

CHAIRPERSON'S STATEMENT

“Looking back over the landscape of the past financial year, we recognise the many marks left by the COVID-19 pandemic. There is also more new growth than expected, and we face the next year with renewed optimism.”

Sven Thieme
NBL Chairperson



Trading under the African continental free trade agreement started on 1 January 2021, making Namibia part of the largest free trade area in the world. This widens access to export markets and allows Namibia to become a hub for foreign direct and domestic investments. As stated by the Namibian Finance Minister, Honourable Ipumbu Shiimi, this is “an opportunity that could transform the Namibian economy, strengthen public finances, create jobs, reduce inequalities and eliminate extreme poverty”.

Although the Namibian economy suffered a deep contraction of 7.3% in 2020, there is confidence that growth projections in the region will spur and support recovery. The local economy is projected to post an average growth of 3.1% over the medium term¹.

RESHAPING OUR FUTURE

It has been 100 years since NBL was founded by Hermann Ohlthaver & Carl List who formed our parent company, the Ohlthaver & List Group. With a clear purpose throughout this long history, we are confident in not only what, and who we are here for today, but most importantly why we are here: to fulfil our purpose, **Creating a Future, Enhancing Life.**

The rapid and effective response of our employees to the changes brought about by the COVID-19 pandemic is a testament to the enduring values of NBL and its people, who are committed to serve our customers and country every day.

COVID-19 reshaped our business, communities, country and world. It has been a defining period for NBL and will be remembered for many challenges and quick planning as we navigated our way through events such as alcohol bans, trade closures and restrictions in both domestic and regional export markets, including South Africa. Overall volumes decreased by 4.88%, compared to a decrease of 16.6% in 2020. Net Revenue was flat on the previous year despite lower volumes with operating profit returning to pre-COVID-19 levels.

NBL experienced disrupted demand and limited supply opportunities from Namibia, and shared the pain of heavily impacted tourism and hospitality industries. Trade in the informal market, as well as on-consumption, was hampered. Read more about our response and performance in the Managing Director's report from page 34.

¹ FY2021/22 Budget Statement - Minister of Finance, Ipumbu Shiimi, 17 March 2021 [HYPERLINK "http://www.mof.gov.na" www.mof.gov.na](http://www.mof.gov.na)



Despite these continuing challenges, our Purpose and 2025 Vision to ***be a catalyst for positive change, creating new realities, fulfilling dreams***, remain at the heart of everything we do. Our strategic priorities provide the roadmap to achieve our vision and we are committed to delivering breakthrough outcomes and long-term sustainable value for our shareholders, people, customers, consumers, community, suppliers and the environment.

I have to commend our leadership and employees who worked through these extraordinary circumstances, displaying courage, agility and resilience to deliver on our Purpose and 2025 Vision, while ensuring the health, safety and well-being of each other, supporting the resilience of our consumers, customers and stakeholders, as well as safeguarding the continuity of our business and financial flexibility.

OUR BREAKTHROUGH STRATEGY AND LEADERSHIP INVESTMENT

Following the launch and roll-out of the O&L 2025 Breakthrough Strategy in 2020, we are on an exciting journey to further strengthen our culture. This is important to the success and overall health of our company, employees and stakeholders, and has huge potential in unlocking the best version of each of us.

A collective culture brings breakthrough results that support our purpose. One of the greatest advantages of a strong culture is that it has the power to transform each of us into advocates that contribute, promote and live our culture internally and externally. This can transform NBL into one big team that is rallied behind our purpose, vision and values. The value of doing so is incalculable as it causes organisational alignment, promotes employee engagement and cultivates a Great Place To Work® for everybody.

Leadership is a responsibility that we do not take lightly. We continue to invest in leadership through the GAP International diagnostics. These measure team dynamics to impact execution and results. The Organisational Alignment diagnostics in turn evaluates the ability of leadership to drive organisational change. NBL's Senior Leadership team, as part of the O&L Group Executive, also participated in a Leveraging Genius Advanced Conference. Leadership is key to building a resilient culture, characterised by breakthrough behaviours and the ability to overcome the challenges of the past year for a sustainable future for all.

INVESTING IN OUR EMPLOYEES

Our employees are our greatest asset. We are committed to invest in and protect our people during these unprecedented times and beyond.

Our performance inspiration model, implemented since 2019, moved away from traditional performance management that focuses on key performance indicators. Our focus is now on taking the business to the next level by delivering breakthrough results. The "connect to inspire breakthrough" model links our purpose, vision and strategic objectives to divisional goals, and then to individual goals.

NBL's performance in a difficult year is testimony to the success of a model that relies on continuous discussions, communication and feedback between people, managers and employees. It creates a world of identifying goals, taking stands, performance coaching and taking ownership of growing ourselves.

Our employees' health and safety remain one of our top priorities. We continued initiatives such as adopting a work-from-home policy for our non-frontline employees, providing sanitising stations, face masks and relevant personal protective equipment, and applying strict control measures before allowing employees and other third parties access to any of our sites. We are pleased to have collaborated with the O&L COVID-19 Group Response Team under the leadership and guidance of the O&L Group Wellness Department and NBL's support function. We established and adhered to clear business directives and guidelines that support the Government and World Health Organization's health and safety regulations.

INNOVATION AND RECOGNITION

As the world experiences a time of tumultuous change, NBL is committed to remaining at the cutting edge of innovation that speaks to the progressive aspirations of its market. Our agile leadership and collaborative approach enable us to take the lead in shaping the future for our business, industry and country. The launch of **Horizon**, a non-alcoholic flavoured beer, is a reflection of this passion, appealing to a broad spectrum of palates and drinking occasions.

Our beer brands continued to demonstrate their strength and resilience and won several international awards. Furthermore, **Windhoek Draught** and **Tafel Lager** both retained their top market positions in Namibia – the former taking the lead this year.

CORPORATE SOCIAL RESPONSIBILITY

Our social agenda supports our purpose, focusing on education, health and skills development. We are committed to positively impact and give back to Namibian communities. Due to the significant increase in the number of COVID-19 positive cases in Namibia, NBL and the O&L Group, in collaboration with the Namibia Chamber of Commerce and Industry, secured an urgent supply of medical oxygen to help save the lives of many Namibians.

Our country also experienced a shortage of equipment, medication, and hospital beds. NBL is committed to serving our nation especially during a time like this and thus, together with other members of the Chamber of Commerce and Industry (NCCI), sponsored a 1 500 square-meter field hospital tent providing access to additional healthcare.

Sadly, Namibia was also plagued by many fatal road accidents during the past year. As an advocate of responsible alcohol consumption, and in support of the Sustainable Development Goals, NBL's continued support for those on the frontline of keeping our roads safe. We amplified our support with the launch of its "When I drink, I don't drive" campaign. This aims to promote safer and accident-free roads by being responsible in our decisions and/or actions. Please see page 57 for more detail on our sponsorships.

OUR STAKEHOLDERS

As a key stakeholder in the economy, NBL supports Government in its initiatives to stimulate economic and social development through the Harambee National Prosperity Plan II and Vision 2030. NBL prides itself in having consistently displayed good corporate citizenship in the ethical and transparent manner in which we conduct business and drive the responsible consumption agenda. We continue to engage with Government on key issues such as water security, to ensure alignment on how to overcome Namibia's challenges.

Our purpose, vision and values define how we behave towards and do business with our stakeholders. We recognise our shared interest in creating an environment where we can all flourish, help each other to remove barriers and overcome challenges, and be fair and responsible in how we allocate resources.

EMBRACING THE FOURTH INDUSTRIAL REVOLUTION

As Namibia and the world find themselves in the Fourth Industrial Revolution, our business continues to transform and adapt to the unprecedented advances in technology. The global pandemic forced us to think and execute in a fast, efficient and breakthrough manner. We are, however, cognisant that values and ethics are at the heart of our individual and collective behaviours, including the operational and business environment. Thus, we are committed to ensuring that innovation and technology continue to put people first, propelling us toward sustainable and inclusive development. Read more about NBL's digital transformation initiatives and activities in the Managing Director's report from page 34.

LEADING INTO THE FUTURE

NBL stands firm as a resilient business and industry leader, no matter the headwinds we may face in the coming years. We have a challenging task ahead to meet our Vision 2025 objectives while doing everything possible to support the economic revival of our country. We also understand the risks we face and are clear about our opportunities. Read more about our strategic risks from page 73.

Subsequent to year end, Heineken N.V. made an offer to acquire NBL's 25% shareholding in Heineken South Africa (RF) Proprietary Limited. Discussions are ongoing and shareholders are therefore advised to continue to monitor the various announcements that have been and will be published in this regard.

As a Board, we are confident that our decisions in 2021 will serve us well into the future as we continue to take bold stands. These include growing volumes beyond Namibian borders by focusing on and investing in markets that we understand. Furthermore, we are reshaping our portfolio and focusing on profitable, growing brands and innovation, and on finding non-liquid growth opportunities in our value chain. Benchmarking our production facilities and costs, and investing in digital while building even deeper relationships with our customers, are all part of our breakthrough innovations to amplify Namibia's pride, NBL.

I am confident that together with our formidable team we will overcome the COVID-19 pandemic and any foreseeable challenges, as is evident in our 100-year legacy. I commend and appreciate the NBL team under the leadership of Managing Director, Marco Wenk for their resilience, exemplary leadership and commitment to our purpose, vision and overall success. My gratitude is further extended to our loyal NBL ambassadors: our valued employees, customers, and consumers who trust and believe in us. They inspire us to push on for the greater good of our people and country. Lastly, to our shareholders, the NBL Board of Directors, the O&L Group as well as business and financing partners who continue to support us – thank you for walking this journey with us.

2021 DIVIDEND

The Group paid an interim dividend during May 2021 amounting to 56c per share. This represents a 5.7% increase compared to the prior year interim dividend.

The potential Heineken transaction, should it proceed, is subject to several conditions, one of which relates to NBL not making any distributions, including a dividend declaration to its shareholders in respect of the financial year ended 30 June 2021. In light of this, the Board has taken a decision not to declare a final dividend for the financial year ended 30 June 2021.

In the event that discussions regarding the potential transaction are terminated, the Board intends to declare a final dividend in respect of the financial year ended 30 June 2021.



Sven Thieme