movement in net investment in subsidiaries (including impairment losses):

R million	2023
1 October 2022	4 435.5
Investment in subsidiaries	5 924.5
Malbak Ltd	1 482.9
Nampak International Ltd	4 347.9
Nampak Products Ltd	93.7
Impairment losses	(1 489.0)
Malbak Ltd	(1 482.9)
Nampak International Ltd	(6.1)
Movement for the period	
Investment in Nampak International Ltd	960.0
Impairment of Nampak International Ltd	(3 953.9)
Consolidation of Nampak International Ltd and Nampak Products Ltd into Nampak Intermediate Holdings Ltd after restructuring:	—
Nampak International Ltd	(2 521.1)
Nampak Products Ltd	(93.7)
Nampak Intermediate Holdings Ltd	2 614.8
30 September 2023	1 441.6
Investment in subsidiaries	2 924.5
Malbak Ltd	1 482.9
Nampak Intermediate Holdings Ltd	1 441.6
Impairment losses — Malbak Ltd	(1 482.9)

No comparatives have been provided as there was no movement in the prior year.

The net impairment losses processed by the group, as further described in note 2.3 of the group financial statements triggered an impairment assessment in line with IAS 36: Impairment of Assets which resulted in the value in use of Nampak International Ltd being lower than its carrying amount.

The cost of the investment in Nampak International Holdings Ltd was determined by consolidating the carrying amounts of Nampak Products Ltd and Nampak International Ltd. This was done to align with the new legal structure of Nampak International Holdings Ltd being the intermediate company to hold these investments.

Notes to the company financial statements

for the year ended 30 September 2023 *continued*

4. Other investment

R million	2023	2022
Other investment at fair value	23.6	18.8

5. Capital and reserves

R million	2023	2022
Stated and share capital		
Authorised:		
600 000 no par value shares (2022: 776 857 200 ordinary shares of 5 cents each)	—	38.8
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	1.0	39.8
Issued:		
8 476 184 no par value shares (2022: 690 474 523 ordinary shares of 5 cents each)	1 265.3	34.5
100 000 6.5% cumulative preference shares of R2 each	0.2	0.2
400 000 6% cumulative preference shares of R2 each	0.8	0.8
Total	1 266.3	35.5
Preference shares		
There were no changes to the issued 6.5% and 6% preference shares.		
Capital reserves		
Share premium	—	270.9
Share option reserve	22.2	42.1
Total	22.2	313.0
Reconciliation of number of ordinary shares issued		
Number of ordinary shares issued at beginning of year	690 474 523	690 474 523
Share consolidation	(687 712 625)	—
Rights issue	5 714 286	—
Number of ordinary shares issued at end of year	8 476 184	690 474 523

Consolidation of shares

During July 2023 the group's share capital was restructured by the consolidation of every 250 shares into 1 share. Number of shares prior to consolidation 690 474 523 number of shares after consolidation 2 761 898.

Rights offer to qualifying shareholders

The group undertook a renounceable rights offer to qualifying shareholders to raise up to R1.0 billion. The rights offer consisted of 2 586 797 shares in a ratio of 2.20902 rights offer share for every 1 ordinary share held at the close of trade Friday, 8 September 2023 at a price of R175 per rights offer share.

The total number of rights offer shares subscribed was 5 714 286 ordinary shares. On completion of the rights offer, the total number of Nampak shares in issue (including treasury shares) was 8 476 184 ordinary shares.

An amount of R960 million net of related cost was raised by the company.

Notes to the company financial statements

for the year ended 30 September 2023 *continued*

6. Dividends and cash distributions

R million	2023	2022
Preference dividends	0.1	0.1

7. Other payables

R million	2023	2022
Accruals	13.0	0.5
Other	0.7	0.1
Total	13.7	0.6

Accruals principally comprise amounts outstanding for ongoing costs.

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

8. Related party transactions

R million	2023	2022
Corporate charges received from related parties		
Nampak Products Limited	8.2	7.8
Nampak International Limited	0.8	0.7
Total	9.0	8.5
Interest paid to related parties		
Nampak Products Limited	0.8	—
Non-current amounts payable by such entities are included in note 3.		
Current amounts due by subsidiary companies and trusts		
Nampak Products Ltd ¹	14.6	2.2
Nampak International Ltd ¹	4.5	—
Total	19.1	2.2
Current amounts outstanding to subsidiary companies and trusts		
Nampak Products Ltd ¹	3.6	—
Nampak Share Purchase Trust ²	1.0	1.0
Nampak Employee Share Trust ²	0.5	0.5
Black Management Trust ²	0.3	—
Total	5.4	1.5

1. These loans bear interest at the average deposit rate and have no fixed repayment terms.

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

Notes to the company financial statements

for the year ended 30 September 2023 *continued*

8. Related party transactions *continued*

R million	2023	2022
Guarantees		
Cross guarantee on behalf of Nampak Products Limited and Nampak Intermediate Holdings Limited for an amount not exceeding US\$24.9 million (2022: US\$55.6 million) in favour of noteholders for the Note Purchase Agreement issued by Nampak International Limited.	470.0	1 005.8
Guarantee for an amount not exceeding R0 million (2022: R500.0 million) on behalf of Nampak Products Limited in favour of Nedbank Limited for general banking facilities.	—	500.0
Guarantee for an amount not exceeding R115.0 million (2022: R115.0 million) on behalf of Nampak Products Limited in favour of Nedbank Limited for an indirect facility.	115.0	115.0
Guarantee for an amount not exceeding R140.0 million (2022: R140.0 million) on behalf of Nampak Products Limited in favour of Rand Merchant Bank for indirect facilities.	140.0	140.0
Guarantee for an amount not exceeding R378.9 million (2022: R1 005.9 million) on behalf of Nampak Products Limited in favour of Standard Bank SA Limited for banking facilities.	378.9	1 005.9
Guarantee on behalf of Nampak Products Limited in favour of Imbali Props 21 (Pty) Limited in respect of the annual rental of R178.7 million (2022: R172.5 million) payable under the 15-year lease agreement for factory premises in South Africa.	178.7	172.5
Guarantee for an amount not exceeding US\$10.0 million (2022: US\$157.4 million) on behalf of Nampak International Limited in favour of a conglomerate of banks including but not limited to including but not limited to revolving credit facilities.	189.2	2 847.1
Guarantee for an amount not exceeding R284.9 million (2022: US\$38.4 million) on behalf of Nampak International Limited in favour of a conglomerate of banks including but not limited to including but not limited to revolving credit facilities.	284.9	695.0
Guarantee for an amount not exceeding R5 101.4 million (2022: R3 445.3 million) on behalf of Nampak Products Limited in favour of a conglomerate of banks including but not limited to revolving credit facilities.	5 101.4	3 445.3
Guarantee for an amount not exceeding R1 923.6 million (2022: R0 million) on behalf of Nampak Intermediate Holdings Limited in favour of a conglomerate of banks including but not limited to revolving credit facilities.	1 923.6	—

Key management personnel

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

R million	2023	2022
Short-term employee benefits	34.2	56.2
Termination benefits	14.2	—
Retention payments	12.7	—
Share-based payments	(1.3)	26.6
Total	59.8	82.8
Settled by subsidiaries of the company	59.8	82.8

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

Notes to the company financial statements

for the year ended 30 September 2023 *continued*

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

R million	2023	2022
(Loss)/profit before taxation	(3 949.0)	18.8
Adjustment for:		
Net impairment loss	3 953.9	—
Share grants forfeited	—	(2.0)
Fair value gain on investments	(5.3)	(17.8)
Loss on disposal of investment	0.3	—
Net finance costs	0.8	—
Operating profit/(loss) before working capital changes	0.7	(1.0)
Increase in other payables	13.1	—
Increase in subsidiary company receivables	(13.0)	(1.2)
Cash generated from/(utilised in) operations	0.8	(2.2)

10. Going concern

The company is expected to continue as a going concern for the foreseeable future. Refer to note 1.4 of the consolidated financial statements.

11. Subsequent events

On 31 October 2023, the group received the first instalment of NGN6.7 billion (US\$8.6 million) from the disposal of property and related plant of Nampak Nigeria Ltd, a group company, in terms of the agreement effected during August 2023 for NGN7.5 billion (US\$9.5 million) on meeting certain conditions pertaining to the agreement. The details of this transaction were communicated in a SENS dated 30 August 2023. R104.7 million (US\$5.5 million) of these proceeds have been remitted to Nampak International Ltd to date. The balance of the purchase price net of related disposal costs is expected to be received in January 2024.

On 31 October 2023, the group disposed of a property located in the United Kingdom for the net amount of R41.4 million (GBP1.8 million). Transfer was effected on 10 November 2023 and these proceeds were received during November 2023. This property is disclosed as held for sale in note 6.7.

Both disposals were effected in terms of the group's asset disposal plan and the net proceeds will be applied to the reduction of the group's outstanding debt obligations.

Analysis of registered shareholders and company schemes

for the year ended 30 September 2023

Registered shareholder spread

In accordance with the JSE Listing Requirements, the following table confirms the spread of registered shareholders as of 29 September 2023 is as per below:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	7 891	93.27	637 266	7.52
1 001 – 10 000 shares	456	5.39	1 378 782	16.27
10 001 – 100 000 shares	98	1.16	2 519 433	29.72
100 001 – 1 000 000 shares	15	0.18	3 940 704	46.49
Total	8 460	100.00	8 476 185	100.00

Public and non-public shareholdings

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

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Public shareholders	8 452	99.91	7 660 315	90.37
Non-public shareholders*	8	0.09	815 870	9.63
Directors and associates	6	0.07	640 829	7.56
Treasury shares	1	0.01	175 097	2.07
Empowerment	1	0.01	44	0.00
Total	8 460	100.00	8 476 185	100.00

* Includes Directors, Associates and Treasury and Empowerment shares.

Analysis of registered shareholders and company schemes

for the year ended 30 September 2023 *continued*

Substantial investment management and beneficial interests above 3%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of Section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 3% of the issued share capital as at 29 September 2023:

Shareholdings above 3%

	Total shareholdings	% of issued capital
PSG Asset Management	941 495	11.11
Allan Gray Pty Ltd	883 898	10.43
M&G Investment Managers (Pty) Ltd	693 753	8.18
Coronation Asset Management (Pty) Ltd	556 221	6.56
Investec Wealth & Investment	423 579	5.00
Total	3 498 946	41.28

Beneficial shareholdings above 3%

Beneficial shareholdings	Total shareholdings	% of issued capital
Old Mutual MM Satellite Equity Fund No 3	371 243	4.38
Ninety One Wealth & Investment BCI Dynamic	370 417	4.37
PSG Flexible Fund	355 046	4.19
Allan Gray Stable Fund	337 887	3.99
M&G Equity Fund	320 922	3.79
PSG Balanced Fund	296 513	3.50
Total	2 052 028	24.22

Previously disclosed holdings

Investment managers now holding below 3%

Investment manager	Total shareholdings	Current %	Previous %
Visio Capital Management	—	—	9.42
Old Mutual Investment Group SA	236 588	2.79	8.16
Ninety One SA (PTY) Ltd	—	—	4.90
36One Asset Management	—	—	3.99
Sanlam Investment Management (Pty) Ltd	176 661	2.08	3.29
Total	413 249	4.87	29.77

Beneficial owners now holding below 3%

Investment manager	Total shareholdings	Current %	Previous %
Allan Gray Balanced Fund	1 925	0.02	5.38
Old Mutual Life Assurance Co Ltd	44 795	0.53	3.02
Government of Norway	—	—	2.94
36One Hedge Fund	—	—	2.54
Allan Gray Equity Fund	18 401	0.22	2.54
Ninety One Value Fund	—	—	2.39
Total	65 121	0.77	18.81

Shareholders' diary at 30 September 2023

Annual general meeting

Thursday, 15 February 2024

Interim statement and ordinary dividend announcement for the half-year ending 31 March 2024
May 2024

Group results and ordinary dividend announcement for the year ending 30 September 2024
December 2024

Dividend

Ordinary

Final dividend for the year ended 30 September 2023

No dividend being paid

Interim dividend for the half-year ending 31 March 2024

To be paid in July 2024, if payable

Preference

6.5% and 6% cumulative preference dividends

Payable twice per annum during February and August

Corporate information

Business address and registered office

Nampak House

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

PO Box 69983, Bryanston, 2021

T +27 719 6300

www.nampak.com

Auditors

Deloitte & Touche

5 Magwa Crescent
Waterfall City, 2090, South Africa

Private Bag X6, Woodmead, 2052
South Africa

Company secretary

Omeshnee Pillay

T +27 11 719 6475

E Omeshnee.pillay@nampak.com

Sponsor

PSG Capital (Pty) Ltd

1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600, South Africa

And

Suite 1105, 11th Floor
Sandton Eye Building, 126 West Street
Sandton, 2196, South Africa

PO Box 7403, Stellenbosch, 7599

Share registrar

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

T +27 11 370 5000

F +27 11 688 5200

Shareholder hotline

T +27 11 373 0033

Smart number +27 80 000 6497

F +27 11 688 5217

E web.queries@computershare.co.za

Investor relations

Teboho Lempe

T +27 11 719 6326

E Teboho.lempe@nampak.com



Head office

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

PO Box 69983
Bryanston
2021

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

www.nampak.com

