



Nampak Zimbabwe Limited



ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	INFLATION ADJUSTED		HISTORICAL*	
	2021 ZW\$ 000 Audited	2020 ZW\$ 000 Audited	2021 ZW\$ 000 Unaudited	2020 ZW\$ 000 Unaudited
CONTINUING OPERATIONS				
Revenue	9 644 122	7 708 467	8 114 180	2 688 328
Trading income	1 781 680	1 254 981	2 031 529	1 028 008
Other material income / (expenses)	75 921	(719 143)	69 286	(29 723)
Net monetary (loss) / gain on hyperinflation	(347 964)	997 305	-	-
Operating profit	1 509 637	1 533 143	2 100 815	998 285
Net finance income / (expense)	4 716	(83 574)	4 058	(7 276)
Profit before tax	1 514 353	1 449 569	2 104 873	991 009
Income tax expense	(822 208)	(2 436 721)	(536 849)	(228 307)
Profit / (loss) for the year from continuing operations	692 145	(987 152)	1 568 024	762 702
DISCONTINUED OPERATIONS				
Share of net (loss) / profit from joint venture	(2 795)	(10 890)	550	13 444
Profit / (loss) for the year	689 350	(998 042)	1 568 574	776 146
Earnings / (loss) per ordinary share (cents)	91.23	(132.08)	207.58	102.71
Headline earnings / (loss) per ordinary share (cents)	83.50	(60.45)	200.54	105.67
Ordinary shares in issue at reporting date	755 648 101	755 648 101	755 648 101	755 648 101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	INFLATION ADJUSTED		HISTORICAL*	
	2021 ZW\$ 000 Audited	2020 ZW\$ 000 Audited	2021 ZW\$ 000 Unaudited	2020 ZW\$ 000 Unaudited
ASSETS				
Non current assets	2 336 316	2 338 240	474 471	172 852
Property, plant and equipment	2 133 211	2 126 654	323 000	116 237
Right of use assets	48 212	-	48 212	-
Intangible assets	127 529	127 654	2 445	2 447
Biological assets	27 117	16 501	27 117	10 889
Investment in joint venture	-	67 390	-	19 953
Investments and non current receivables	247	41	247	27
Deferred tax asset	-	-	73 450	23 299
Current assets	3 327 114	2 957 492	3 155 297	1 600 778
Inventories	952 594	1 196 574	828 095	579 617
Trade and other receivables	1 914 056	1 303 006	1 866 738	718 997
Cash and cash equivalents	460 464	457 912	460 464	302 164
TOTAL ASSETS	5 663 430	5 295 732	3 629 768	1 773 630
EQUITY AND LIABILITIES				
Capital and reserves	4 152 647	3 463 297	2 574 758	1 006 184
Share capital and share premium	1 294 347	1 294 347	24 810	24 810
Non distributable reserves	3 068 198	10 229 195	752 464	962 797
(Accumulated loss) / retained earnings	(209 898)	(8 060 245)	1 797 484	18 577
Non-current liabilities	463 709	487 865	33 520	-
Non current lease liabilities	33 520	-	33 520	-
Deferred tax liabilities	430 189	487 865	-	-
Current liabilities	1 047 074	1 344 570	1 021 490	767 446
Trade payables	499 127	717 887	473 543	194 083
Other payables	475 319	478 679	475 319	475 699
Current tax payable	72 628	148 004	72 628	97 664
TOTAL EQUITY AND LIABILITIES	5 663 430	5 295 732	3 629 768	1 773 630

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	INFLATION ADJUSTED			
	Share Capital and Premium Audited ZW\$ 000	Non Distributable Reserve Audited ZW\$ 000	(Accumul-ated loss)/ retained earnings Audited ZW\$ 000	Total Audited ZW\$ 000
Balance as at 30 September 2019	1 294 347	191 479	(7 062 263)	(5 576 377)
Total comprehensive loss for the year	-	-	(998 042)	(998 042)
Gain on set off of Nampak International Limited liability and Reserve Bank of Zimbabwe receivable	-	1 804 512	-	1 804 512
Impairment reversal of prior year non current receivable through equity (next of tax)	-	6 352 267	-	6 352 267
Nampak International Limited (NIL) technical fees and interest reversal through equity (next of tax)	-	1 880 937	-	1 880 937
Balance as at 30 September 2020	1 294 347	10 229 195	(8 060 245)	3 463 297
Total comprehensive profit for the year	-	-	689 350	689 350
Disposal of joint venture	-	(24 573)	24 573	-
Reclassification to retained earnings	-	(7 136 424)	7 136 424	-
Balance as at 30 September 2021	1 294 347	3 068 198	(209 898)	4 152 647

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2021

	HISTORICAL *			
	Share Capital and Share Premium Unaudited ZW\$ 000	Non Distributable Reserve Unaudited ZW\$ 000	(Accumul-ated loss)/ retained earnings Unaudited ZW\$ 000	Total Unaudited ZW\$ 000
Balance as at 30 September 2019	24 810	22 307	(757 569)	(710 452)
Total comprehensive profit for the year	-	-	776 146	776 146
Gain on set off of NIL liability and RBZ receivable	-	156 801	-	156 801
Impairment reversal of prior year non current receivable through equity (net of tax)	-	551 973	-	551 973
NIL technical fees and interest reversal through equity (net of tax)	-	231 716	-	231 716
Balance as at 30 September 2020	24 810	962 797	18 577	1 006 184
Total comprehensive profit for the year	-	-	1 568 574	1 568 574
Disposal of joint venture	-	(471)	471	-
Reclassification to retained earnings	-	(209 862)	209 862	-
Balance as at 30 September 2021	24 810	752 464	1 797 484	2 574 758

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2021

	INFLATION ADJUSTED		HISTORICAL*	
	2021 ZW\$ 000 Audited	2020 ZW\$ 000 Audited	2021 ZW\$ 000 Unaudited	2020 ZW\$ 000 Unaudited
Cash generated from operating activities	1 706 822	348 280	2 046 535	993 919
	(1 563 360)	(405 379)	(1 725 117)	(671 501)
Working capital changes	(589 190)	295 725	(1 117 139)	(441 951)
Net finance costs	4 716	(83 574)	4 058	(7 276)
Tax paid	(978 886)	(617 530)	(612 036)	(222 274)
Net cash generated from / (utilised in) operating activities	143 462	(57 099)	321 418	322 418
Investing activities	(138 042)	(145 987)	(160 250)	(77 691)
Purchase of plant and equipment and intangible assets	(284 956)	(147 572)	(242 662)	(77 827)
Proceeds on disposal of property, plant and equipment	28 844	1 584	14 123	136
Proceeds on disposal of joint venture	118 070	-	68 289	-
Net cash generated / (utilised) before financing activities	5 420	(203 087)	161 168	244 727
Financing activities	(2 868)	-	(2 868)	-
Lease liability	(2 868)	-	(2 868)	-
Net increase / (decrease) in cash and cash equivalents	2 552	(203 087)	158 300	244 727
Cash and cash equivalents at the beginning of the year	457 912	660 999	302 164	57 437
Cash and cash equivalents at the end of the year	460 464	457 912	460 464	302 164
REPRESENTED BY:				
Bank balances, cash and short term deposits	460 464	457 912	460 464	302 164

NOTES TO THE INFLATION ADJUSTED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. CORPORATE INFORMATION

Nampak Zimbabwe Limited is a public limited Company incorporated and domiciled in Zimbabwe. The main activities of the Group are manufacturing of paper, plastic and metal packaging products and leasing of biological assets and property. The abridged consolidated financial statements for Nampak Zimbabwe Limited and its subsidiaries (the Group) for the year ended 30 September 2021 were authorised for issue in accordance with a resolution of the directors on 24 January 2022.

2. BASIS OF PREPARATION

These abridged consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the disclosure requirements of the Zimbabwe Stock Exchange Listing Rules and the Companies and Other Business Entities Act (Chapter 24:31).

The consolidated financial statements of the Group have been prepared based on the current cost basis and adjusted for the effects of IAS 29 'Financial Reporting in Hyperinflationary Economies'. Comparative financial statements are restated using the general inflation indices in terms of the measuring unit current at the statement of financial position date. The primary financial statements of the Group are the inflation adjusted numbers.

* The historic amounts are shown as supplementary information. This information does not comply with the International Financial Reporting Standards in that it has not taken into account the requirements of International Accounting Standard 29 – Financial Reporting for Hyperinflationary Economies. As a result the auditors have not expressed an opinion on this historic financial information.

The conversion factors have been adopted from the Consumer Price Index (CPI) data prepared by the Zimbabwe National Statistics Agency (ZIMSTAT). The indices and conversion factors used to restate the financial results are as follows:

	Indices	Conversion factor
CPI as at 30 September 2021	3,342.0	1.00
CPI as at 30 September 2020	2,205.2	1.52

3. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Zimbabwe dollars (ZW\$), which is the functional and presentation currency of the Group. All values are rounded to the nearest thousand except where otherwise stated.

4. STATEMENT OF ACCOUNTING POLICY

The accounting policies are consistent with those used in the prior year, except where international Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been amended or adopted.

NAMPAK ZIMBABWE LIMITED

ABRIDGED AUDITED RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

5. DIRECTORS' RESPONSIBILITY

The Company's Directors, under the Companies and Other Business Entities Act (Chapter 24:31), are responsible for the preparation and fair presentation of the Group's consolidated financial statements and related information.

These audited abridged financial statements are presented in accordance with the disclosure requirements of the Zimbabwe Stock Exchange (ZSE), the International Financial Reporting Standards (IFRS) and the Companies and Other Business Entities Act (Chapter 24:31).

The Directors caution stakeholders and users in their interpretation of these financial statements following the change in the functional currency effective February 2019 and the requirement in 2019 from PAAB and ICAZ to publish inflation- adjusted accounts in accordance with International Accounting Standard (IAS 29 - Financial Reporting in Hyperinflationary Economies).

The Directors have reviewed the performance and financial position of the Group and are satisfied that the Group and Company have sufficient financial resources to continue as a going concern.

6. DISPOSAL OF THE JOINT VENTURE

The Board of Directors approved the disposal of Softex Tissue Products (Private) Limited to ART Holdings Limited. An agreement of Softex Tissue Products (Private) Limited sale was signed on 3 May 2021. The total consideration was US\$800 thousand. The share of net (loss) / profit from the joint venture has been classified as discontinued operations.

7. AUDITORS STATEMENT

These abridged Financial Results should be read in conjunction with the complete set of financial statements for the year ended 30 September 2021, which have been audited by Deloitte & Touche Chartered Accountants (Zimbabwe) in accordance with International Standards on Auditing. The auditors issued a qualified opinion on the Financial Statements for the carryover effects of non-compliance with IAS 21 - "The Effects of changes in Foreign Exchange Rates" from the prior year. The audit report includes a section on Key Audit Matters. The Key Audit Matter is on "The effects of changes in foreign exchange rates" with respect to the determination of spot rate. The auditor's report is available for inspection at the Company's registered address. The Engagement Partner responsible for the audit was Tapiwa Chizana.

8. GROUP OPERATING SEGMENT REPORT

The basis of segmentation and basis of measurement of segment profit or loss for the current reporting period is consistent with the last reported annual financial statement.

Segment reporting for the year ended 30 September 2021				
	INFLATION ADJUSTED			
	Printing & Converting Unaudited ZW\$ 000	Plastics & Metals Unaudited ZW\$ 000	Services & Eliminations Unaudited ZW\$ 000	Total Unaudited ZW\$ 000
Sales to local customers	3 801 322	5 093 175	-	8 894 497
Sales to export customers	538 608	201 071	-	739 679
Other sales	9 946	-	-	9 946
Intersegmental sales	93 017	1 163	(94 180)	-
Total Sales	4 442 893	5 295 409	(94 180)	9 644 122
Results from continuing operations				
Trading income	722 820	1 006 295	52 565	1 781 680
Operating profit	677 131	829 885	2 621	1 509 637
Net finance (costs) / income	(3 743)	(2 238)	10 697	4 716
Taxation charge	(397 475)	(407 766)	(16 967)	(822 208)
Profit / (loss) from continuing operations	275 913	419 881	(3 649)	692 145
Discontinued operations				
Net loss from joint venture	(2 685)	-	(110)	(2 795)
Profit / (loss) for the year	273 228	419 881	(3 759)	689 350
Other information				
Segment assets	2 881 369	2 730 179	51 882	5 663 430
Segment liabilities	942 863	665 009	(97 089)	1 510 783
Capital expenditure	60 886	219 383	4 687	284 956
Depreciation and amortisation	122 559	181 252	(51 098)	252 713
Other material (income) / expenses	(68 291)	2 437	(10 067)	(75 921)
Monetary loss on hyperinflation	113 980	173 970	60 011	347 961

Segment reporting for the year ended 30 September 2020				
	INFLATION ADJUSTED			
	Printing & Converting Audited ZW\$ 000	Plastics & Metals Audited ZW\$ 000	Services & Eliminations Audited ZW\$ 000	Total Audited ZW\$ 000
Sales to local customers	3 231 070	3 839 429	(96 673)	6 973 826
Sales to export customers	573 366	151 147	-	724 513
Other sales	10 128	-	-	10 128
Intersegmental sales	9 370	11 076	(20 446)	-
Total Sales	3 823 934	4 001 652	(117 119)	7 708 467
Results from continuing operations				
Trading income	620 148	593 202	41 631	1 254 981
Operating profit	1 103 803	209 915	219 425	1 533 143
Finance income / (costs)	(16 330)	(70 733)	3 489	(83 574)
Taxation charge	(1 187 706)	(1 242 150)	(6 865)	(2 436 721)
(Loss) / profit from continuing operations	(100 233)	(1 102 968)	216 049	(987 152)
Discontinued operations				
Net loss from joint venture	(10 462)	-	(428)	(10 889)
(Loss) / profit for the year	(110 695)	(1 102 968)	215 621	(998 042)
Other information				
Segment assets	2 806 373	2 157 985	331 374	5 295 732
Segment liabilities	1 205 879	512 785	113 771	1 832 435
Capital expenditure	43 366	116 756	(12 550)	147 572
Depreciation and amortisation	80 650	171 615	(18 311)	233 954
Other material expenses	139 677	557 698	21 768	719 143
Monetary gain on hyperinflation	(623 331)	(174 411)	(199 563)	(997 305)

Segment reporting for the year ended 30 September 2021				
	HISTORICAL			
	Printing & Converting Unaudited ZW\$ 000	Plastics & Metals Unaudited ZW\$ 000	Services & Eliminations Unaudited ZW\$ 000	Total Unaudited ZW\$ 000
Sales to local customers	3 192 725	4 286 510	-	7 479 235
Sales to export customers	454 972	171 753	-	626 725
Other sales	8 220	-	-	8 220
Intersegmental sales	76 833	7 493	(84 326)	-
Total Sales	3 732 750	4 465 756	(84 326)	8 114 180
Results from continuing operations				
Trading income	853 422	1 143 380	34 727	2 031 529
Operating income	914 825	1 141 440	44 550	2 100 815
Net finance income / (costs)	(2 875)	(1 988)	8 921	4 058
Taxation charge	(233 655)	(291 279)	(11 914)	(536 848)
Profit from continuing operations	678 295	848 172	41 557	1 568 024
Discontinued operations				
Net profit from joint venture	528	-	22	550
Profit for the year	678 823	848 172	41 579	1 568 574
Other information				
Segment assets	1 812 850	1 857 540	(40 621)	3 629 769
Segment liabilities	652 842	498 074	(95 906)	1 055 010
Capital expenditure	55 461	183 321	3 881	242 663
Depreciation and amortisation	43 808	17 694	(36 950)	24 553
Other material (income) / expenses	(61 402)	1 940	(9 824)	(69 286)

Segment reporting for the year ended 30 September 2020				
	HISTORICAL			
	Printing & Converting Unaudited ZW\$ 000	Plastics & Metals Unaudited ZW\$ 000	Services & Eliminations Unaudited ZW\$ 000	Total Unaudited ZW\$ 000
Sales to local customers	1 115 820	1 290 667	-	2 406 487
Sales to export customers	234 824	43 597	-	278 421
Other sales	3 420	-	-	3 420
Intersegmental sales	32 810	2 375	(35 185)	-
Total Sales	1 386 874	1 336 639	(35 185)	2 688 328
Results from continuing operations				
Trading income / (loss)	683 410	504 457	(159 859)	1 028 008
Operating profit / (loss)	693 771	479 051	(174 537)	998 285
Net finance income / (costs)	(3 764)	(5 639)	2 127	(7 276)
Taxation charge	(148 942)	(76 605)	(2 760)	(228 307)
Profit / (loss) from continuing operations	541 065	396 807	(175 170)	762 702
Discontinued operations				
Net loss from joint venture	12 916	-	528	13 444
Profit / (loss) for the year	553 981	396 807	(174 642)	776 146
Other information				
Segment assets	1 050 190	706 870	16 570	1 773 630
Segment liabilities	572 662	195 575	(791)	767 446
Capital expenditure	25 697	62 120	(9 990)	77 827
Depreciation and amortisation	6 591	2 949	(3 085)	6 455
Other material expenses / (income)	(10 361)	25 405	14 679	29 723

9. OTHER MATERIAL INCOME / (EXPENSES)

	INFLATION ADJUSTED		HISTORICAL*	
	2021 ZW\$ 000 Audited	2020 ZW\$ 000 Audited	2021 ZW\$ 000 Unaudited	2020 ZW\$ 000 Unaudited
Retrenchment, termination and restructuring costs	-	(10 689)	-	(5 951)
Fair value gain on biological assets	17 654	15 022	16 228	9 913
Impairment reversal of plant and machinery	-	444	-	75
Net exchange gain / (loss) on foreign currency	4 792	(723 920)	5 272	(33 760)
Gain on disposal of joint venture	53 475	-	47 786	-
Total	75 921	(719 143)	69 286	(29 723)

COMMENTARY FOR THE YEAR ENDED 30 SEPTEMBER 2021

TRADING ENVIRONMENT

The overall demand for packaging was significantly improved this year, compared to previous years. Nampak benefitted from the recovering economy, led by the rebound in agricultural and mineral commodities. Focus remained on cost containment within a difficult trading year. The company continued to invest in the business where there was growth whilst looking at potential new opportunities to improve product offerings and quality. There was improvement in accessing foreign exchange through the official foreign currency market.

OPERATING PERFORMANCE

PRINTING AND CONVERTING SEGMENT

Hunyani Paper and Packaging

The sales volumes for the full year improved by 23% compared to prior year. The improvement was due to firm demand for commercial cartons throughout the year for both Hunyani Corrugated and Hunyani Cartons and Labels divisions. Growth in tobacco cartons was higher on the back of an improved tobacco crop but was curtailed by raw material supply constraints in the 4th quarter. Regional exports were marginally lower.

PLASTICS AND METALS SEGMENT

Mega Pak

The full year sales volumes increased by 68% compared to prior year mainly due to strong demand across all product categories and improved raw material availability. Exports recovered in the regional markets due to relaxation of COVID-19 restrictions.

CarnaudMetalbox

The sales volumes for the full year grew by 31% compared to the prior year. The improvement was driven by strong volume growth in the HDPE category with a marginal improvement in metals. Closure volumes were slightly down.

CAPITAL EXPENDITURE

Capital expenditure amounted to ZW\$284,9 million (2020: ZW\$147.6 million), which was a significant increase on prior year and focussed mainly on completion of projects started in the previous year. There are some significant capital projects currently being reviewed by the company and should funds become available, it is our intention to implement them.

DIVIDEND

The need to retain sufficient reserves to cover the working capital requirements of the business remains paramount, as does the need for capital expenditure to upgrade and replace aging plant. Under these circumstances, which also include continuing economic uncertainty, the Directors have decided to waive payment of a dividend. (2020: Nil).

COVID-19 EFFECTS ON THE BUSINESS

The group continued to maintain stringent sanitising measures in accordance with government policy and WHO guidelines.

SOFTEX TISSUE PRODUCTS (PRIVATE) LIMITED DISPOSAL OF SHAREHOLDING

The disposal of the Group's 50% shareholding in Softex Tissue Products (Private) Limited to Art Holdings Limited was concluded in the second half of the year.

OUTLOOK

The year ahead is forecasted to be characterised by strong economic headwinds, however, given the continual focus on cost control and margin preservation, the Group is well positioned to address these challenges.

By Order of the Board



J. P. Van Gend
Group Managing Director

24 January 2022

68 Birmingham Road
Southerton
Harare



Directors: K. C. Katsande [Chairman], J. P. Van Gend* [Group Managing Director],
F. Dzingirai* [Group Finance Director], H. Neser, M. Valela, A. H. Howie, K. J. Langley, Q. Swart
* Executive Directors

P O Box 4351, Harare, 68 Birmingham Road, Southerton, Harare, Zimbabwe
Telephone 662730/9, 0772192291/3

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAMPAK ZIMBABWE LIMITED**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS

Qualified Opinion

We have audited the inflation adjusted consolidated financial statements of Nampak Zimbabwe Limited and its subsidiaries ("the Group") set out on pages 24 to 64 which comprise the inflation adjusted consolidated statement of financial position as at 30 September 2021, and the inflation adjusted consolidated statement of profit or loss and other comprehensive income, the inflation adjusted consolidated statement of changes in equity and the inflation adjusted consolidated statement of cash flows for the year then ended, and the notes to the inflation adjusted consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the inflation adjusted consolidated financial statements present fairly, in all material respects, the inflation adjusted consolidated financial position of the Group as at 30 September 2021, and its inflation adjusted consolidated financial performance and inflation adjusted consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31), the relevant Statutory Instruments ("SI") SI33/99 and SI62/96.

Basis for Qualified Opinion

Impact of incorrect date of application of International Accounting Standard (IAS) 21 "The Effects of Changes in Foreign Exchange Rates" with respect to comparative and current financial information on property, plant and equipment, depreciation, deferred tax and retained earnings.

On 20 February 2019, a currency called the RTGS Dollar was legislated through Statutory Instrument 33 of 2019 ("SI 33/19") with an effective date of 22 February 2019. SI 33/19 fixed the exchange rate between the RTGS Dollar and the USD at a rate of 1:1 for the period up to its effective date. The rate of 1:1 is consistent with the rate mandated by the RBZ at the time it issued the bond notes and coins into the basket of multi currencies. The below events were indicative of economic fundamentals that would require a reassessment of the functional currency as required by International Accounting Standard (IAS) 21- "The Effects of Changes in Foreign Exchange Rates":

The Group transacted using a combination of United States Dollars (USD), bond notes and bond coins. Acute shortage of USD cash and other foreign currencies in the country, resulted in an increase in the use of different modes of payment for goods and services, such as settlement through the Real Time Gross Settlement (RTGS) system and mobile money platforms. During the year there was a significant divergence in market perception of the relative values between the bond note, bond coin, mobile money platforms, RTGS FCA in comparison to the USD. Although RTGS was not legally recognised as currency up until 22 February 2019, the substance of the economic phenomenon, from an accounting perspective, suggested that it was currency.

In October 2018, banks were instructed by the Reserve Bank of Zimbabwe ("RBZ") to separate and create distinct bank accounts for depositors, namely, RTGS FCA and Nostro FCA accounts. This resulted in a separation of transactions on the local RTGS payment platform from those relating to foreign currency (e.g. United States Dollar, British Pound, and South African Rand).

Prior to this date, RTGS FCA and Nostro FCA transactions and balances were co-mingled. As a result of this separation, there was an increased proliferation of multi-tier pricing practices by suppliers of goods and services, indicating a significant difference in purchasing power between the RTGS FCA and Nostro FCA balances, against a legislative framework mandating parity.

For the period up to 22 February 2019, the Group maintained its functional currency as the USD, with transactions and balances reflected using an exchange rate of 1:1 in compliance with SI 33/19. From 22 February 2019, balances and transactions were retranslated at the legislated inaugural exchange rate of 1:2.5 between the USD and the ZWL in compliance with the requirements of SI33/19.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAMPAK ZIMBABWE LIMITED (CONTINUED)**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Basis for Qualified Opinion (Continued)

Whilst the timing of this conversion was in line with the dictates of SI 33/19 it constituted a departure from the requirements of IAS 21, and therefore the 2020 financial statements were not prepared in conformity with IFRS. Had the Group applied the requirements of IAS 21, the 30 September 2020 comparative inflation adjusted consolidated financial statements with respect to property plant and equipment, depreciation, deferred tax and retained earnings would have been materially impacted. The carry over effects materially impact current year property plant and equipment, depreciation, deferred tax and retained earnings as at 30 September 2021. The financial effects of this departure on the inflation adjusted consolidated financial statements have not been determined.

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 Inflation Adjusted Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the inflation adjusted consolidated financial statements of the current period. These matters were addressed in the context of our audit of the inflation adjusted consolidated 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 Basis for Qualified Opinion section of our report, we have determined the matter described below to be the key audit matter.

Application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" with respect to the determination of spot rate	
<p>Zimbabwe is currently operating in an environment characterised by two sources of exchange rates, the first being the official exchange rate which is legal and prescribed by the Reserve Bank of Zimbabwe (RBZ) and an unofficial exchange rate.</p> <p>As detailed in note 4.19, the Group has applied the official exchange rate in its determination of the spot rate pursuant to complying with IAS 21 for the year ended 30 September 2021. Consequently, foreign transactions and balances are translated to Zimbabwe dollars at the official exchange rate as the Group has concluded that there is no lack nor a temporary lack of exchangeability of foreign currency in terms of IAS 21. The primary source of foreign currency for the Group is the official auction market. The circumstances in which a currency is subject to a lack of exchangeability results in an entity being unable to exchange that currency for another currency.</p>	<p>To address this matter, we performed the following audit procedures:</p> <ul style="list-style-type: none">• We obtained a technical paper from management detailing the basis for the application of the official exchange rate as the spot rate, in accordance with IAS 21;• With the assistance of our technical accounting specialists, we evaluated the technical paper for consistency with IAS 21 The Effects of Changes in Foreign Exchange Rates;• During our testing of transactions, we noted the exchange rates in use by the Group and agreed them to the official auction exchange rates from the Reserve Bank of Zimbabwe; and• We evaluated whether the Group was able to obtain foreign currency from the auction market thereby confirming that the spot exchange rate was accessible and available for immediate delivery as defined in IAS 21.• We evaluated the nature and extent of disclosures made in respect of this critical judgement made in respect of the determination of foreign currency exchange rates. <p>Based on the procedures performed above the use of the official auction rate was deemed an appropriate spot rate in accordance with IAS 21.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAMPAK ZIMBABWE LIMITED (CONTINUED)**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprises the Mission Statement, Financial Highlights, Group Structure, Chairman's statement, Group Managing Director's Report, Directors, Group Management and Administration, Operating Units and Management Structure, Statement of Corporate Governance and Directors' Responsibility, Directors' Report, Statistics, Preparer of the Financial Statements and the consolidated historic cost financial information, which we obtained prior to the date of this auditor's report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the inflation adjusted consolidated 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 that we 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. As described in the Basis for Qualified Opinion section above, the Group changed their functional currency to the RTGS\$ effective 22 February 2019. The date of change in functional currency that complies with IFRS is 1 October 2018. Consequently, the USD transactions between the period 1 October 2018 to 22 February 2019 did not comply with the requirements of IAS 21 as they were not appropriately translated. We have determined that the other information is misstated for that reason.

Responsibilities of the Directors for the Inflation Adjusted Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of the inflation adjusted consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies and Other Businesses Entities Act (Chapter 24:31), the relevant statutory instruments (SI 33/99, SI 33/19 and SI 62/96), and for such internal control as the Directors determine is necessary to enable the preparation of the inflation adjusted consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the inflation adjusted consolidated financial statements, the Directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NAMPAK ZIMBABWE LIMITED (CONTINUED)**

REPORT ON THE AUDIT OF THE INFLATION ADJUSTED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Inflation Adjusted Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the inflation adjusted consolidated 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 inflation adjusted consolidated financial statements.

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

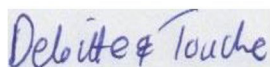
- Identify and assess the risks of material misstatement of the inflation adjusted consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- 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 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 inflation adjusted consolidated 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the inflation adjusted consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the inflation adjusted consolidated financial information of the entities or business activities within the Group to express an opinion on the inflation adjusted 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 Directors 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 Directors 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the inflation adjusted consolidated 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 qualified consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tapiwa Chizana.



Deloitte & Touche
Chartered Accountants (Zimbabwe)
Per: Tapiwa Chizana
Partner- Registered Auditor
PAAB Practice Certificate Number: 0444

Date: 4 February 2022

A full list of partners and directors is available on request

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited