ANNUAL FINANCIAL STATEMENTS

GROUP VALUE ADDED STATEMENT

	Notes	30 June 2021 N$'000	30 June 2020 N$'000
WEALTH CREATED			
Net revenue		**2 648 576**	2 645 832
Salaries, wages and other employment costs	21	**(397 817)**	(346 383)
Paid to suppliers for materials and services		**(1 137 974)**	(1 393 219)
		1 112 785	906 230
Income from investments		**25 581**	17 592
TOTAL WEALTH CREATED		**1 138 366**	923 822
WEALTH DISTRIBUTION			
Salaries, wages and other employment costs	21	**397 817**	346 383
Providers of capital			
Dividends to shareholders	19	**225 116**	462 728
Finance costs on borrowings	23	**46 854**	50 545
Central and local governments		**158 634**	87 804
Reinvested in Group to maintain and develop operations			
Depreciation, amortisation and impairments	21	**168 795**	169 698
Retained earnings		**152 254**	(198 934)
Deferred taxation	25	**(11 104)**	5 598
TOTAL WEALTH DISTRIBUTED		**1 138 366**	923 822
NOTES TO THE VALUE ADDED STATEMENT			
1. Salaries, wages and other employment costs			
Salaries, wages, overtime payments, commissions, bonuses and allowances		**349 414**	281 714
Total contributions to medical aid and pension fund		**48 403**	64 669
		397 817	346 383
2. Central and local governments			
Normal corporate taxation		**155 842**	84 953
Rates and taxes paid on properties		**2 792**	2 851
		158 634	87 804
3. Additional amounts collected on behalf of central and local governments			
Customs and excise duties including import surcharges		**762 849**	910 536
Value added tax claimed		**(30 543)**	(33 461)
PAYE deducted from remuneration paid		**55 824**	69 277
Withholding taxes		**7 069**	9 521
		795 199	955 873
Number of employees		**796**	827

GROUP SALIENT FEATURES

	30 June 2021 N$'000	30 June 2020 N$'000	% Change
Net revenue	**2 648 576**	2 645 832	0.1
Profit attributable to ordinary shareholders	**373 159**	261 327	42.8
Earnings per ordinary share (cents)	**180.7**	126.5	42.8
Headline earnings per ordinary share (cents)	**178.2**	125.6	41.9
Interim dividend declared per ordinary share (cents)	**56.0**	53.0	5.7
Final dividend declared per ordinary share (cents)	**-**	53.0	(100.0)
Net asset value per ordinary share (cents)	**924.2**	850.2	8.7
Return on ordinary shareholders' funds (%)	**20.4**	14.1	44.4

FIVE-YEAR SUMMARY OF RESULTS

N$'000	12 Months 30 June 2021	12 Months 30 June 2020	12 Months 30 June 2019	12 Months 30 June 2018	12 Months 30 June 2017
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION					
Property, plant and equipment	**937 280**	985 323	995 967	1 018 719	988 241
Investment in associate	**710 160**	778 663	855 366	404 824	438 265
Other non-current assets	**82 387**	61 167	33 051	37 544	41 888
Non-current assets held for sale	**3 846**	–	–	–	10 005
Current assets	**1 423 723**	1 082 732	1 221 135	1 250 092	1 016 774
	3 157 396	2 907 885	3 105 519	2 711 179	2 495 173
Issued capital	**1 024**	1 024	1 024	1 024	1 024
Non-distributable reserves	**66**	(548)	(103)	(97)	160
Retained income	**1 907 673**	1 755 419	1 954 353	1 622 001	1 405 101
Ordinary shareholders' equity	**1 908 763**	1 755 895	1 955 274	1 622 928	1 406 285
Interest-bearing loans and borrowings (non-current)	**489 920**	501 608	183 508	285 480	384 379
Other non-current liabilities	**200 686**	211 375	206 865	217 158	217 011
Current liabilities	**558 027**	439 007	759 872	585 613	487 498
	3 157 396	2 907 885	3 105 519	2 711 179	2 495 173
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME					
Net revenue	**2 648 576**	2 645 832	3 097 583	2 687 174	2 708 978
Operating expenses	**(2 035 950)**	(2 192 589)	(2 445 672)	(2 074 089)	(2 097 965)
Operating profit	**612 626**	453 243	651 911	613 085	611 013
Finance costs	**(46 854)**	(50 545)	(42 455)	(43 325)	(50 923)
Finance income	**25 581**	17 592	26 607	32 623	18 304
Equity (loss)/profit from associate	**(73 456)**	(76 703)	450 542	(33 441)	(155 717)
Profit before income tax	**517 897**	343 587	1 086 605	568 942	422 677
Income tax expense	**(144 738)**	(82 260)	(155 486)	(171 256)	(104 249)
Profit attributable to ordinary shareholders	**373 159**	261 327	931 119	397 686	318 428
CONSOLIDATED STATEMENTS OF CASH FLOWS					
Cash generated by operations	**907 917**	528 925	691 008	709 589	695 841
Dividends paid	**(224 388)**	(461 477)	(598 274)	(181 745)	(169 354)
Taxation paid	**(138 152)**	(41 743)	(172 198)	(170 026)	(128 762)
Employer benefit payments on post-employment benefit plans	**(3 656)**	(1 374)	(1 579)	(728)	(935)
Net cash flow from operating activities	**541 721**	24 331	(81 043)	357 090	396 790
Net cash flow applied to investing activities	**(98 267)**	(143 257)	(94 505)	(127 840)	(142 842)
Net cash flow from financing activities	**(89 411)**	173 886	(55 859)	(158 029)	(99 602)
Net increase/(decrease) in cash and cash equivalents	**354 802**	54 960	(231 407)	71 221	154 346

SUMMARY OF STATISTICS

	12 Months 30 June 2021	12 Months 30 June 2020	12 Months 30 June 2019	12 Months 30 June 2018	12 Months 30 June 2017
ORDINARY SHARE PERFORMANCE					
Weighted average number of shares in issue (000s)	**206 529**	206 529	206 529	206 529	206 529
Earnings per ordinary share (cents)	**180.7**	126.5	450.8	192.6	154.2
Headline earnings per ordinary share (cents)	**178.2**	125.6	450.7	194.6	229.6
Dividends paid per ordinary share (cents)	**109.0**	103.0	96.0	88.0	82.0
Special dividend paid per ordinary share (cents)	**–**	121.0	193.7	–	–
Dividend cover (times)	**1.7**	0.6	1.6	2.2	1.9
Net asset value per ordinary share (cents)	**924.2**	850.2	946.7	785.8	680.9
PROFITABILITY AND ASSET MANAGEMENT					
Operating margin (%)	**23.1**	17.1	21.0	22.8	22.6
Return on total assets (%)	**27.9**	21.5	32.0	29.7	32.1
Return on ordinary shareholders' funds (%)	**20.4**	14.1	52.0	26.3	23.9
LIQUIDITY AND LEVERAGE					
Total liabilities to total shareholders' funds (%)	**55.3**	54.8	49.5	55.1	63.5
Financial gearing ratio (%)	**32.4**	36.8	20.4	24.4	35.0
Interest cover (times)	**13.6**	9.3	16.0	14.9	12.4
Current ratio (times)	**2.6**	2.5	1.6	2.1	2.1

DEFINITIONS

Dividend cover

Profit attributable to ordinary shareholders divided by dividends paid in the year.

Net asset value per share

Ordinary shareholders' equity divided by the total number of ordinary shares in issue.

Operating margin

Operating profit expressed as a percentage of net revenue.

Total assets

Property, plant and equipment, current and non-current assets.

Return on total assets

Operating profit plus finance income expressed as a percentage of average total assets (excluding investment in associate).

Return on ordinary shareholders' funds

Profit attributable to ordinary shareholders expressed as a percentage of average ordinary shareholders' equity.

Total liabilities

Interest-bearing loans and borrowings, other current and non-current liabilities. Deferred taxation and income taxation is excluded.

Financial gearing ratio (%)

Interest-bearing loans and borrowings expressed as a percentage of ordinary shareholders' equity.

Interest cover

Operating profit plus finance income divided by finance costs.

Current ratio

Current assets divided by current liabilities.

ORDINARY SHARE OWNERSHIP

	Number of shareholders	%	Number of shares	%
HOLDINGS				
1 – 1 000	901	62.44	412 907	0.20
1 001 – 50 000	461	31.94	2 937 360	1.42
50 001 – 100 000	19	1.32	1 295 366	0.63
100 001 – 10 000 000	60	4.16	49 308 276	23.87
10 000 000 and above	2	0.14	152 575 091	73.88
Total	1 443	100	206 529 000	100
CATEGORY				
Corporate bodies	33	2.29	125 192 749	60.62
Nominees companies	106	7.35	72 838 367	35.27
Private individuals	1 274	88.28	5 164 493	2.50
Trusts	30	2.08	3 333 391	1.61
	1 443	100.00	206 529 000	100.00

SHAREHOLDER SPREAD

The spread of shares held by non-public and public shareholders was as follows:

	at 30 June 2021 %	at 30 June 2020 %
Non-public shareholders		
– Holding company	59.37	59.37
– Directors and their associates	0.13	0.12
Public shareholders	40.50	40.54
	100.0	100.0

BENEFICIAL SHAREHOLDING OF 5% OR MORE

NBL Investment Holdings Ltd (including the effective shareholding of Mr S Thieme of 20.09%)	59.37
Government Institutions Pension Fund	14.50

FINANCIAL REVIEW

Accounting policies

NBL's accounting policies comply with International Financial Reporting Standards and are consistent with those of the previous reporting year.

Revenue

Consolidated net revenue increased by 0.1% from N$2 646 million to N$2 649 million for the year ended 30 June 2021. The flat revenue figure for 2021 is primarily due to the continued Covid-19 related trade restrictions experienced throughout the 2021 financial year.

Operating profit

The Group's operating profit for the year ended 30 June 2021 showed an increase of 35.2% over the previous reporting period. This translates into an operating profit margin of 23.1% compared with 17.1% reported for the previous financial year.

Taxation

The taxation charge for the year ended 30 June 2021 was N$145 million, while the previous reporting period reflected a much lower taxation charge of N$82 million, because of the impacts of Covid-19 on the Group's profitability. This increase is a result of better profitability for 2021 with the absence of alcohol bans in Namibia.

The accumulated tax losses of the Group's wholly owned South African and Botswana subsidiaries have not been recognised as a deferred tax asset, due to uncertainty regarding future taxable income.

Profit after tax and earnings per share

Profit attributable to shareholders increased with 42.8% from N$261 million in the previous financial year to N$373 million in the current year, resulting in the earnings per share for the year ended 30 June 2021 increasing to 180.7 cents (2020: 126.5 cents).

These increases are attributable to a more normalised trading environment in Namibia for 2021, compared to 2020, where alcohol bans severely affected bottom line profitability. NBL's investment in Heineken SA continued to be under pressure, as the alcohol market in South Africa remained under severe pressure owing to lockdown restrictions and alcohol bans.

Financial position

The debt to equity ratio increased to 55.3%, compared to 54.8% of the previous year.

Namibian market

The Namibian market continues to remain a significant contributor to total revenues and earnings, with Windhoek Draught and Tafel Larger spear-heading the overall beer growth. The Group maintained its strong market position despite a strained local economy and declining consumer spend.

South Africa

Heineken South Africa continued to face challenges in 2021, with various bans on alcohol sales being experienced throughout the year. As a result, equity accounted losses decreased by only 4.23% compared to the prior year.

Exports (excluding South Africa)

Total volumes sold to export markets decreased by 16.0% from the previous period. A significant contributing factor to this decline, is the transition to a new distributor in Zambia, which remains one of NBL's largest export markets.

Cash flows

Net cash flow from operating activities increased from an inflow of N$24 million in the previous financial year to an inflow N$542 million in 2021. This increase in cash flow was most significantly attributable to better operating and trading conditions under less stringent Covid-19 regulations.

Net cash outflow from investing activities decreased from N$143 million in the previous year to N$98 million in the 2021 financial year.

Net cash flow from financing activities decreased from an N$173 million inflow in the previous financial year to a net outflow of N$89 million in the current year. The decrease was mainly due the restructuring of NBL's loan facilities. (See Annexure A to this Integrated Annual Report).

APPROVAL OF FINANCIAL STATEMENTS

Directors' responsibility statement

The Company's Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements, comprising the consolidated and separate statement of financial position as at 30 June 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity, and consolidated and separate statement of cash flows for the year then ended, as well as the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, and the requirements of the Namibian Companies Act, as set out in pages 92 to 178.

The Directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

After due assessment of the Group and Company's ability to continue as a going concern, the Directors believe there is no reason for the business not to continue as a going concern in the financial year ahead.

The external auditor is responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with International Financial Reporting Standards and the Companies Act. Their unmodified report is available from page 88.

Approval of consolidated and separate financial statements

The consolidated and separate financial statements of the Group and Company, as indicated above, were approved by the Board of Directors on 10 November 2021 and signed on their behalf by:

S Thieme **Chairman**	**Marco Wenk** **Managing Director**

INDEPENDENT AUDITOR'S REPORT

To the Members of Namibia Breweries Limited

Opinion

We have audited the consolidated and separate financial statements of Namibia Breweries Limited ("Company") and its subsidiaries ("Group") set out on pages 92 to 178, which comprise the consolidated and separate statements of financial position as at 30 June 2021 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 the notes to the consolidated and separate financial statements, including a summary of significant accounting policies and the Directors' report.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Company and Group as at 30 June 2021 and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Namibia.

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 International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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 were 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.

Key audit matter for the Group and Company

Valuation of the investment in associate and recognition of the deferred tax asset by the associate on unused accumulated tax losses

The valuation of the investment in Heineken South Africa (RF) Proprietary Limited (herein referred to as "Heineken SA" or the "associate") of N$ 710 million (2020: N$ 779 million) has been noted as a key audit matter due to the significant Director judgement required in determining:

- the recoverability of the investment as a whole; and
- the recognition of the deferred tax asset in Heineken SA on the unused accumulated tax losses incurred in Heineken SA from previous years.

As at 30 June 2021, Heineken SA recognised a deferred tax asset of N$ 1.366 billion. In the current year, the Directors, after considering the current and forecast profitability of Heineken SA, including the effect of Covid19, deemed the investment in associate to be recoverable and considered the recognition of the deferred tax asset still to be appropriate.

A full scope audit of the financial information of Heineken SA for the twelve months ended 30 June 2021 was performed and included the following audit procedures to test the equity accounted losses from ongoing operations of Heineken SA, recalculate the deferred tax asset recorded by Heineken SA and assessed the recoverability of the investment in associate and the deferred tax asset raised by the associate as at 30 June 2021.

Our response to the key audit matter included the following audit procedures:

1. Deferred Tax Asset;

- In connection with the recognition for the deferred tax asset, we assessed whether the Directors' judgement and treatment were in accordance with the requirements of IAS 12: *Income tax*.
- We evaluated the forecast profitability by performing retrospective reviews of the budget versus actual profit to assess the reliability of the budgeting process. We evaluated the growth rates on the forecast against the actual results, forecast inflation, and industry trends and assessed the reasonableness of the assumptions used by Heineken SA.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Key audit matter for the Group and Company (continued)

Valuation of the investment in associate and recognition of the deferred tax asset by the associate on unused accumulated tax losses (continued)

The Directors have concluded that, the full investment of N$710 million is recoverable.

The investment in associate has been disclosed in note 8 of these consolidated and separate financial statements and the recoverability of the investment in associate is discussed in note 2(d).

We consider the Directors' judgements to be reasonable in determining the treatment of the deferred tax asset. The consolidated and separate financial statements incorporate appropriate disclosures relating to the valuation of the investment is associate.

2. Valuation of the investment in Heineken SA

- We tested the design and implementation of key controls over the review of the valuation of the investment in associate and the review of the management accounts of the associate.
- We assessed the judgements made by the Directors such as the cash flow forecast against the achieved results and anticipated growth rates used to determine the recoverability of the investment as a whole in accordance with the requirements of IAS 36: *Impairment of assets*.
- We evaluated the forecast profitability by performing retrospective reviews of the budget versus actual profit to assess the reliability of the budgeting process. We evaluated the growth rates on the forecast against the actual results, forecast inflation, and industry trends and assessed the reasonableness of the assumptions used by Heineken SA.
- We recomputed the value of the investment at year end by adjusting the profit and loss and other comprehensive income of associate to the opening value of the investment for compliance with the requirements of equity accounting in terms of IAS 28: *Investments in Associates and Joint Ventures*.

We consider the Directors' judgements to be reasonable in determining the value of the investment and their conclusion reached that the investment in associate is not impaired. The consolidated and separate financial statements incorporate appropriate disclosures relating to the valuation of the investment in associate.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Information

The Directors are responsible for the other information. The other information comprises the DLG Awards, About this Report, Chairperson's Statement, Our Profile, Our Context and Strategy, Managing Director's Report, Contributing to the Sustainable Development Goals, Governance Report, Risk and Opportunity Report, Group Value – Added Statement, Group Salient Features, Five – Year Summary of Results, Summary of Statistics, Ordinary Share Ownership, Financial Review, Approval of Financial Statements, Notice of Annual General Meeting, Proxy Form, Glossary and Directorate and Administration which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements, the report of the Directors 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 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 Namibia 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 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 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 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 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.

Deloitte & Touche

Deloitte & Touche

Registered Accountants and Auditors
Chartered Accountants (Namibia)
ICAN practice number: 9407

Per RH Mc Donald

Partner

PO Box 47 Windhoek, Namibia
14 November 2021

Partners: R H Mc Donald (Managing Partner), H de Bruin, J Cronjé, A Akayombokwa, J Nghikevali

Directors: G Brand, M Harrison

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

REPORT OF THE DIRECTORS

Founded in 1920, NBL is principally engaged in the brewing and distribution of beer and is also active in the manufacturing of soft drinks.

Accounting policies

NBL's accounting policies comply with International Financial Reporting Standards and are consistent with those of the previous financial year.

Financial results

The Group's operating profit for the year ended 30 June 2021 increased by 35.2% compared to the previous financial year (2020: decrease of 30.5%). This translates into an operating margin of 23.1% (2020: 17.1%).

Dividends paid

Details of the ordinary dividends declared, paid and payable in respect of the 2020/21 financial year are reflected in note 19 and note 27 to the financial statements.

Capital expenditure

Capital expenditure for the reporting year amounted to N$137.7 million (2020: N$164.8 million).

Issued capital

Full details of the authorised and issued capital of the Company as at 30 June 2021 are set out in note 14 to the annual financial statements. The 92 471 000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Directorate and secretary

The names of the Directors as well as the name and address of the Company's Secretary appear on the inside back cover herein.

Subsidiaries

Details of the Company's subsidiaries are set out in Annexure C of this report.

Holding company

The Company's holding company is Namibia Breweries Investment Holdings (Proprietary) Limited, of which the shareholding is held by Ohlthaver & List Finance and Trading Corporation Limited and Heineken International BV ("Heineken"). The Company's ultimate holding entity is Sven Thieme Holdings (Proprietary) Limited.

Events subsequent to reporting date

On 13 August 2021, the Group received confirmation that its insurers approved a claim that was submitted by NBL during the year. The claim submitted was to compensate the Group for losses incurred as a result of business interruption under the Covid-19 lockdown restrictions imposed on the Group during March 2020 to May 2020. As a result, the Group recognised income amounting to N$42 608 695, as the event constitutes an adjusting event under IAS 10.

Subsequent to year end, Heineken N.V. made an offer to acquire NBL's 25% shareholding in Heineken South Africa (RF) Proprietary Limited ("the Potential HSA Transaction"). Discussions are still ongoing and several aspects still need to be considered. An independent committee was appointed to assist in the assessment of the offer received.

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in the destruction and looting of property and businesses. The effects of the looting on the Company and the Group is confined to the Investment in Associate, but was not adjusted for in these annual financial statements as it is deemed a non-adjusting event.

The Directors are not aware of any other significant events subsequent to the reporting date.

STATEMENTS OF FINANCIAL POSITION

COMPANY as at 30 June 2020 N$'000	COMPANY as at 30 June 2021 N$'000		Notes	GROUP as at 30 June 2021 N$'000	GROUP as at 30 June 2020 N$'000
		ASSETS			
		Non-current assets			
950 148	**936 735**	Property, plant and equipment	4	**937 280**	985 323
28 863	**51 587**	Intangible assets	5	**51 587**	28 863
32 304	**30 800**	Right-of-use assets	6	**30 800**	32 304
35 520	**1 296**	Investment in subsidiaries	7	**–**	–
778 663	**710 160**	Investment in associate	8	**710 160**	778 663
1 825 498	**1 730 578**			**1 729 827**	1 825 153
		Current assets			
345 684	**313 110**	Inventories	9	**313 110**	345 684
479 319	**511 950**	Trade and other receivables	10	**508 068**	475 837
3 996	**–**	Current tax receivable	28	**326**	4 321
242 626	**602 137**	Cash and cash equivalents	11	**602 219**	247 557
9 333	**–**	Derivative financial instruments	12	**–**	9 333
1 080 958	**1 427 197**			**1 423 723**	1 082 732
–	**3 846**	Non-current assets held for sale	13	**3 846**	–
2 906 456	**3 161 621**	**Total assets**		**3 157 396**	2 907 885
		EQUITY AND LIABILITIES			
		Equity			
1 024	**1 024**	Share capital	14	**1 024**	1 024
–	**–**	Reserves	34	**66**	(548)
1 754 019	**1 911 246**	Retained earnings		**1 907 673**	1 755 419
1 755 043	**1 912 270**	**Ordinary shareholders' equity**		**1 908 763**	1 755 895
		Non-current liabilities			
501 608	**489 920**	Interest-bearing loans and borrowings	15	**489 920**	501 608
21 208	**21 972**	Post-employment medical aid and severance pay benefit plan	16	**21 972**	21 208
190 184	**178 731**	Deferred taxation	17	**178 714**	190 167
713 000	**690 623**			**690 606**	712 983
		Current liabilities			
145 088	**128 847**	Interest-bearing loans and borrowings	15	**128 847**	145 088
286 992	**405 660**	Trade and other payables	18	**404 959**	287 586
–	**3 465**	Derivative financial instruments	12	**3 465**	–
–	**13 695**	Income tax payable	28	**13 695**	–
6 333	**7 061**	Dividends payable*	19	**7 061**	6 333
438 413	**558 728**			**558 027**	439 007
2 906 456	**3 161 621**	**Total equity and liabilities**		**3 157 396**	2 907 885

* *Dividends payable have been reclassified from trade payables in 2021.*

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

COMPANY				GROUP	
for the year ended 30 June 2020 N$'000	**for the year ended 30 June 2021 N$'000**		Notes	**for the year ended 30 June 2021 N$'000**	for the year ended 30 June 2020 N$'000
3 392 476	**3 406 110**	**Revenue**		**3 406 110**	3 392 476
(746 644)	**(757 534)**	Excise tax expense		**(757 534)**	(746 644)
2 645 832	**2 648 576**	**Net revenue**	20	**2 648 576**	2 645 832
(2 190 464)	**(2 030 958)**	Operating expenses	21	**(2 035 950)**	(2 192 589)
455 368	**617 618**	**Operating profit**	22	**612 626**	453 243
(50 545)	**(46 854)**	Finance costs	23	**(46 854)**	(50 545)
16 818	**25 562**	Finance income	24	**25 581**	17 592
(76 703)	**(73 456)**	Equity loss from associate	8	**(73 456)**	(76 703)
344 938	**522 870**	**Profit before income tax**		**517 897**	343 587
(82 260)	**(144 738)**	Income tax expense	25	**(144 738)**	(82 260)
262 678	**378 132**	**Profit for the year attributable to owners of the parent**		**373 159**	261 327
		Other comprehensive income/(loss):			
		Items that will not be reclassified subsequently to profit or loss:			
3 920	**(1 091)**	Remeasurement of net defined benefit liabilities	33	**(1 091)**	3 920
(1 255)	**(1 577)**	Income tax relating to items that will not be reclassified	33	**(1 577)**	(1 255)
–	**6 879**	Share of comprehensive income of equity accounted investments	33	**6 879**	
2 665	**4 211**			**4 211**	2 665
		Items that may be reclassified subsequently to profit or loss:			
–	**-**	Foreign currency translation reserve ("FCTR")	33	**614**	(445)
2 665	**4 211**	**Other comprehensive income for the year net of taxation**		**4 825**	2 220
265 343	**382 343**	**Total comprehensive income for the year attributable to equity holders of the parent**		**377 984**	263 547
		Basic earnings per ordinary share (cents)*	26.1	**180.7**	126.5

* *There is no difference between basic and diluted earnings per share.*

Annual financial statements

STATEMENTS OF CHANGES IN EQUITY

	Notes	Share capital N$'000	Non-distributable reserves N$'000	Retained earnings N$'000	Total N$'000
GROUP					
Balance at 1 July 2019		1 024	(103)	1 954 155	1 955 076
Profit for the year		–	–	261 327	261 327
Other comprehensive income for the year	33	–	(445)	2 665	2 220
Total comprehensive income for the year attributable to equity holders of the parent		**–**	(445)	263 992	263 547
Dividends to equity holders	27	–	–	(462 728)	(462 728)
Balance at 30 June 2020		1 024	(548)	1 755 419	1 755 895
Balance at 1 July 2020		**1 024**	**(548)**	**1 755 419**	**1 755 895**
Profit for the year		**–**	**–**	**373 159**	**373 159**
Other comprehensive income for the year	33	**–**	**614**	**4 211**	**4 825**
Total comprehensive income for the year attributable to equity holders of the parent		**–**	**614**	**377 370**	**377 984**
Dividends to equity holders	27	**–**	**–**	**(225 116)**	**(225 116)**
Balance at 30 June 2021		**1 024**	**66**	**1 907 673**	**1 908 763**
Note(s)		14	34		
COMPANY					
Balance at 1 July 2019		1 024	–	1 951 404	1 952 428
Profit for the year		–	–	262 678	262 678
Other comprehensive income for the year		–	–	2 665	2 665
Total comprehensive income for the year attributable to equity holders of the parent		**–**	**–**	265 343	265 343
Dividends to equity holders	27	–	–	(462 728)	(462 728)
Balance at 30 June 2020		1 024	–	1 754 019	1 755 043
Balance at 1 July 2020		**1 024**	**–**	**1 754 019**	**1 755 043**
Profit for the year		**–**	**–**	**378 132**	**378 132**
Other comprehensive income for the year		**–**	**–**	**4 211**	**4 211**
Total comprehensive income for the year attributable to equity holders of the parent		**–**	**–**	**382 343**	**382 343**
Dividends to equity holders	27	**–**	**–**	**(225 116)**	**(225 116)**
Balance at 30 June 2021		**1 024**	**–**	**1 911 246**	**1 912 270**

STATEMENTS OF CASH FLOWS

COMPANY for the year ended 30 June 2020 N$'000	COMPANY for the year ended 30 June 2021 N$'000		Notes	GROUP for the year ended 30 June 2021 N$'000	GROUP for the year ended 30 June 2020 N$'000
23 679	**543 040**	**CASH FLOW FROM OPERATING ACTIVITIES**		**541 721**	24 331
3 541 671	**3 373 479**	Cash receipts from customers		**3 373 880**	3 544 649
(3 013 398)	**(2 464 244)**	Cash paid to suppliers and employees		**(2 465 963)**	(3 015 724)
528 273	**909 235**	Cash generated by operations	28.1	**907 917**	528 925
(461 477)	**(224 388)**	Dividends paid	19	**(224 388)**	(461 477)
(41 743)	**(138 151)**	Income tax paid	28.2	**(138 152)**	(41 743)
(515)	**(759)**	Employer benefit payments on post-employment medical aid benefit plans	16.2	**(759)**	(515)
(859)	**(2 897)**	Employer benefit payments on severance benefits	16.3	**(2 897)**	(859)
(142 660)	**(94 118)**	**CASH FLOW FROM INVESTING ACTIVITIES**		**(98 267)**	(143 257)
16 818	**25 562**	Finance income		**25 581**	17 592
(100)	**-**	Loan written off		**-**	(100)
1 371	**4 175**	Proceeds from loans to subsidiaries		**-**	–
(164 387)	**(129 979)**	Acquisition of property, plant and equipment		**(129 978)**	(164 387)
(435)	**(7 713)**	Acquisition of intangible assets		**(7 713)**	(435)
3 970	**13 693**	Proceeds on disposal of property, plant and equipment		**13 699**	3 970
103	**144**	Proceeds on disposal of intangible assets		**144**	103
173 717	**(89 411)**	**CASH FLOW FROM FINANCING ACTIVITIES**		**(89 411)**	173 886
(50 545)	**(44 185)**	Finance costs		**(44 185)**	(50 545)
242 331	**-**	Proceeds from interest-bearing loans and borrowings		**-**	242 500
–	**(25 000)**	Repayment of interest-bearing loans and borrowings		**(25 000)**	–
(18 069)	**(20 226)**	Repayment of lease liabilities		**(20 226)**	(18 069)
54 736	**359 511**	Net increase/(decrease) in cash and cash equivalents		**354 043**	54 960
–	**-**	Effect of translation of foreign entities		**619**	(6)
187 890	**242 626**	Cash and cash equivalents at beginning of the year		**247 557**	192 603
242 626	**602 137**	**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**	11	**602 219**	247 557

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. REPORTING ENTITY

Namibia Breweries Limited (the "Company") is a company domiciled in Namibia. The consolidated and separate financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries and the Group's interest in associates (together referred to as the "Group" and individually as "Group entities").

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the requirements of the Namibian Companies Act. The financial statements were approved by the Board of Directors on 10 November 2021. The accounting policies below apply to both consolidated and separate financial statements.

(b) Basis of measurement

The consolidated and separate financial statements are prepared on the going concern and historical cost basis, modified for the fair value treatment of financial instruments.

(c) Functional and presentation currency

The consolidated and separate financial statements are presented in Namibia Dollar (N$), which is the Company's and Group's functional and presentation currency. All information presented in N$ has been rounded to the nearest thousand.

(d) Use of significant estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included below:

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognised and unrecognised tax losses are disclosed in notes 17 and 25 and management's judgement with regard to the recoverability of deferred tax asset in its Associate in note 8.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

Property, plant, equipment and intangible assets

The Group and Company depreciates and amortises items of property, plant, equipment and intangible assets down to residual value over the useful life of the assets. Management makes and applies assumptions about the expected useful life and residual value of these assets in determining the annual depreciation charge. Further details are given in the accounting policy note on depreciation. In particular management have assumed a depreciation rate of 20% (2020: 20%) on returnable containers, this being management's best estimate of breakage rate and useful life. The majority of returnable containers are with customers and the estimate of cost along with the corresponding returnable deposit liability is based on management's judgement. Judgements also include those as contained in the Company and Group returnable container model, with an aim to quantify the amount of returnable containers in possession of the customers, including return rates and rates for standard losses during production and transport. These judgements represent management's best estimate based on the information and trends observed over extended periods and any change to these assumptions could have a significant impact on both the asset and corresponding liability.

Recoverability of Investment in Associate

The Company's investment in the associate is carried at cost less impairment. The Directors have evaluated the value of the investment and have considered this to at least approximate the Company's investment less equity accounted losses at year end. Changes in the assumptions impacting expected future cash generation could affect the recoverability of the valuation of the investment in the associate. See note 8 for further details on these assumptions.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated and separate financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The annual financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Investment in subsidiaries are shown at cost in the Company's financial statements.

(ii) Associates

The Group's interest in associates are accounted for using the equity method of accounting. Under the equity method, the interest in an associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's net share of the Associate's assets. The statement of profit or loss and other comprehensive income reflects the share of the results of the operations of the associate. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

(iii) Transactions eliminated on consolidation

Intra-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Business combinations

Business combinations are recognised and measured in terms of IFRS 3 Business Combinations. Business combinations under common control are recorded at the net book value of the assets or liabilities acquired.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(c) Foreign currency

Transactions denominated in foreign currencies are initially recorded at the functional currency spot rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The results and position of consolidated entities that have a functional currency that differs from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income statement items are translated at the average rate for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On disposal of the consolidated entity, the accumulated exchange differences in other comprehensive income are recognised in the statement of profit or loss and other comprehensive income.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and other costs directly attributable to bringing the asset to a working condition for its intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased and its cost can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each of the items of property, plant and equipment. The average depreciation rates for the current and comparative periods are as follows:

	2021	2020
Freehold buildings	**2%**	2%
Leasehold land and buildings	**4%**	4%
Plant and machinery	**4 – 20%**	4 – 20%
Vehicles	**20%**	20%
Furniture and equipment	**10 – 33%**	10 – 33%
Returnable containers	**20%**	20%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. Land is not depreciated. The carrying values are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised. Depreciation is not provided on assets during the time of construction.

(e) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically feasible, costs can be reliably measured, future economic benefits are feasible and the Group or Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as an expense as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets

Other intangible assets acquired by the Group or Company, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(iii) Subsequent expenditure

Subsequent development expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefit embodied in the specific assets to which it relates. All other subsequent expenditure is expensed as incurred.

(iv) Amortisation

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually and are not amortised. If the carrying amount exceeds the recoverable amount, an impairment loss will be recognised. Amortisation and impairment charges on intangible assets are charged to profit or loss. If an intangible asset with an indefinite life has changed to a finite life the change is made on a prospective basis. The average amortisation rates for the current and comparative periods are as follows:

	2021	2020
Automation processes	**20%**	20%
Externally purchased software licences	**33.3%**	33.3%
Trademarks	**0 – 20%**	0 – 20%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(f) Leases

Leases where Group is lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

At the start date of the lease, the Group and Company recognise a right of use (ROU) assets and interest-bearing borrowings and lease liabilities presented under interest-bearing borrowings on the statement of financial position. The ROU asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and Company will obtain ownership by the end of the lease term.

The Group and Company apply the following practical expedients for the recognition of leases:

- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the income statement on a straight-line basis.
- The low value lease exemption, meaning that leased assets with an individual value of N$50 000 or less if bought new, are expensed in the income statement on a straight-line basis.

Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate ('IBR'). Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be re-measured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The lease term is determined as the non-cancellable period of a lease, together with:

- Periods covered by an unilateral option to extend the lease if the Group and Company are reasonably certain to make use of that option; and
- Periods covered by an option to terminate the lease if the Group and Company are reasonably certain not to make use of that option.

The Group and Company apply the following practical expedients for the recognition of leases:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- Include non-lease components in the lease liability for equipment leases.

Operating leases are those leases which do not fall within the scope of the above definition. Payments made under operating leases are recognised in profit or loss on a straight line basis.

(g) Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined as follows:

Raw materials, merchandise and consumable stores:

- Purchase cost on the weighted average basis.

Finished goods and work in progress:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Obsolete, redundant and slow-moving inventories are identified on a regular basis and are written down to their estimated net realisable values. Net realisable value is the estimated selling price in the ordinary course of the business, less estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(h) Impairment

(i) Financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based management recommendations, adjusted for factors that are specific to the debtors, general economic conditions 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.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default;
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

Write-off policy

The Group writes off a financial asset 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 in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(ii) Non-financial assets

The carrying amounts of the Company's and the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairments are recognised in profit or loss. An impairment is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(i) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest-bearing borrowings, trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below. Accounting for finance income and costs is discussed in note 2(l) and 2(m) respectively. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company and Group commits to purchase the asset.

(ii) Financial assets or liabilities at fair value through profit or loss

Included in this category are derivative financial instruments. Financial assets or liabilities classified as at fair value through profit or loss, are subsequent to initial recognition, measured at fair value with changes in fair value recognised in profit or loss.

(iii) Loans and receivables

Included in this category are the loans to Group companies. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Trade and other receivables

Trade receivables, which generally have 30 – 60 day terms, are subsequent to initial recognition, recognised at amortised cost.

(v) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts, all of which are available for use by the Company and Group unless otherwise stated.

(vi) Interest-bearing loans and borrowings

Included in this category are long and medium-term financing and short-term borrowings. Non-derivative financial liabilities are recognised at amortised cost, using the effective interest method. Interest-bearing bank loans and overdrafts are recorded at the value of proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(vii) Derecognition of financial assets and liabilities

Financial assets – A financial asset is derecognised where the rights to receive cash flows from the asset have expired. Financial liabilities – A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(viii) Non-interest-bearing financial liabilities

Non-interest bearing financial liabilities are recognised at amortised cost.

(j) Provisions

Provisions include a post-employment medical aid benefit for specified retired employees and the severance pay provision. Provisions are recognised when the Company or Group has a present legal or constructive obligation,

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. A provision for restructuring is recognised when the Company and Group have approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

(k) Revenue

The Group recognises revenue from the following major sources:

- Sale of beer, non-alcoholic beverages and by products;
- Royalty income on the Group's brands produced and sold in other countries; and
- Rental income.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes indirect taxes and discounts. Revenue is recognised when control of a product is transferred to a customer.

Revenue recognised is based on the price specified in the contract, net of discounts and sales taxes and gross of excise duties. Excise taxes are effectively a production tax as excise becomes payable when goods are produced and are not based on the sales value. Excise tax is borne by the Group and Company and therefore shown as an expense.

(i) Sale of Goods

Revenue is recognised when the control of the goods have passed to the buyer. For sales transactions, the control passes to the buyer on delivery of the products (at a point in time).

(ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(iii) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement, at a point in time.

(l) Finance income

Finance income comprises interest income on funds, loans to associates and Group companies. Interest income is recognised in the year as it accrues in profit or loss, using the effective interest method.

(m) Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method.

(n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates and tax laws enacted or substantively enacted at the reporting date and any adjustment of tax payable for previous years. Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is not recognised for the following temporary differences:

- The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Investments in subsidiaries and jointly controlled entities to the extent that it is probable that the temporary differences will not reverse in the foreseeable future; and

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

- Taxable temporary differences arising on the initial recognition of goodwill. The carrying amount of deferred tax assets are reviewed at each reporting date to determine that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(o) Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(p) Earnings per share

The calculation of earnings per share and headline earnings is based on earnings attributable to ordinary shareholders. Account is taken of the weighted average number of ordinary shares in issue for the period during which they have participated in the income of the Group. The Group has no dilutive potential ordinary shares. Earnings is defined as the profit for the year after taxation and non-controlling interest.

Headline earnings per share is calculated in terms of the requirements set out in Circular 1/2021 issued by SAICA. Headline earnings is defined as profit for the year after taxation and non-controlling interest, excluding income or losses derived from the sale of capital assets.

(q) Employee benefits

(i) Short term benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service, on an undiscounted basis. A liability is recognised for the amount expected to be paid if the Company or Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Retirement benefits

The policy of the Group and Company is to provide retirement benefits for its employees. The contribution paid by the Group and Company to fund obligations for the payment of retirement benefits are recognised as an expense in profit or loss when they are due. The Ohlthaver & List Retirement Fund, which is a defined contribution fund, covers all the Company's employees and is governed by the Pension Funds Act.

(iii) Post-employment medical benefits

The Group and Company provides for post-employment health care benefits to qualifying employees and retired personnel by subsidising a portion of their medical aid contributions. This scheme operates as a defined benefit plan and the cost of providing benefits under the plan is determined using the projected unit credit method.

Actuarial gains or losses, which can arise from differences between expected and actual outcomes, or changes in actuarial assumptions, are recognised immediately in other comprehensive income. The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to the pension plan, past service cost is immediately recognised as an expense.

The entitlement to the benefits is usually based on the employee remaining in service up to retirement age and completing a minimum service period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(iv) Severance benefit obligation

In accordance with the Namibia Labour Act, 2007 (No. 11 of 2007), severance benefits are payable to an employee, if the employee is dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The obligation for severance benefits to current employees is actuarially determined in respect of all Group employees and is provided for in full. The cost of providing benefits is determined using the projected unit- credit method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains or losses are recognised in other comprehensive income and service costs are recognised in profit or loss in the year in which they occur.

(r) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. An operating segment is also a component of the Group whose operating results are reviewed regularly by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. In accordance with IFRS 8 – Operating Segments, the operating segments used to present segment information were identified on the basis of the internal reports used by management to allocate resources to the segments and assess their performance. The Executive Directors (Managing Director and Finance Director) are the Group's 'Chief Operating Decision Maker' within the meaning of IFRS 8.

The operating segments have been identified and classified in a manner that reflects the nature of the products offered by the Group.

Operating segments whose total revenue, absolute profit or loss for the period or total assets are 10% or more of total Group revenue, profit or loss or total assets, are reported separately.

The measure of profit or loss used by the Chief Operating Decision Maker is EBIT (Earnings Before Interest and Taxes), which includes revenue and expenses directly relating to a business segment but excludes net finance charges and taxation, which cannot be allocated to any specific segment.

(s) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Group can access at measurement date
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

(t) New and revised standards

(i) Adoption of new and revised standards

The following new Standards and Interpretations that were applicable were adopted during the year:

New International Financial Reporting Standards	Date issued	Effective dates
IFRS 3 Business Combinations: Definition of Business The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs and narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs and add guidance and illustrative examples to help entities assess whether a substantive process has been acquired and remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.	22 October 2018	Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.
IFRS 7 Financial Instruments: Disclosures Amendments regarding pre-replacement issues in the context of the IBOR reform	September 2019	Applicable to annual reporting periods beginning on or after 1 January 2020.
IFRS 9 Financial Instruments Amendments regarding pre-replacement issues in the context of the IBOR reform	September 2019	Applicable to annual reporting periods beginning on or after 1 January 2020.
IAS 1 Presentation of Financial Statements Amendments regarding the definition of material	October 2018	Annual periods beginning on or after 1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Amendments regarding the definition of material	October 2018	Annual periods beginning on or after 1 January 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

New International Financial Reporting Standards	Date issued	Effective dates
IAS 39 Financial Instruments: Disclosures Interest Rate Benchmark Reform IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39) issued, permitting an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	19 November 2013	Applies when IFRS 9 is applied*

The adoption of these new and revised standards does not have a material effect on the Company or Group.

(ii) Standards and amendments issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

New/Revised International Financial Reporting Standards	Date issued	Effective dates
IFRS 1 First-time Adoption of International Financial Reporting Standards The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.	14 May 2020	01 January 2022
IFRS 3 Business Combinations: Reference to the Conceptual Framework The changes in Reference to the Conceptual Framework (Amendments to IFRS 3): update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework; add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	14 May 2020	01 January 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

New/Revised International Financial Reporting Standards	Date issued	Effective dates
IFRS 4, IFRS 7, IFRS 9, IAS 39 and IFRS 16: Disclosures Interest Rate Benchmark Reform Phase 2 The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments affect many entities and in particular those with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in IFRS 9 or IAS 39 to hedging relationships that are affected by the reform. The amendments apply to all entities and are not optional. The amendments are effective for annual periods beginning on or after January 1, 2021 with early application permitted. The amendments are applied retrospectively and include reinstatement of hedge relationships that were discontinued solely due to changes directly required by the reform.	4 November 2020	01 January 2021
Amendments to IFRS 9: Annual Improvements to IFRS Standards 2018 – 2020 cycle The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf	14 May 2020	01 January 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

New/Revised International Financial Reporting Standards	Date issued	Effective dates
IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability and clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	15 July 2020	01 January 2023
IAS 16 Property, Plant and Equipment: Proceeds before Intended Use Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.	14 May 2020	01 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts—Cost of Fulfilling a Contract The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract)	14 May 2020	01 January 2022

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

New/Revised International Financial Reporting Standards	Date issued	Effective dates
IAS 41 Agriculture: Annual Improvements to IFRS Standards 2018 – 2020 The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.	14 May 2020	01 January 2022
IFRS 9 Financial Instruments: Annual Improvements to IFRS Standards 2018 – 2020 The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	14 May 2020	01 January 2022
IFRS 16 Leases Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	May 2020	Annual periods beginning on or after 1 April 2021
IFRS 17 Insurance Contracts IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.	18 May 2017	Applicable to annual reporting periods beginning on or after 1 January 2021

The directors and management are assessing the impact of adopting these standards, but do not currently expect the adoption of any of these standards to have a significant impact on these financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		4. PROPERTY, PLANT AND EQUIPMENT		
		At cost		
237 802	**273 662**	Freehold land and buildings	**273 663**	272 025
6 892	**3 395**	Leasehold land and buildings	**5 554**	9 051
1 238 732	**1 270 656**	Plant and machinery	**1 272 297**	1 240 405
80 762	**76 772**	Vehicles	**76 773**	80 763
94 971	**86 759**	Furniture and equipment	**87 020**	95 458
453 649	**345 985**	Returnable containers	**345 985**	453 649
37 242	**20 708**	Assets under construction	**20 707**	37 262
2 150 050	**2 077 937**		**2 081 999**	2 188 613
		Accumulated depreciation		
42 619	**46 629**	Freehold land and buildings	**46 629**	42 620
3 960	**676**	Leasehold land and buildings	**2 835**	6 118
715 883	**781 608**	Plant and machinery	**782 839**	716 818
53 746	**56 033**	Vehicles	**56 033**	53 746
70 720	**66 346**	Furniture and equipment	**66 473**	71 014
312 974	**189 910**	Returnable containers	**189 910**	312 974
1 199 902	**1 141 202**		**1 144 719**	1 203 290
		Carrying value		
195 183	**227 033**	Freehold land and buildings	**227 034**	229 405
2 932	**2 719**	Leasehold land and buildings	**2 719**	2 933
522 849	**489 048**	Plant and machinery	**489 458**	523 587
27 016	**20 739**	Vehicles	**20 740**	27 017
24 251	**20 413**	Furniture and equipment	**20 547**	24 444
140 675	**156 075**	Returnable containers	**156 075**	140 675
37 242	**20 708**	Assets under construction	**20 707**	37 262
950 148	**936 735**		**937 280**	985 323

Refer to Annexure B for details regarding the movement in property, plant and equipment for the year.

Leased assets

Leasehold property below does not fall under IFRS 16 and is included in property, plant and equipment.

* *Various reallocations were made to 2020 figures, both between categories and between Cost and Accumulated Depreciation. The reallocations did not result in a change in the net carrying amount of Property, Plant and Equipment and are not deemed material.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
		Property		
6 892	**3 395**	At cost	**5 554**	9 051
(3 960)	**(676)**	Accumulated depreciation	**(2 835)**	(6 118)
2 932	**2 719**	Carrying value	**2 719**	2 933
		Land and buildings		
		The Group's land and buildings are not encumbered. Details of the Group's land and buildings are maintained for inspection at the registered office of the Company.		
		Refer to note 15 in respect of secured leased assets and moveable assets.		
		5. INTANGIBLE ASSETS		
		At cost		
34 751	**27 128**	Automation processes	**27 128**	34 751
11 000	**11 000**	Trademarks	**11 000**	11 000
19 862	**33 234**	Software licences	**33 234**	19 862
65 613	**71 362**		**71 362**	65 613
		Accumulated amortisation		
17 042	**11 920**	Automation processes	**11 920**	17 042
1 533	**1 933**	Trademarks	**1 933**	1 533
18 175	**5 922**	Software licences	**5 922**	18 175
36 750	**19 775**		**19 775**	36 750
		Carrying value		
17 709	**15 208**	Automation processes	**15 208**	17 709
9 467	**9 067**	Trademarks	**9 067**	9 467
1 687	**27 312**	Software licences	**27 312**	1 687
28 863	**51 587**		**51 587**	28 863
		Refer to Annexure B for details regarding the movement in intangible assets for the year.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		6. RIGHT-OF-USE ASSETS		
		At cost		
64 121	**65 559**	Leased motor vehicles	**65 559**	64 121
9 863	**10 365**	Leased properties	**10 365**	9 863
73 984	**75 924**		**75 924**	73 984
		Accumulated amortisation		
36 770	**36 419**	Leased motor vehicles	**36 419**	36 770
4 910	**8 705**	Leased properties	**8 705**	4 910
41 680	**45 124**		**45 124**	41 680
		Carrying value		
27 351	**29 140**	Leased motor vehicles	**29 140**	27 351
4 953	**1 660**	Leased properties	**1 660**	4 953
32 304	**30 800**		**30 800**	32 304
		Refer to Annexure B for details regarding the movement in right-of-use assets for the year. The corresponding lease liability information is disclosed in note 15 and Annexure A.		
		7. INVESTMENT IN SUBSIDIARIES (ANNEXURE C)		
35 520	**1 296**	Shares at cost		
(1 212)	**(1 104)**	Loans from subsidiaries (note 29.1)		
1 006	**4 368**	Loans to subsidiaries (note 29.1)		
35 314	**4 560**			
(206)	**3 264**	Current		
35 520	**1 296**	Non-current		
35 314	**4 560**	Net investment in subsidiaries		
		The loans are interest free and have no fixed repayment terms.		

Annual financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		8. INVESTMENT IN ASSOCIATE		
		Reconciliation of net assets to equity accounted investment in associates		
1 361 129	**1 361 129**	Cost of 25% shareholding in associate	**1 361 129**	1 361 129
(656 091)	**(724 594)**	Cumulative losses	**(724 594)**	(656 091)
73 625	**73 625**	Loan provided to associate	**73 625**	73 625
778 663	**710 160**	Carrying value	**710 160**	778 663
		Carrying value of investment		
855 366	**778 663**	Opening balance	**778 663**	855 366
–	**4 953**	Share of other comprehensive income net of taxation	**4 953**	–
(76 703)	**(73 456)**	Share of loss from associate	**(73 456)**	(76 703)
778 663	**710 160**	Carrying amount of the investment	**710 160**	778 663
		Disclosed as		
–	**-**	Current	**-**	–
778 663	**710 160**	Non-current	**710 160**	778 663
778 663	**710 160**		**710 160**	778 663
		Equity loss from associate		
(76 703)	**(73 456)**	Equity accounted loss (ongoing operations)	**(73 456)**	(76 703)
–	**4 953**	Share of other comprehensive income	**4 953**	–
(76 703)	**(68 503)**		**(68 503)**	(76 703)

Heineken South Africa (RF) Proprietary Limited is registered and operates primarily in South Africa. The nature of the business is manufacturing and distribution of beer. NBL has a 25% share in Heineken South Africa (RF) Proprietary Limited.

The closing balance of the investment includes a capital loan of N$73.6 million owed by Heineken South Africa (RF) Proprietary Limited. The loan to the associate is unsecured and bears interest at South African Prime rate (2020: South African Prime rate). The loan is repayable in September 2022. Trade receivables from the associate are disclosed in note 10.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

8. INVESTMENT IN ASSOCIATE (CONTINUED)

Equity loss from associate (continued)

The Directors of Heineken South Africa (RF) Proprietary Limited assessed that the Heineken South Africa (RF) Proprietary Limited deferred tax asset of N$1.3 billion, relating to accumulated assessed tax losses, is recoverable in the current year despite the challenging trading conditions experienced over the last 18 months.

The associate management's projections support the assumption that it is probable that the results of future operations will generate sufficient taxable income to utilise these deferred tax assets. The judgement is performed annually and is based on budgets and business plans for the coming years. The key drivers of the projections are revenue and volume growth.

The Directors of the Group agreed with this assessment.

The summarised financial information of the associate at 30 June and for the years then ended is as follows:

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		Summarised statement of financial position		
2 884 272	**2 736 400**	Current assets	**2 736 400**	2 884 272
7 736 306	**7 633 700**	Non-current assets	**7 633 700**	7 736 306
10 620 578	**10 370 100**		**10 370 100**	10 620 578
5 105 479	**5 197 621**	Current liabilities	**5 197 621**	5 105 479
2 812 182	**2 790 921**	Non-current liabilities	**2 790 921**	2 812 182
7 917 661	**7 988 542**		**7 988 542**	7 917 661
2 702 916	**2 381 558**	**Total net assets**	**2 381 558**	2 702 916

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		8. INVESTMENT IN ASSOCIATE (CONTINUED)		
		Summarised statement of profit or loss		
8 272 324	**7 779 188**	Revenue	**7 779 188**	8 272 324
(8 732 586)	**(8 163 799)**	Other income and expenses	**(8 163 799)**	(8 732 586)
(460 262)	**(384 611)**	Loss before income tax	**(384 611)**	(460 262)
153 454	**43 531**	Income tax credit	**43 531**	153 454
(306 808)	**(341 080)**	**Loss from continuing operations**	**(341 080)**	(306 808)
–	**19 812**	Other comprehensive income	**19 812**	–
(306 808)	**(321 268)**	**Total comprehensive loss**	**(321 268)**	(306 808)
(76 703)	**(73 456)**	Equity accounted loss from associate	**(73 456)**	(76 703)
–	**4 953**	Equity accounted OCI from associate	**4 953**	–
(76 703)	**(68 503)**		**(68 503)**	(76 703)
91 311	**98 126**	Royalties received from associate	**98 126**	91 311
8 273	**7 759**	Know-how fees received from associate	**7 759**	8 273

The summarised information presented above reflects the financial statements of the associates after adjusting for differences in accounting policies between the Group and Company and the associate.

In terms of overall volume sales, Heineken South Africa (RF) Proprietary Limited is one of the group's largest customers. Sales to and purchases from Heineken South Africa (RF) Proprietary Limited are made at cost, plus an agreed upon margin as stated in the contractual agreement between the two entities. The agreement also stipulates a minimum volume figure, which the associate commits to buy from NBL over a twelve month period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY			GROUP	
2020 N$'000	**2021 N$'000**		**2021 N$'000**	2020 N$'000

8. INVESTMENT IN ASSOCIATE (CONTINUED)

In addition to sales made to the associate, the Group earns royalty income and know-how fees based on the sale of NBL brands by Heineken South Africa (RF) Proprietary Limited to third party customers. The royalties and know-how fees are based on a contractually agreed upon percentage of the net sales value derived from the third party sales.

As a result of the impact of Covid-19 on the alcohol industry, the associate was not able to order the full annual contracted volumes resulting in a shortfall. The shortfall was captured in a Variation Agreement which made provision for half of the shortfall to be paid to NBL in cash while the remaining half would be deferred and added to the production volumes in the next twelve months. The agreement also makes provision for dealing with similar shortfalls in future. The cash settlement amounted to N$15.9 million in 2021.

Payment terms for balances receivable and payable are in conjunction with normal credit terms

Associates with different reporting dates

The reporting date of Heineken South Africa (RF) Proprietary Limited is 31 December. The reporting date is different from the Group because the associate is controlled by Heineken International N.V., which has a 31 December reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		9. INVENTORIES		
87 661	**54 161**	Raw materials	**54 161**	87 661
21 405	**27 001**	Work in progress	**27 001**	21 405
120 655	**116 819**	Finished products	**116 819**	120 655
128 798	**111 035**	Consumable stores	**111 035**	128 798
14 982	**10 457**	Merchandise	**10 457**	14 982
373 501	**319 473**		**319 473**	373 501
(27 817)	**(6 363)**	Provision for obsolete inventory	**(6 363)**	(27 817)
345 684	**313 110**		**313 110**	345 684
		Reconciliation of provision for obsolete stock:		
(8 469)	**(27 817)**	Opening balance for the year	**(27 817)**	(8 469)
19 169	**42 678**	Impairments on inventory	**42 678**	19 169
(38 517)	**(21 224)**	Provision raised on obsolete stock	**(21 224)**	(38 517)
(27 817)	**(6 363)**		**(6 363)**	(27 817)
		Inventory is encumbered for medium-term interest-bearing borrowings as disclosed in note 15.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		10. TRADE AND OTHER RECEIVABLES		
		Financial instruments at amortised cost:		
188 959	**152 846**	Trade receivables	**152 846**	188 686
3 294	**27 201**	Accrued income	**27 201**	3 889
192 253	**180 047**	**Total trade receivables subject to expected credit losses**	**180 047**	192 575
(11 029)	**(14 519)**	Allowance for credit losses	**(14 519)**	(11 029)
43 190	**86 084**	Receivables from associate (note 29)	**86 084**	43 190
12 225	**12 114**	Receivables from Group companies (note 29.1)	**7 746**	7 856
1 389	**1 242**	Receivables from other related parties (note 29.2)	**1 242**	1 389
18 963	**18 525**	Refundable deposits	**18 525**	18 963
6 569	**-**	Restricted cash balances	**-**	6 569
1 090	**70 492**	Other receivables	**70 492**	1 110
264 650	**353 985**	**Total financial instruments at amortised cost**	**349 617**	260 623
		Non-financial instruments:		
12 992	**1 596**	Prepayments	**1 596**	12 992
201 677	**156 369**	Value added taxation	**156 855**	202 222
214 669	**157 965**	**Total non-financial instruments**	**158 451**	215 214
479 319	**511 950**	**Total trade and other receivables**	**508 068**	475 837

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		10. TRADE AND OTHER RECEIVABLES (CONTINUED)		
		Trade and other receivables were pledged as security for the loans with FirstRand Bank Limited as disclosed in Annexure A and note 15. All rights were ceded to the lender.		
		Trade receivables are generally on 30 – 60 day terms.		
		The average collection period on sales of goods of the Company and Group is 27 days (2020: 31 days).		
		Included in other receivables is an amount of N$43 million related to a successful business interruption claim from the Group's insurers and N$16 million settlement related to a Variation Agreement negotiated with Heineken South African (RF) Proprietary Limited for volumes not purchased from the Group.		
		The Value Added Tax receivable is shown net of a N$13.3 million provision raised against the outstanding balance. The provision was raised for possible losses related to ageing VAT claims receivable from SARS.		
		The carrying amount of trade and other receivables approximate their fair value.		
		Restricted cash held in a trust fund of N$6.6 million was refunded to the Group in 2021.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

The allowance for credit losses increased significantly due to the current Covid-19 pandemic and expected decline in the ability of customers to settle their debt.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2021 Estimated gross carrying amount at default N$'000	2021 Loss allowance (Lifetime expected credit loss) N$'000	2020 Estimated gross carrying amount at default N$'000	2020 Loss allowance (Lifetime expected credit loss) N$'000
GROUP				
Expected credit loss rate:				
Not past due: 0.1%	**111 643**	**(149)**	116 398	(138)
31 – 60 days past due: 0.2%	**23 274**	**(36)**	133	(9)
61 – 90 days past due: 0.3%	**13 587**	**(31)**	2 202	(7)
91 – 120 days past due: 0.4%	**1 443**	**45**	22 594	(90)
120+ days past due: 0.5%	**30 100**	**(14 348)**	51 248	(10 785)
	180 047	**(14 519)**	192 575	(11 029)
COMPANY				
Expected credit loss rate:				
Not past due: 0.1%	**111 643**	**(149)**	116 150	(138)
31 – 60 days past due: 0.2%	**23 274**	**(36)**	133	(9)
61 – 90 days past due: 0.3%	**13 587**	**(31)**	2 202	(7)
91 – 120 days past due: 0.4%	**1 443**	**45**	22 594	(90)
120+ days past due: 0.5%	**30 100**	**(14 348)**	51 174	(10 785)
	180 047	**(14 519)**	192 253	(11 029)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		10. TRADE AND OTHER RECEIVABLES (CONTINUED)		
		Reconciliation of the allowance for expected credit losses:		
(6 228)	**(11 029)**	Balance at the beginning of the year	**(11 029)**	(6 228)
(7 883)	**(8 753)**	Provision raised	**(8 753)**	(7 883)
3 016	**5 263**	Utilised	**5 263**	3 016
66	**–**	IFRS 9 provision raised	**–**	66
(11 029)	**(14 519)**	Balance at the end of the year	**(14 519)**	(11 029)
		Analysed as follows:		
(10 529)	**(14 019)**	Individually impaired trade receivables	**(14 019)**	(10 529)
(500)	**(500)**	Collectively impaired trade receivables	**(500)**	(500)
(11 029)	**(14 519)**		**(14 519)**	(11 029)
		11. CASH AND CASH EQUIVALENTS		
73 833	**66 555**	Cash and bank	**66 569**	78 662
168 793	**535 582**	Funds on call	**535 650**	168 895
242 626	**602 137**	Cash and cash equivalents at end of the year	**602 219**	247 557

The carrying amount of these assets approximate their fair value.

Facilities

Various facilities have been provided by First National Bank of Namibia Limited. The list of facilities are set out below:

- Overdraft facility of N$100 000 000 (unutilised);
- Business credit card facility of N$300 000;
- Fleet cards facility of N$3 000 000;
- Guarantees of N$6 000 000;
- Wesbank rental facility of N$700 000;
- Short-term pre-settlement facility on derivatives of N$10 000 000;
- Pre-settlement facility on fuel hedges of N$5 000 000; and
- Pre-settlement facility on interest rates of N$21 000 000.

The above facilities are unsecured.

Cash and cash equivalents are pledged as security for the medium term loans with FirstRand Bank Limited as disclosed in Annexure A and note 15. All rights were ceded to the lender.

Refer to note 31 for details of currency risk management for cash and cash equivalents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		12. DERIVATIVE FINANCIAL INSTRUMENTS		
		Hedging derivatives		
9 333	**-**	Forward foreign exchange contract asset	**-**	9 333
–	**(3 465)**	Forward foreign exchange contract liability	**(3 465)**	–
9 333	**(3 465)**		**(3 465)**	9 333

Refer to note 32.2 for details on outstanding forward exchange contracts at year end.

Derivative financial instruments are classified as current assets or liabilities, as the Forward Exchange Contracts are expected to expire within 12 months after year end.

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		13. NON-CURRENT ASSETS HELD FOR SALE		
		The major classes of assets and liabilities comprising the asset classified as held for sale were as follows:		
		Net assets of disposal group:		
		Non-current assets held for sale		
–	**3 846**	Property, plant and equipment	**3 846**	–

The non-current assets held for sale comprises land, previously classified as property, plant and equipment.

Details of the property are:

- Erf Nr 3976 and Erf Nr 3977, situated in the Municipality of Swakopmund, Registration Division "G", measuring 3558 and 3 789 square metres, respectively

The Group has actively marketed the property as "for sale" and expects the sale of the property to be concluded in the next 12 months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		14. SHARE CAPITAL		
		Ordinary – Authorised		
		299 000 000 shares of no par value (2020: 299 000 000)		
		Ordinary – Issued		
1 024	**1 024**	206 529 000 fully paid up shares of no par value (2020: 206 529 000)	**1 024**	1 024
		92 471 000 unissued ordinary shares are under the control of the Directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.		
		The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on meetings of the Company.		
		15. INTEREST-BEARING LOANS AND BORROWINGS		
		Annexure A provides information about the contractual terms of the Company and Group's interest-bearing loans and borrowings, including finance lease liabilities. For more information about the exposure to interest rate risk, see Annexure A.		
		Non-current liabilities		
480 000	**460 000**	Medium-term loan (Annexure A)	**460 000**	480 000
21 608	**29 920**	Finance lease liabilities (Annexure A)	**29 920**	21 608
501 608	**489 920**		**489 920**	501 608
		Current liabilities		
125 000	**120 000**	Medium-term loan (Annexure A)	**120 000**	125 000
20 088	**8 847**	Finance lease liabilities (Annexure A)	**8 847**	20 088
145 088	**128 847**		**128 847**	145 088
605 000	**580 000**	Total medium-term loans	**580 000**	605 000
41 696	**38 767**	Finance lease liabilities	**38 767**	41 696
646 696	**618 767**	**Total interest-bearing borrowings**	**618 767**	646 696

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		15. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)		
		The undrawn facilities at 30 June 2021 were N$450 million (2020: N$570 million).		
		16. RETIREMENT BENEFIT INFORMATION		
		16.1 Retirement fund		
		The total value of contributions to the Ohlthaver & List Retirement Fund during the period amounted to:		
17 586	**10 853**	Members' contributions	**10 853**	17 586
24 289	**14 756**	Employer's contributions	**14 756**	24 289
41 875	**25 609**		**25 609**	41 875
		This is a defined contribution plan and is regulated by the Pension Fund Act of Namibia. The fund is valued at intervals of not more than three years. The fund was valued by an independent consulting actuary, Strategic Actuarial Partners Namibia (Proprietary) Limited, at 31 January 2020 and its assets were found to exceed its actuarially calculated liabilities. The next statutory actuarial valuation is due to be performed on 31 January 2023.		
		16.2 Post-employment medical aid benefit plan		
6 466	**6 137**	Balance at the beginning of the year	**6 137**	6 466
559	**522**	Interest cost – charged to profit and loss	**522**	559
(373)	**794**	Actuarial gain – charged to other comprehensive income	**794**	(373)
(515)	**(759)**	Benefits paid	**(759)**	(515)
6 137	**6 694**	Balance at the end of the year	**6 694**	6 137

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		16. RETIREMENT BENEFIT INFORMATION (CONTINUED)		
		16.2 Post-employment medical aid benefit plan (continued)		
		The Ohlthaver & List Group provides for post-employment medical aid benefits in respect of a closed group of specified retired employees. The present value of the provision at 30 June 2021 was N$6.7 million (2020: N$6.1 million).		
		Valuation method and assumptions		
		The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19 Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.		
		The post-retirement medical aid costs were valued by an independent consulting actuary, Strategic Actuarial Partners Namibia (Proprietary) Limited on 30 June 2021. The principal actuarial assumptions used in determining post-employment medical aid benefit obligations for the Group's plan are as follows:		
9.10%	**9.40%**	Discount rate	**9.40%**	9.10%
5.60%	**7.20%**	Health care cost inflation	**7.20%**	5.60%
19	**18**	Employees	**18**	19

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		16. RETIREMENT BENEFIT INFORMATION (CONTINUED)		
		16.2 Post-employment medical aid benefit plan (continued)		
		Sensitivity analysis of health care cost inflation:		
		A one percentage point decrease or increase in the rate of health care cost inflation will have the following effect:		
		The accrued liability as at 30 June 2021 will decrease by N$0.401 million (2020: N$0.348 million) or increase by N$0.454 million (2020: N$0.391 million) respectively; and		
		The current service cost and interest cost will decrease by N$0.024 million (2020: N$0.028 million) or increase by N$0.022 million (2020: N$0.032 million) respectively.		
		16.3 Severance benefit		
		In accordance with section 35(1) of the Namibia Labour Act, 2007, severance benefits are payable to an employee, if the employee is unfairly dismissed, dies while employed or resigns/retires on reaching the age of 65 years. The statutory termination benefits provided are classified as defined benefits and are determined based on one week's salary/wages for each completed year of service.		
17 084	**15 071**	Balance at the beginning of the year	**15 071**	17 084
1 716	**1 003**	Current service costs	**1 003**	1 716
677	**1 804**	Interest cost	**1 804**	677
(3 547)	**297**	Actuarial gain	**297**	(3 547)
(859)	**(2 897)**	Benefits paid	**(2 897)**	(859)
15 071	**15 278**	Balance at the end of the year	**15 278**	15 071

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		16. RETIREMENT BENEFIT INFORMATION (CONTINUED)		
		16.3 Severance benefit (continued)		
		Valuation method and assumptions		
		The actuarial valuation method used to value the liabilities is the projected unit credit method prescribed by IAS 19 Employee Benefits. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over the expected working lifetime.		
		The post-retirement medical aid costs were valued by an independent consulting actuary, Strategic Actuarial Partners Namibia (Proprietary) Limited on 30 June 2021. The principal actuarial assumptions used in determining severance pay obligations for the Group is as follows:		
12.00%	**11.30%**	Discount rate	**11.30%**	12.00%
6.80%	**6.60%**	Inflation rate	**6.60%**	6.80%
6.80%	**6.60%**	Salary increase rate	**6.60%**	6.80%
		Sensitivity analysis of inflation:		
		A one percentage point decrease or increase in the inflation rate will have the following effect:		
		The accrued liability as at 30 June 2021 will decrease by N$1.508 million (2020: N$1.370 million) or increase by N$1.761 million (2020: N$1.595 million) respectively.		
21 208	**21 972**	**Total post-employment provisions**	**21 972**	21 208

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		17. DEFERRED TAXATION		
		Deferred taxation liability		
183 332	**190 184**	Balance at beginning of the year	**190 167**	183 315
(16 342)	**3 384**	Accelerated depreciation for tax purposes	**3 384**	(16 342)
–	**13 635**	Accrued income	**13 635**	–
(120)	**42**	Debtors allowances	**42**	(120)
(7 995)	**–**	Consumables	**–**	(7 995)
(2 659)	**3 270**	Customer deposits	**3 270**	(2 659)
18 476	**(20 634)**	Other provisions	**(20 634)**	18 476
8 582	**448**	Other leases	**448**	8 582
(15)	**170**	Prepayments	**170**	(15)
(506)	**105**	Retirement and severance pay benefit obligations	**105**	(506)
(590)	**(289)**	Intangible asset	**(289)**	(590)
6 766	**(11 235)**	Unrealised foreign exchange losses	**(11 235)**	6 766
5 597	**(11 104)**	Movement during the year	**(11 104)**	5 597
1 255	**(349)**	Charge to other comprehensive income for the year	**(349)**	1 255
190 184	**178 731**		**178 714**	190 167
		Analysis of deferred taxation liability:		
213 927	**217 311**	Accelerated depreciation for tax purposes	**217 311**	213 927
–	**13 635**	Accrued income	**13 635**	–
(120)	**(78)**	Debtors allowances	**(78)**	(120)
(20 601)	**(17 331)**	Customer deposits	**(17 331)**	(20 601)
(1 763)	**(22 397)**	Other provisions	**(22 414)**	(1 780)
(3 005)	**(2 557)**	Other leases	**(2 557)**	(3 005)
265	**435**	Prepayments	**435**	265
(6 787)	**(7 031)**	Retirement benefit obligations	**(7 031)**	(6 787)
1 363	**1 074**	Intangible asset	**1 074**	1 363
6 905	**(4 330)**	Unrealised foreign exchange losses	**(4 330)**	6 905
190 184	**178 731**		**178 714**	190 167
		Unutilised tax losses not recognised as deferred tax assets as a result of uncertainty with regard to the recoverability thereof amount to N$68.9 million (2020: N$68.9 million) in Group companies. These losses can be carried forward indefinitely.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		18. TRADE AND OTHER PAYABLES		
		Financial instruments at amortised cost		
59 829	**125 396**	Trade and other payables	**125 076**	59 993
17 869	**13 473**	Payables to Group companies (note 29.1)	**12 369**	16 657
1 512	**1 660**	Payables to other related parties (note 29.2)	**1 660**	1 512
67 287	**65 289**	Other accrued expenses	**65 965**	67 933
47 440	**31 490**	Deposits received	**31 538**	48 276
23 306	**31 003**	Other payables	**31 003**	23 466
217 243	**268 311**	**Total financial instruments at amortised cost**	**267 610**	217 837
61 831	**59 287**	Excise duties	**59 287**	61 831
–	**63 903**	Accrued bonus	**63 903**	–
7 918	**13 858**	Accrued leave pay	**13 858**	7 918
–	**301**	Value added taxation	**301**	–
69 749	**137 349**	**Total non-financial instruments**	**137 349**	69 749
286 992	**405 660**	**Total trade and other payables**	**404 959**	287 586

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		18. TRADE AND OTHER PAYABLES (CONTINUED)		
		Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables approximates their fair value.		
		Trade payables are non-interest-bearing and are normally settled on 30 – 60 day terms.		
		Accruals relate to leave, medical, bonus, electricity and management fee accruals, among others.		
		In 2021, dividends payable of N$6.333 million, previously classified as trade and other payables, were reclassified to note 19, Dividends Payable in line with IAS 1.		
		For terms and conditions of balances owing to related parties, refer to note 29.		
		19. DIVIDENDS PAYABLE		
(5 082)	**(6 333)**	Balance payable at the beginning of the year	**(6 333)**	(5 082)
(462 728)	**(225 116)**	Dividends declared on ordinary shares	**(225 116)**	(462 728)
6 333	**7 061**	Balance payable at the end of the year	**7 061**	6 333
(461 477)	**(224 388)**	Dividends paid	**(224 388)**	(461 477)
		Dividends payable represents dividends declared, but not paid at year end.		
		Dividends payable had previously been included in trade payables, but were reclassified to dividends payable in the 2021 Annual Financial Statements		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		20. REVENUE		
3 397 080	**3 408 322**	Sale of goods	**3 408 322**	3 397 080
(746 644)	**(757 534)**	Excise	**(757 534)**	(746 644)
(107 979)	**(111 534)**	Discounts allowed	**(111 534)**	(107 979)
103 375	**109 322**	Royalties and know-how fees	**109 322**	103 375
2 645 832	**2 648 576**	Total net revenue from contracts with customers	**2 648 576**	2 645 832
		As per the nature of the Group's operations, the timing of all revenue recognition takes place at a point in time.		
		Disaggregation of revenue from contracts with customers		
		The Group and Company disaggregates revenue from customers as follows:		
		At a point in time		
3 397 080	**3 408 322**	Sale of goods	**3 408 322**	3 397 080
(746 644)	**(757 534)**	Excise	**(757 534)**	(746 644)
(107 979)	**(111 534)**	Discounts allowed	**(111 534)**	(107 979)
103 375	**109 322**	Royalties and know-how fees	**109 322**	103 375
2 645 832	**2 648 576**	Total net revenue from contracts with customers	**2 648 576**	2 645 832
		Net revenue arising from sales to countries outside Namibia are detailed in note 36.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		21. OPERATING EXPENSES		
		Costs by nature		
975 409	**761 063**	Raw material and consumables	**761 063**	975 409
346 383	**397 817**	Employment costs	**397 817**	346 383
479 484	**482 727**	Administration and marketing expenses	**487 351**	481 230
161 903	**184 138**	Railage and transport	**184 138**	161 903
57 967	**36 786**	Repairs and maintenance	**36 786**	57 966
169 318	**168 427**	Depreciation, amortisation and impairments	**168 795**	169 698
2 190 464	**2 030 958**		**2 035 950**	2 192 589
		22. OPERATING PROFIT		
		Operating profit is stated after taking account of:		
		Income		
–	**15**	Rent received	**15**	–
(1 974)	**(5 224)**	Net profit on disposal of property, plant and equipment	**(5 189)**	(1 974)
36 800	**-**	Realised profit on foreign exchange transactions	**-**	36 800
9 333	**(3 465)**	Unrealised gains on foreign exchange contracts	**(3 465)**	9 333
		Expenses		
		Audit fees		
–	**1 839**	– for statutory audit 2020	**1 839**	–
2 303	**1 941**	– for statutory audit 2021	**1 941**	2 302
25	**18**	– for other services	**115**	263
144 416	**143 459**	Depreciation on property, plant and equipment	**143 828**	144 796
19 298	**18 801**	Depreciation on right-of-use assets	**18 801**	19 298
4 520	**6 686**	Amortisation	**6 686**	4 520
1 084	**(520)**	Impairment losses including impairment reversals	**(520)**	1 084
7 173	**10 157**	Directors' emoluments (Annexure D)	**10 157**	7 173
61 097	**58 240**	Management and shared services fees	**58 240**	61 097
2 774	**1 594**	Royalties	**1 594**	2 774
–	**25 600**	Realised loss on foreign exchange transactions	**25 600**	–
		Operating lease payments		
2 677	**2 677**	– land and buildings	**2 677**	2 677
3 129	**3 129**	– motor vehicles	**3 129**	3 129
19 348	**(21 454)**	Movement in the provision for impairment of inventories	**(21 454)**	19 348
4 801	**3 490**	Movement in the provision for impairment of trade receivables	**3 490**	4 801
(1 371)	**(4 175)**	Impairment of loans to subsidiaries	**-**	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		23. FINANCE COSTS		
40 007	**36 821**	Interest-bearing loans	**36 821**	40 007
8 210	**7 707**	Lease liabilities	**7 707**	8 210
2 275	**2 324**	Post-employment benefits	**2 324**	2 275
53	**2**	Other interest	**2**	53
50 545	**46 854**	Total finance costs	**46 854**	50 545
		24. FINANCE INCOME		
		Interest income earned on:		
9 845	**20 920**	Bank and funds on call	**20 939**	10 619
6 370	**4 443**	Loan provided to associate	**4 443**	6 370
603	**199**	Group companies and other related parties	**199**	603
16 818	**25 562**	Total interest income	**25 581**	17 592
		25. INCOME TAX EXPENSE		
		The major components of income tax expense for the years ended 30 June 2021 and 2020 are:		
(79 735)	**(133 365)**	Namibian taxation	**(133 365)**	(79 735)
(2 525)	**(11 373)**	South African taxation	**(11 373)**	(2 525)
(82 260)	**(144 738)**	Total income tax expense	**(144 738)**	(82 260)
		Comprising		
		Normal taxation		
(74 862)	**(144 469)**	– current period: Namibian	**(144 469)**	(74 862)
725	**-**	– prior period: Namibian	**-**	725
8 292	**-**	– prior period: South African	**-**	8 292
		Withholding tax		
(10 817)	**(11 373)**	– current period: South African	**(11 373)**	(10 817)
		Deferred taxation		
(5 598)	**11 104**	– current period: Namibian	**11 104**	(5 598)
(82 260)	**(144 738)**	**Income tax expense**	**(144 738)**	(82 260)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		25. INCOME TAX EXPENSE (CONTINUED)		
		No provision for normal taxation has been made for certain subsidiaries which have estimated tax losses of N$68.9 million (2020: N$68.9 million). No deferred tax asset has been recognised for these calculated tax losses as it is uncertain that future taxable profits will be available against which the associated unused tax losses can be utilised.		
–	**-**	Estimated tax losses available for set-off against future taxable income	**68 857**	68 857
–	**-**	Less: Applied to offset any deferred taxation liability or to create deferred tax asset	**-**	–
–	**-**	Available to reduce future taxable income	**68 857**	68 857

%	%		%	%
		Reconciliation of effective tax rate		
32.0	**32.0**	Namibian normal tax rate	**32.0**	32.0
		(Reduction)/increase in rate of taxation		
(7.4)	**(4.7)**	– manufacturing allowances	**(4.7)**	(7.5)
1.5	**0.8**	– disallowable expenditure	**0.8**	1.5
(6.6)	**(4.8)**	– effect of rate differential between tax jurisdictions	**(4.8)**	(6.6)
7.1	**4.6**	– equity accounted losses/(profits)	**4.5**	7.1
(2.7)	**-**	– adjustments relating to prior periods	**-**	(2.7)
–	**-**	– unrecognised tax losses	**0.3**	0.1
23.9	**27.9**	Effective rate of taxation	**28.1**	23.9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		26. BASIC AND HEADLINE EARNINGS PER ORDINARY SHARE		
		Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.		
		Calculation of weighted average number of shares for basic earnings per share and dilutive earnings per share:		
206 529	**206 529**	Shares issued at beginning of the year	**206 529**	206 529
–	**–**	Shares issued during the year to ordinary shareholders	**–**	–
206 529	**206 529**	Weighted average number of shares	**206 529**	206 529
		Profit attributable to ordinary shareholders	**373 159**	261 327
		Net (gain)/loss on the sale of property, plant and equipment	**(5 189)**	(1 974)
		Headline earnings	**367 970**	259 353
		26.1 Basic earnings per ordinary share (cents)		
		Profit attributable to ordinary shareholders	**373 159**	261 327
		Weighted number of shares in issue (000s)	**206 529**	206 529
		Basic earnings per ordinary share (cents)	**180.7**	126.5
		There is no difference between basic and diluted earnings per share		
		26.2 Headline earnings per ordinary share (cents)		
		Headline earnings	**367 970**	259 353
		Weighted average number of shares in issue (000s)	**206 529**	206 529
		Headline earnings per ordinary share (cents)	**178.2**	125.6
		There is no difference between headline earnings per share and diluted headline earnings per share		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		27. DIVIDENDS PROPOSED		
		In respect of the 2021 financial year		
–	**115 656**	– interim (56 cents per share, paid 14 May 2021)	**115 656**	–
		In respect of the 2020 financial year		
109 460	**-**	– interim (53 cents per share, paid 8 May 2020)	**-**	109 460
–	**109 460**	– final (53 cents per share, paid 13 November 2020)	**109 460**	–
		In respect of the 2019 financial year		
–	**-**	– interim (50 cents per share, paid 17 May 2019)	**-**	–
103 265	**-**	– final (50 cents per share, paid 8 November 2019)	**-**	103 265
250 003	**-**	– special (N$250 000 000 in total, paid 8 November 2019)	**-**	250 003
462 728	**225 116**	Dividends declared to ordinary shareholders	**225 116**	462 728
		Dividend paid per ordinary share		
50.0	**53.0**	Final dividend (cents)	**53.0**	50.0
121.1	**-**	Special dividend (cents)	**-**	121.1
53.0	**56.0**	Interim dividend (cents)	**56.0**	53.0
224.1	**109.0**		**109.0**	224.1
		Proposed dividend		
109 460	**-**	On 29 September 2021, the Board of Directors elected not declare a final dividend (2 September 2020: 53 cents).	**-**	109 460

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		28. NOTES TO THE STATEMENTS OF CASH FLOWS		
		28.1 Cash generated by operations		
344 938	**522 870**	Profit before income tax	**517 897**	343 587
		Adjustments for:		
144 416	**143 459**	Depreciation on property, plant and equipment	**143 828**	144 796
19 298	**18 801**	Depreciation on right-of-use assets	**18 801**	19 298
4 520	**6 686**	Amortisation	**6 686**	4 520
(1 974)	**(5 224)**	(Gain)/loss on disposal of property, plant and equipment	**(5 189)**	(1 974)
(9 068)	**12 798**	Unrealised (gains)/losses on foreign exchange contract	**12 798**	(9 068)
5 294	**2 565**	Actuarial gain on retirement benefit assets and liabilities	**2 565**	5 294
(2 342)	**764**	Increase/(decrease) in provision for medical aid and severance pay	**764**	(2 342)
19 348	**(21 454)**	Increase/(decrease) in provision for obsolete stock	**(21 454)**	19 348
4 801	**3 490**	Increase/(decrease) in provision for doubtful debts	**3 490**	4 801
76 703	**73 456**	Equity (profit)/loss from associate	**73 456**	76 703
(1 371)	**(4 175)**	Impairment on subsidiary loans	**-**	–
100	**-**	Other impairments	**-**	100
–	**-**	FCTR movement	**-**	(445)
(16 818)	**(25 562)**	Finance income	**(25 581)**	(17 592)
50 545	**46 854**	Finance costs	**46 854**	50 545
–	**(2 669)**	Non-cash finance costs	**(2 669)**	–
638 390	**772 659**	Operating profit before working capital changes	**772 246**	637 571
(110 118)	**136 576**	Working capital changes	**135 671**	(108 646)
(20 595)	**54 028**	Increase in inventories	**54 028**	(20 595)
144 394	**(36 121)**	Increase in trade and other receivables	**(35 721)**	147 372
(233 916)	**118 669**	Increase in trade and other payables	**117 364**	(235 423)
528 273	**909 235**	Cash generated by operations	**907 917**	528 925
		28.2 Income tax paid		
55 494	**3 996**	Balance receivable at beginning of the year	**4 321**	55 820
(16 579)		Balance payable at beginning of the year		(16 580)
(76 662)	**(155 842)**	Current tax charge	**(155 842)**	(76 662)
(3 996)	**-**	Balance receivable at end of the year	**(326)**	–
–	**13 695**	Balance payable at end of the year	**13 695**	(4 321)
(41 743)	**(138 151)**	Income tax paid during the year	**(138 152)**	(41 743)

About this report
Chairperson's statement
Our profile
Our context and strategy
Managing director's report
Contributing to the sustainable development goals
Governance report
Risk and opportunities report
Remuneration report
Annual financial statements
Notice of annual general meeting

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY			GROUP	
2020 N$'000	**2021 N$'000**		**2021 N$'000**	2020 N$'000

29. RELATED PARTIES

The immediate holding company of Namibia Breweries Limited is NBL Investment Holdings (Proprietary) Limited of which the shareholding is held by Ohlthaver & List Finance and Trading Corporation Limited and Heineken International N.V. The Company's ultimate holding Company is Sven Thieme Holdings (Proprietary) Limited.

Namibia Breweries Limited forms part of the Ohlthaver & List Group of companies and thus all companies in the Ohlthaver & List Group of companies are related parties of Namibia Breweries Limited and its subsidiaries.

Heineken South Africa (RF) Proprietary Limited is a related party as the Company holds 25% of its issued shares. Heineken South Africa (RF) Proprietary Limited does not form part of the Ohlthaver & List Group of Companies and has been disclosed as a related party in note 29.2.

During the year the Company and the Group, in the ordinary course of business, entered into various sales, purchases and loan transactions with Group companies and its holding company.

Key management personnel are the directors of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.1 Group companies		
		Trade and other receivables		
		Group companies		
2	**24**	Chobe Water Villas (Proprietary) Limited	**24**	2
17	**9**	Hangana Seafood (Proprietary) Limited	**9**	17
20	**60**	Hartlief Corporation Limited	**60**	20
231	**500**	Namibia Dairies (Proprietary) Limited	**500**	231
–	**2**	O&L Center (Proprietary) Limited	**2**	–
1 961	**1 698**	O&L Leisure (Proprietary) Limited	**1 698**	1 961
16	**–**	O&L SA Proprietary Limited	**–**	16
5 200	**5 100**	Organic Energy Solutions (Proprietary) Limited	**5 100**	5 200
6	**–**	W.U.M. Properties (Proprietary) Limited t/a Model Pick n Pay	**–**	6
403	**353**	W.U.M. Properties (Proprietary) Limited t/a O&L Properties Division	**353**	403
7 856	**7 746**		**7 746**	7 856
		Subsidiaries		
4 369	**4 368**	Flycatcher (Proprietary) Limited	**–**	–
4 369	**4 368**		**–**	–
12 225	**12 114**		**7 746**	7 856
		Revenue		
		Sales of goods		
		Group companies		
304	**–**	Broll & List Property Management (Namibia) (Proprietary) Limited	**–**	304
69	**33**	Chobe Water Villas (Proprietary) Limited	**33**	69
49	**52**	Hangana Seafood (Proprietary) Limited	**52**	49
139	**355**	Hartlief Corporation Limited	**355**	139
3 395	**3 088**	Namibia Dairies (Proprietary) Limited	**3 088**	3 395
2 859	**2 437**	O&L Leisure (Proprietary) Limited	**2 437**	2 859
251	**2**	Ohlthaver & List Centre (Proprietary) Limited	**2**	251
309	**–**	Organic Energy Solutions (Proprietary) Limited	**–**	309
402	**135**	W.U.M. Properties (Proprietary) Limited t/a Model Pick 'n Pay	**135**	402
8	**–**	Weatherman & Co Advertising (Proprietary) Limited	**–**	8
7 785	**6 102**	**Total revenue from Group companies**	**6 102**	7 785

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.1 Group companies (continued)		
		Trade payables		
		Group companies		
590	**488**	ICT Holdings (Proprietary) Limited	**488**	590
9	**25**	Namibia Dairies (Proprietary) Limited	**25**	9
–	**43**	O&L Leisure (Proprietary) Limited	**43**	–
18	**42**	O&L South Africa Proprietary Limited	**42**	18
14 048	**9 328**	Ohlthaver & List Centre (Proprietary) Limited	**9 328**	14 048
953	**1 366**	Organic Energy Solutions (Proprietary) Limited	**1 366**	953
1	**61**	W.U.M. Properties (Proprietary) Limited t/a Model Pick n Pay	**61**	1
1 038	**1 016**	Weathermen & Co Advertising (Proprietary) Limited	**1 016**	1 038
16 657	**12 369**		**12 369**	16 657
		Subsidiaries		
1 212	**1 104**	Northgate Properties (Proprietary) Limited	**-**	–
1 212	**1 104**		**-**	–
17 869	**13 473**		**12 369**	16 657
		Purchases from during the year		
		Group companies		
152	**105**	Hartlief Corporation Limited	**105**	152
6 251	**5 272**	ICT Holdings (Proprietary) Limited	**5 272**	6 251
92	**186**	Kraatz Marine (Proprietary) Limited	**186**	92
59	**168**	Namibia Dairies (Proprietary) Limited	**168**	59
1 311	**184**	O&L Leisure (Proprietary) Limited	**184**	1 311
8 983	**13 194**	Organic Energy Solutions (Proprietary) Limited	**13 194**	8 983
764	**2 574**	W.U.M. Properties (Proprietary) Limited t/a Model Pick n Pay	**2 574**	764
15 303	**6 364**	Weatherman & Co Advertising (Proprietary) Limited	**6 364**	15 303
32 915	**28 047**		**28 047**	32 915
		Rent paid		
		Group companies		
205	**-**	Wernhil Park (Proprietary) Limited	**-**	205
3 345	**2 973**	W.U.M. Properties (Proprietary) Limited t/a O&L Property Division	**2 973**	3 345
3 550	**2 973**		**2 973**	3 550

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.1 Group companies (continued)		
		Interest received		
		Group companies		
49	**53**	ICT Holdings (Proprietary) Limited	**53**	49
537	**98**	Ohlthaver & List Centre (Proprietary) Limited	**98**	537
17	**48**	Weatherman & Co Advertising (Proprietary) Limited	**48**	17
603	**199**		**199**	603
		Interest paid		
		Group companies		
–	**2**	Weatherman & Co Advertising (Proprietary) Limited	**2**	–
		Management and shared service fees paid		
		Group companies		
56 191	**52 941**	Ohlthaver & List Centre (Proprietary) Limited	**52 941**	56 191
56 191	**52 941**		**52 941**	56 191
		Consulting fees paid		
–	**1 228**	HB Gerdes	**1 228**	–
		Directors' fees		
		For directors fees refer to Annexure D.		
		29.2 Other related parties		
		Trade and other receivables		
48	**39**	Dimension Data (Proprietary) Limited	**39**	48
43 190	**86 084**	Heineken South Africa (RF) Proprietary Limited	**86 084**	43 190
1 341	**1 203**	Heineken South Africa Exports Company Proprietary Limited	**1 203**	1 341
44 579	**87 326**		**87 326**	44 579
		Investment in associate – Loan receivable		
73 625	**73 625**	Heineken South Africa (RF) Proprietary Limited	**73 625**	73 625

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.2 Other related parties (continued)		
		Trade payables		
1 947	**1 460**	Heineken South Africa (RF) Proprietary Limited	**1 460**	1 947
1 512	**1 660**	Dimension Data (Proprietary) Limited	**1 660**	1 512
3 459	**3 120**		**3 120**	3 459
		Management fees paid		
4 906	**5 299**	Heineken International N.V.	**5 299**	4 906
		Royalties received		
3 791	**3 437**	Heineken South Africa Exports Company Proprietary Limited	**3 437**	3 791
91 311	**98 126**	Heineken South Africa (RF) Proprietary Limited	**98 126**	91 311
95 102	**101 563**		**101 563**	95 102
		Know-how fees received		
8 273	**7 759**	Heineken South Africa (RF) Proprietary Limited	**7 759**	8 273
		Sale of goods		
250	**282**	Dimension Data (Proprietary) Limited	**282**	250
–	**135**	Heineken South Africa Export Company Proprietary Limited	**135**	–
936 002	**625 758**	Heineken South Africa (RF) Proprietary Limited	**625 758**	936 002
936 252	**626 175**		**626 175**	936 252
		Interest received		
6 370	**4 443**	Heineken South Africa (RF) Proprietary Limited	**4 443**	6 370
		Interest paid		
1	**-**	Dimension Data (Proprietary) Limited	**-**	1
		Royalties paid		
2 774	**1 594**	Heineken International B.V.	**1 594**	2 774
		Purchases made during the year		
24 974	**39 193**	Heineken South Africa (RF) Proprietary Limited*	**39 193**	24 974
12 261	**12 130**	Dimension Data (Proprietary) Limited	**12 130**	12 261
37 235	**51 323**		**51 323**	37 235

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.2 Other related parties (continued)		
		Legal fees		
1 449	**1 014**	Engling, Stritter & Partners	**1 014**	1 449
		Sundry income		
–	**15 969**	Heineken South Africa (RF) Proprietary Limited	**15 969**	–
		Sundry expenses		
–	**2 896**	Heineken South Africa (RF) Proprietary Limited	**2 896**	–

Subsidiaries

Details of the subsidiaries are disclosed in Annexure C.

Retirement benefit information and post-employment medical aid benefit plan

Details of the above are disclosed in note 16.

Terms and conditions of transactions with related parties

Terms and conditions with related parties are at those set out below, with the exception of Heineken South Africa (RF) Proprietary Limited, which has contractually agreed upon terms as disclosed in note 8.

Sales to and purchases from related parties are made at those terms negotiated between the parties. Receivable balances at year end are unsecured, on 30 – 90 day terms, interest free and settlement occurs in cash. Payable balances are to be settled in cash on 30 – 60 day terms.

For the year ended 30 June 2020, the Company reversed an impaired amount of N$1.4 million with respect to a loan advanced to a subsidiary. Also refer to Annexure C.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		29. RELATED PARTIES (CONTINUED)		
		29.2 Other related parties (continued)		
		Directors' interest		
		At the financial year end the directors were directly and indirectly interested in the Company's issued shares as follows:		

%	%		%	%
		Ordinary shares		
0.12	**0.13**	Directly	**0.13**	0.12
		Changes in directly held shares relates to the appointment of Vetumbuavi Junius Mungunda as non-executive director, who held shares in NBL prior to his appointment.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		30. CAPITAL COMMITMENTS AND CONTINGENCIES		
		Authorised		
26 710	**18 067**	Contracted for	**18 067**	26 710
137 969	**164 679**	Not contracted for	**164 679**	137 969
164 679	**182 746**		**182 746**	164 679
		These capital commitments are for the expansion, replacement and improvement of property plant and equipment.		
		This proposed capital expenditure is to be financed by own funds, and are expected to be settled within the following year.		
6 000	**6 000**	**Guarantees and suretyship**	**6 000**	6 000
		The suretyships are issued by First Rand Bank Limited in favour of the Namibian Ministry of Finance.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		30. CAPITAL COMMITMENTS AND CONTINGENCIES (CONTINUED)		

Barley project

In 2015 the Company concluded a tripartite agreement with the Ministry of Agriculture, Water and Forestry, as well as the Agricultural Business Development Agency (AgriBusDev). The barley project started with 370 hectares under irrigation, predominantly in the Kavango region. NBL has committed to buy all the barley harvested, with a 10-year target of planting and cultivating 12 000 hectares.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categorisation of financial assets

Group – 2021

N$'000	Notes	FVTPL – Mandatory	Amortised cost	Total	Fair value
Loan to associate	8	**–**	**73 625**	**73 625**	**73 625**
Trade and other receivables	10	**–**	**349 617**	**349 617**	**349 617**
Cash and cash equivalents	11	**–**	**602 219**	**602 219**	**602 219**
		–	**1 025 461**	**1 025 461**	**1 025 461**

Group – 2020

N$'000	Notes	FVTPL – Mandatory	Amortised cost	Total	Fair value
Loan to associate	8	–	73 625	73 625	73 625
Trade and other receivables	10	–	260 623	260 623	260 623
Cash and cash equivalents	11	–	247 557	247 557	247 557
Derivatives	12	9 333	–	9 333	9 333
		9 333	581 805	591 138	591 138

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Categorisation of financial assets (continued)

Company – 2021

N$'000	Notes	FVTPL – Mandatory	Amortised cost	Total	Fair value
Loan to associate	8	–	73 625	73 625	73 625
Trade and other receivables	10	–	353 985	353 985	353 985
Cash and cash equivalents	11	–	602 137	602 137	602 137
		–	1 029 747	1 029 747	1 029 747

Company – 2020

N$'000	Notes	FVTPL – Mandatory	Amortised cost	Total	Fair value
Loan to associate	8	–	73 625	73 625	73 625
Trade and other receivables	10	–	264 650	264 650	264 650
Cash and cash equivalents	11	–	242 626	242 626	242 626
Derivatives	12	9 333	–	9 333	9 333
		9 333	580 901	590 234	590 234

Categorisation of financial liabilities

Group – 2021

N$'000	Notes	Leases	FVTPL – Mandatory	Amortised cost	Total	Fair value
Trade and other payables	18	–	–	267 610	267 610	267 610
Derivatives	12	–	3 465	–	3 465	3 465
Interest-bearing borrowings	15	38 767	–	580 000	618 767	618 767
		38 767	3 465	847 610	889 842	889 842

Group – 2020

N$'000	Notes	Leases	FVTPL – Mandatory	Amortised cost	Total	Fair value
Trade and other payables	18	–	–	217 837	217 837	217 837
Interest-bearing borrowings	15	41 696	–	605 000	646 696	646 696
		41 696	–	822 837	864 533	864 533

Company – 2021

N$'000	Notes	Leases	FVTPL – Mandatory	Amortised cost	Total	Fair value
Trade and other payables	10	–	–	268 310	268 310	268 310
Derivatives	12	–	3 465	–	3 465	3 465
Interest-bearing borrowings	15	38 767	–	580 000	618 767	618 767
		38 767	3 465	848 311	890 543	890 543

Company – 2020

N$'000	Notes	Leases	FVTPL – Mandatory	Amortised cost	Total	Fair value
Trade and other payables	10	–	–	217 243	217 243	217 243
Interest-bearing borrowings	15	41 696	–	605 000	646 696	646 696
		41 696	–	822 243	863 939	863 939

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's principal financial instruments, other than derivatives, comprise bank loans, loans to and from holding company and Group companies, leases and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions such as forward exchange contracts. The reason for this is to manage the currency risk from the Group's operations. As a matter of principle, the Group does not enter into derivative contracts for speculative purposes.

The fair value of foreign exchange forward contracts represents the estimated amounts that the Company would receive, should the contracts be terminated at the reporting date, thereby taking into account the unrealised gains or losses.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks.

31.1 Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from purchases of raw materials and sales of the Group's products in a currency other than the Group's functional currency.

The Group appropriately hedges foreign purchases in order to manage its foreign currency exposure. The Group does not apply hedge accounting. Forward exchange contracts are entered into in order to manage the Group's exposure to fluctuations in foreign currency exchange rates on foreign transactions. Refer to note 32.2 for unutilised forward exchange contracts and uncovered foreign trade receivables and payables at year end.

31.2 Interest rate risk

The Group is exposed to interest rate risk as it borrows and places funds at floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating borrowings and placings within market expectations.

Refer to Annexure A and note 32.3 for further detail on interest rates.

31.3 Credit risk

Financial assets which potentially subject the Group to a concentration of credit risk consist principally of cash, funds on call and trade receivables. The Group's cash equivalents and funds on call are placed with high credit quality financial institutions. Trade and other receivables are stated at amortised cost. The Group's single largest customer during the year was Heineken South Africa (RF) Proprietary Limited. The Group has no significant concentration of credit risk or significant exposure to any individual customer or counterparty.

The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. In respect of possible default by a counterparty, the Group holds collateral as security in the amount of N$ Nil (2019: Nil). Refer to the accounting policies for a more detailed description of the credit risk.

Management monitors adherence to payment terms by the associate, on a monthly basis. Financial performance and projected cash flows of the associate are monitored on a monthly basis to ensure recoverability of all amounts.

The granting of credit is made on application and is approved by management. At year end the Company did not consider there to be any significant concentration of credit risk or significant exposure to any individual customer or counter party which has not been adequately provided for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)		
		31.3 Credit risk (continued)		
		Financial assets exposed to credit risk at year end were as follows:		
242 626	**602 137**	Cash and cash equivalents	**602 219**	247 557
73 625	**73 625**	Loan to associate	**73 625**	73 625
264 650	**353 985**	Trade and other receivables	**349 617**	260 623
580 901	**1 029 747**		**1 025 461**	581 805

Major concentrations of credit risk that arise from the Group's receivables in relation to the industry categories and location of the customers by the percentage of total receivables from customers are:

%	**%**		**%**	%
		Trading industry		
62.10	**62.20**	Namibia	**62.20**	62.10
14.90	**22.70**	South Africa	**22.70**	14.90
23.00	**15.10**	Other export markets	**15.10**	23.00
100.00	**100.00**		**100.00**	100.00

31.4 Liquidity risk

The Group and Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Refer to Annexure A and note 15.

Borrowing capacity is determined by the directors of the Company. The Directors consider a ratio of not higher than 75% of shareholders' equity as conservative.

N$'000	**N$'000**		**N$'000**	N$'000
1 316 282	**1 434 203**	75% of shareholder's equity	**1 431 572**	1 316 921
(647 908)	**(618 767)**	Less total interest-bearing borrowings	**(618 767)**	(646 696)
668 374	**815 436**	Unutilised borrowing capacity	**812 805**	670 225

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

31.5 Capital risk management

The Company and Group manage their capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's and Group's overall strategy remains unchanged from the prior year.

The capital structure of the Company and Group consists of debt, which includes the borrowings disclosed in note 15, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital reserves and retained earnings.

Gearing ratio

The Company's and Group's Risk Management Committee reviews the capital structure on a semi-annual basis. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated and separate statement of financial position plus net debt.

The gearing ratio at year end was as follows:

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
647 908	**618 767**	Debt (i)	**618 767**	646 696
(242 626)	**(602 137)**	Less: Cash and cash equivalents	**(602 219)**	(247 557)
405 282	**16 630**	Net debt	**16 548**	399 139
1 755 043	**1 912 270**	Equity (ii)	**1 908 763**	1 755 895
23%	**1%**	Net debt to equity ratio	**1%**	23%

(i) Debt is defined as long- and short-term interest-bearing borrowings.

(ii) Equity includes all capital and reserves of the Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		32. FINANCIAL INSTRUMENTS		
		32.1 Fair values		
		The fair value of all financial instruments are substantially identical to the carrying amounts reflected in the balance sheet.		
		Fair value hierarchy		
		The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:		
		Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Group can access at measurement date.		
		Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.		
		Level 3: Unobservable inputs for the asset or liability.		
		Level 2		
		Assets		
		Financial assets at fair value through profit or loss		
9 333	**-**	Forward foreign exchange asset	**-**	9 333
–	**(3 465)**	Forward foreign exchange liability	**(3 465)**	–
9 333	**(3 465)**		**(3 465)**	9 333
		Transfers of assets and liabilities within levels of fair value hierarchy		
		There are no transfers between level 1 and level 2 for the year ended 30 June 2021 and for the year ended 30 June 2020.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.2 Hedging activities and foreign currency risk

Forward exchange contracts are entered into with banks but are not designated as hedges for specific purchases. If contract rates are more favourable than the spot rate, on the date of payment of foreign creditors, they will be used. The maturity date represents the date when the contract must be exercised if it is not exercised before this date. The following table summarises by major currency the unutilised forward exchange contracts and amounts to be paid/ received in foreign currency, for the Group and Company:

	MATURITY DATE	FOREIGN AMOUNT		AVERAGE RATE		NAMIBIA DOLLAR AMOUNT	
Group and Company		**2021 ’000**	2020 ’000	**2021**	2020	**2021 N$’000**	2020 N$’000
Forward exchange contracts:							
Bought:							
Euro	1 – 12 months	**2 125**	4 936	**18.29**	17.72	**38 866**	87 447
USD	1 – 12 months	**4 095**	3 005	**15.39**	17.63	**63 022**	52 989
Foreign trade receivables:							
US Dollar		**1 879**	2 736	**14.31**	17.27	**26 889**	47 251
Euro		**88**	10	**17.04**	19.42	**1 506**	194
Pound Sterling		**14**	–	**19.82**	21.28	**275**	–
Botswana Pula		**-**	3 074	**1.30**	1.45	**-**	4 457
						28 670	51 902
Foreign trade payables:							
US Dollar		**466**	–	**14.31**	17.27	**6 668**	–
Euro		**-**	117	**17.04**	19.42	**-**	2 272
Botswana Pula		**-**	235	**1.30**	1.45	**-**	341
						6 668	2 613

Foreign currency sensitivity analysis

The Group is primarily exposed to the currency of the European Central Bank (Euro) and secondly to currency of the United States of America (US Dollar).

The following table details the Company’s sensitivity to a 10% increase and decrease in the Namibia Dollar (N$) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel an represents management’s assessment of the reasonably possible change in foreign exchange rates.

Below, a positive number indicates an increase in profit, a negative number indicates a decrease in profit based on the Namibia Dollar strengthening 10% against the relevant currency. For a 10% weakening of the Namibia Dollar against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

COMPANY 2020 N$'000	COMPANY 2021 N$'000		GROUP 2021 N$'000	GROUP 2020 N$'000
		32. FINANCIAL INSTRUMENTS (CONTINUED)		
		32.2 Hedging activities and foreign currency risk (continued)		
		Effect on profit before taxation		
412	**–**	Botswana Pula	**–**	412
(208)	**151**	Euro	**151**	(208)
–	**28**	Pound Sterling	**28**	–
4 725	**2 022**	US Dollar	**2 022**	4 725
4 929	**2 201**		**2 201**	4 929

32.3 Maturity profile

The following tables detail the Group and Company's remaining contractual maturity for its financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows based on the earliest date on which the Group and Company can be required/anticipate to incur and outflow/inflow. The table includes both interest and principal cash flows.

2021 – Group	Effective interest rate	Less than 1 year N$'000	2 – 5 years N$'000	More than 5 years N$'000	Less: Finance charges N$'000	Total N$'000
Financial assets						
Cash and cash equivalents	**4.25%**	**602 219**	**–**	**–**	**–**	**602 219**
Loans to associates	**SA Prime**	**73 625**	**–**	**–**	**–**	**73 625**
Trade and other receivables	**0.00%**	**349 617**	**–**	**–**	**–**	**349 617**
		1 025 461	**–**	**–**	**–**	**1 025 461**
Financial liabilities						
Non-current liabilities						
Interest-bearing borrowings – medium-term borrowings	**Annexure A**	**–**	**508 842**	**–**	**(48 842)**	**460 000**
Interest-bearing borrowings – finance lease liabilities	**Annexure A**	**–**	**38 251**	**–**	**(8 331)**	**29 920**
Current liabilities						
Interest-bearing borrowings – medium-term borrowings	**Annexure A**	**149 135**	**–**	**–**	**(29 135)**	**120 000**
Interest-bearing borrowings – finance lease liabilities	**Annexure A**	**12 349**	**–**	**–**	**(3 502)**	**8 847**
Derivative financial instruments	**0.00%**	**3 465**	**–**	**–**	**–**	**3 465**
Trade and other payables	**0.00%**	**267 610**	**–**	**–**	**–**	**267 610**
		432 559	**547 093**	**–**	**(89 810)**	**889 842**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Maturity profile (continued)

2020 – Group	Effective interest rate	Less than 1 year N$'000	2 – 5 years N$'000	More than 5 years N$'000	Less: Finance charges N$'000	Total N$'000
Financial assets						
Cash and cash equivalents	7.35%	247 557	–	–	–	247 557
Derivative financial instruments	0.00%	9 333	–	–	–	9 333
Loans to associates	SA Prime	73 625	–	–	–	73 625
Trade and other receivables	0.00%	260 623	–	–	–	260 623
		591 138	–	–	–	591 138
Financial liabilities						
Non-current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	–	533 663	–	(53 663)	480 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	–	27 156	–	(5 548)	21 608
Current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	138 953	–	–	(13 953)	125 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	26 206	–	–	(6 118)	20 088
Trade and other payables	0,00%	217 837	–	–	–	217 837
		382 996	560 819	–	(79 282)	864 533

Annual financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Maturity profile (continued)

2021 – Company	Effective interest rate	Less than 1 year N$'000	2 – 5 years N$'000	More than 5 years N$'000	Less: Finance charges N$'000	Total N$'000
Financial assets						
Cash and cash equivalents	4.25%	602 219	–	–	–	602 219
Trade and other receivables	0.00%	353 985	–	–	–	353 985
Loans to associates	SA Prime	73 625	–	–	–	73 625
		1 029 829	–	–	–	1 029 829
Financial liabilities						
Non-current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	–	508 842	–	(48 842)	460 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	–	38 251	–	(8 331)	29 920
Current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	149 135	–	–	(29 135)	120 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	12 349	–	–	(3 502)	8 847
Derivative financial instruments	0.00%	3 465	–	–	–	3 465
Trade and other payables	0.00%	268 311	–	–	–	268 311
		433 260	547 093	–	(89 810)	890 543

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.3 Maturity profile (continued)

2020 – Company	Effective interest rate	Less than 1 year N$'000	2 – 5 years N$'000	More than 5 years N$'000	Less: Finance charges N$'000	Total N$'000
Financial assets						
Cash and cash equivalents	4.25%	247 557	–	–	–	247 557
Trade and other receivables	0.00%	264 650	–	–	–	264 650
Loans to associates	SA Prime	73 625	–	–	–	73 625
		585 832	–	–	–	585 832
Financial liabilities						
Non-current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	–	533 663	–	(53 663)	480 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	–	27 156	–	(5 548)	21 608
Current liabilities						
Interest-bearing borrowings – medium-term borrowings	Annexure A	138 953	–	–	(13 953)	125 000
Interest-bearing borrowings – finance lease liabilities	Annexure A	26 206	–	–	(6 118)	20 088
Trade and other payables	0.00%	217 243	–	–	–	217 243
		382 402	560 819	–	(79 282)	863 939

Fair values of financial instruments are the same as the carrying amounts as detailed in note 31.

Annual financial statements

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

33. OTHER COMPREHENSIVE INCOME

	Notes	Gross N$'000	Tax N$'000	Net N$'000
Group and Company 2021				
Items that will not be reclassified to profit and loss				
Remeasurements on net defined benefit liability/asset	16	**(1 091)**	**349**	**(742)**
Share of other comprehensive income of equity accounted investments		**6 879**	**(1 926)**	**4 953**
		5 788	**(1 577)**	**4 211**
Items that may be reclassified to profit and loss				
Exchange differences arising during the year		**614**	**–**	**614**
Group and Company 2020				
Items that will not be reclassified to profit and loss				
Remeasurements on net defined benefit liability/asset		3 920	(1 254)	2 666
Items that may be reclassified to profit and loss				
Exchange differences arising during the year		(445)	–	(445)

34. FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation of the results and net assets of the Group and Company's foreign subsidiaries from their functional currencies to the Group and Company's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign subsidiary.

	2021 N$'000	2020 N$'000
Reconciliation of foreign currency translation reserve		
Balance payable at the beginning of the year	(548)	**(103)**
Exchange differences arising on translation of foreign subsidiaries	614	**(445)**
Balance payable at the end of the year	66	**(548)**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

35. EVENTS SUBSEQUENT TO REPORTING DATE

On 13 August 2021, the Group received confirmation that its insurers approved a claim that was submitted by NBL during the year. The claim submitted was to compensate the Group for losses incurred as a result of business interruption under the Covid-19 lockdown restrictions imposed on the Group during March 2020 to May 2020. As a result, the Group recognised income amounting to N$42 608 695, as the event constitutes an adjusting event under IAS 10.

Subsequent to year end, Heineken N.V. made an offer to acquire NBL's 25% shareholding in Heineken South Africa (RF) Proprietary Limited ("the Potential HSA Transaction"). Discussions are still ongoing and several aspects still need to be considered. An independent committee was appointed to assist in the assessment of the offer received.

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in the destruction and looting of property and businesses. The effects of the looting on the Company and the Group is confined to the Investment in Associate, but was not adjusted for in these annual financial statements as it is deemed a non-adjusting event.

The Directors are not aware of any other significant events subsequent to the reporting date.

36. SEGMENT REPORTING

Segment information

Segments are reported in a manner consistent with internal reporting. The Group sells various types of beverages which are Beer, Ciders and Softs. These reflect the operating segments for the Group. Beer, which meets the quantitative threshold of 10% of sales, EBIT and assets, is presented on a standalone basis, as a reportable segment. All corporate assets are disclosed for the Group as a whole and not necessarily for a particular operating segment. In order to ensure that the total of segment results and assets agree to the amounts reported for the Group in terms of IFRS, the operations that do not qualify as separate segments are reported in the "Other" column.

	BEER		OTHER		TOTAL	
	2021 N$'000	2020 N$'000	**2021 N$'000**	2020 N$'000	**2021 N$'000**	2020 N$'000
Sale of goods	3 229 250	3 260 013	179 072	137 067	3 408 322	3 397 080
Excise	(757 534)	(746 644)	–	–	(757 534)	(746 644)
Discounts allowed	(111 084)	(98 343)	(450)	(9 636)	(111 534)	(107 979)
Royalties and know-how fees	109 288	103 149	34	226	109 322	103 375
Total net revenue	2 469 920	2 518 175	178 656	127 657	2 648 576	2 645 832
Segment operating profit/(loss)	571 302	466 288	41 324	(13 045)	612 626	453 243
Share of loss of equity accounted investments					(73 456)	(76 703)
Finance costs					(46 854)	(50 545)
Finance income					25 581	17 592
Profit before taxation					517 897	343 587
Taxation					(144 738)	(82 260)
Profit attributable to ordinary shareholders					373 159	261 327

36. SEGMENT REPORTING (CONTINUED)

Major customers

The Group's two largest customers individually contributed to more than 10% of the Group's total net sales revenue amounting to N$464 268 192 and N$353 067 359 respectively.

Geographical information

Namibia is the parent company's country of domicile. Those countries which account for more than 10% of the Group's total revenue are considered material and are reported separately.

	SALES REVENUE	
	2021 N$'000	2020 N$'000
Namibia	**1 947 816**	1 696 513
South Africa	**464 268**	684 555
Botswana	**10 278**	16 075
Tanzania	**71 090**	92 721
Zambia	**20 307**	26 387
Rest of the world	**25 495**	26 206
Total net revenue (excluding royalties)	**2 539 254**	2 542 457

The basis for attributing revenue is based on actual sales. Non-current assets located in Namibia amount to N$937.28 million and those located in all foreign countries amount to N$1 million.

37. APPROVAL OF THE SEPARATE AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

These separate and consolidated annual financial statements set out on pages 92 to 178 were approved by the Directors and authorised for issue on 10 November 2021.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2021

38. IMPACT OF COVID-19 ON THE GROUP (THE COMPANY AND ITS SUBSIDIARIES)

The COVID-19 pandemic had a significant impact on the trading conditions of the Company and Group since the start of the first lockdown on 27 March 2020. The Company and Group had an improved trading environment in the 2021 financial year, owing to the absence of alcohol bans in Namibia, although trade restrictions were implemented for the majority of the year. The impact of alcohol bans was however felt in export markets, most notably in South Africa, who experienced prolonged alcohol bans throughout the last eighteen months. Despite the significant impact of Covid-19, the Company and Group showed resilience and improved financial performance under challenging conditions in the 2021 year.

Going concern considerations

The going concern basis has been adopted in the preparation of the consolidated and separate annual financial statements. As a result of cost effective sourcing, overall business cost management, flexible route-to-market and sales initiatives, together with continuous consumer engagement, the Company and Group maintained its strong financial position and ensured resilient and improved earnings under challenging market conditions.

With increased competition in the market, NBL, through its strong brand portfolio, is able to not only defend its market share in all segments, but managed to grow market share during the 2021 financial year.

Liquidity considerations

Although the duration of the pandemic is still uncertain, the Company and Group have put in place the necessary structures and processes to monitor and mitigate existing and emerging risks to the business, including liquidity risk. Owing to the financial performance in 2021, the Company and Group improved and maintained a strong cash flow position. The Company and Group also have sufficient committed banking facilities, ensuring that short to medium term commitments can be met and to seize any opportunities that present itself. The Company and Group comfortably met all financial covenants related to financing arrangements for the year ended 30 June 2021.

ANNEXURE A

Interest-bearing borrowings

	Effective interest rate 2021 %	Effective interest rate 2020 %	Maturity date	Group 2021 N$'000	Group 2020 N$'000	Company 2021 N$'000	Company 2020 N$'000
PREFERENCE SHARE CAPITAL							
Authorised							
1 000 000 Variable rate redeemable preference shares of N$0.50 each				**500**	500	**500**	500
There are no preference shares in issue.							
MEDIUM-TERM LOAN							
Variable rate instruments							
– Standard Bank Namibia Limited repayable in 16 equal instalments of N$12 500 000 commencing in December 2016. This loan is unsecured. The loan was fully repaid in September 2020.	**JIBAR + 2.20%**	JIBAR + 2.20%	31/12/2020	**–**	25 000	**–**	25 000
– FNB Namibia – revolving facility – no fixed repayment terms. Secured by a cession of trade and other receivables and a general notarial bond.*	**PRIME - 1.65%**	PRIME - 1.65%	01/07/2020	**–**	100 000	**–**	100 000
– FirstRand Bank Limited – Term A – The total facility is N$600 million and is reduced annually by N$120 million. The excess between the loan and the facility is repayable annually over five years. Secured by a borrower cession and a general notarial bond.	**JIBAR + 2.55%**	JIBAR + 2.55%	30/06/2025	**380 000**	380 000	**380 000**	380 000
– FirstRand Bank Limited – Term B – Facility repayable at the end of the loan term in June 2025. Secured by a borrower cession and a general notarial bond.*	**JIBAR + 2.80%**	JIBAR + 2.80%	30/06/2025	**200 000**	100 000	**200 000**	100 000
Total interest-bearing borrowing – Medium-term loan				**580 000**	605 000	**580 000**	605 000
Current portion				**120 000**	125 000	**120 000**	125 000
Non-current portion				**460 000**	480 000	**460 000**	480 000

** These loans were refinanced during the year under review and represents non-cash flow movements.*

ANNEXURE A (CONTINUED)

Interest-bearing borrowings

	EFFECTIVE INTEREST RATE			GROUP		COMPANY	
	2021 %	2020 %	Maturity date	**2021 N$'000**	2020 N$'000	**2021 N$'000**	2020 N$'000
LEASE LIABILITIES							
Variable rate instruments							
– Vehicle leases – repayable in monthly instalments of N$1 597 000 (2020: N$1 539 000)	**9.60**	9.60		**36 907**	36 328	**36 907**	36 328
– Property leases – repayable in monthly instalments of N$390 000 (2020: N$478 000)	**10.50**	10.50		**1 860**	5 368	**1 860**	5 368
Total interest-bearing borrowing – Medium-term loan				**38 767**	41 696	**38 767**	41 696
Current portion				**8 847**	20 088	**8 847**	20 088
Non-current portion				**29 920**	21 608	**29 920**	21 608
Total current interest-bearing borrowings				**128 847**	145 088	**128 847**	145 088
Total non-current interest-bearing borrowings				**489 920**	501 608	**489 920**	501 608
Total interest-bearing borrowings				**618 767**	646 696	**618 767**	646 696
Medium term borrowings are secured by cash and cash equivalents (note 11), trade and other receivables (note 10), Inventories (note 9) and a General Notarial Bond over moveable assets as disclosed in note 4. Additionally, the Group's insurance policy is also ceded to the lender.							
Details of the maturity profile of the above interest bearing loans has been disclosed in note 32.3.							

	GROUP		COMPANY	
	2021 N$'000	2020 N$'000	**2021 N$'000**	2020 N$'000
ANALYSIS BY CURRENCY				
South African Rand	**580 000**	500 870	**580 000**	500 870
Namibia Dollar	**128 554**	191 615	**128 554**	191 615
INTEREST RATE SENSITIVITY ANALYSIS				
The sensitivity analyses have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.				
If interest rates had been 100 basis points higher or lower and all other variables were held constant:				
Interest received:				
– profit before tax for the year would increase/(decrease) by:	**3 670**	3 579	**3 670**	3 579
Interest paid				
– profit before tax for the year would increase/(decrease) by:	**(11 149)**	(7 055)	**(11 149)**	(7 055)

ANNEXURE B

Property, plant and equipment

	Freehold land and buildings N$'000	Leasehold land and buildings N$'000	Plant and machinery N$'000	Vehicles N$'000
GROUP				
2021				
Cost				
Balance at beginning of the year	272 025	9 051	1 240 405	80 763
Additions	1 787	-	40 638	2 684
Disposals	(205)	(3 497)	(14 372)	(6 674)
Transfers	56	-	5 626	-
Balance at end of the year	273 663	5 554	1 272 297	76 773
Accumulated depreciation				
Balance at beginning of the year	42 620	6 118	716 818	53 746
Depreciation charge	4 214	214	72 502	8 724
Accumulated depreciation on disposals	(205)	(3 497)	(6 196)	(6 437)
Foreign exchange movements	-	-	-	-
Transfers	-	-	(285)	-
Balance at end of the year	46 629	2 835	782 839	56 033
Carrying amount at end of the year	227 034	2 719	489 458	20 740
2020				
Cost				
Balance at beginning of the year	260 971	8 989	1 202 825	126 173
Additions	10 383	-	60 944	13 211
Disposals	-	-	(31 016)	(1 591)
Transfers	671	62	7 652	-
Transfer to right-of-use assets	-	-	-	(57 030)
Balance at end of the year	272 025	9 051	1 240 405	80 763
Accumulated depreciation				
Balance at beginning of the year	38 591	5 904	674 739	74 536
Depreciation charge	4 029	214	72 221	9 459
Accumulated depreciation on disposals	-	-	(30 142)	(1 463)
Foreign exchange movements	-	-	-	-
Transfer to right-of-use assets	-	-	-	(28 786)
Balance at end of the year	42 620	6 118	716 818	53 746
Carrying amount at end of the year	229 405	2 933	523 587	27 017

Furniture and equipment N$'000	Returnable containers N$'000	Assets under construction N$'000	Total N$'000
95 458	453 649	37 262	2 188 613
3 400	64 488	16 981	129 978
(12 054)	(174 103)	-	(210 905)
216	1 951	(33 536)	(25 687)
87 020	345 985	20 707	2 081 999
71 014	312 974	-	1 203 290
7 420	50 754	-	143 828
(11 957)	(174 103)	-	(202 395)
(4)	-	-	(4)
	285	-	-
66 473	189 910	-	1 144 719
20 547	156 075	20 707	937 280
90 879	426 581	11 919	2 128 337
6 326	39 038	34 485	164 387
(2 504)	(11 970)	-	(47 081)
757	-	(9 142)	-
-	-	-	(57 030)
95 458	453 649	37 262	2 188 613
63 623	274 978	-	1 132 371
9 461	49 412	-	144 796
(2 064)	(11 416)	-	(45 085)
(6)	-	-	(6)
-	-	-	(28 786)
71 014	312 974	-	1 203 290
24 444	140 675	37 262	985 323

ANNEXURE B (CONTINUED)

Property, plant and equipment

	Freehold land and buildings N$'000	Leasehold land and buildings N$'000	Plant and Machinery N$'000	Vehicles N$'000
COMPANY				
2021				
Cost				
Balance at beginning of the year	237 802	6 892	1 238 732	80 762
Additions	1 786	–	40 638	2 684
Disposals	(205)	(3 497)	(14 320)	(6 674)
Transfers	34 279	–	5 606	–
Balance at end of the year	273 662	3 395	1 270 656	76 772
Accumulated depreciation				
Balance at beginning of the year	42 619	3 960	715 883	53 746
Depreciation charge	4 215	213	72 173	8 724
Accumulated depreciation on disposals	(205)	(3 497)	(6 164)	(6 437)
Transfers	–	–	(284)	–
Balance at end of the year	46 629	676	781 608	56 033
Carrying amount at end of the year	227 033	2 719	489 048	20 739
2020				
Cost				
Balance at beginning of the year	226 748	6 830	1 201 152	126 173
Additions	10 383	–	60 944	13 210
Disposals	–	–	(31 016)	(1 591)
Transfers	671	62	7 652	–
Transfer to right-of-use assets	–	–	–	(57 030)
Balance at end of the year	237 802	6 892	1 238 732	80 762
Accumulated depreciation				
Balance at beginning of the year	38 590	3 746	674 134	74 536
Depreciation charge	4 029	214	71 891	9 459
Accumulated depreciation on disposals	–	–	(30 142)	(1 463)
Transfers	–	–	–	–
Transfer to right-of-use assets	–	–	–	(28 786)
Balance at end of the year	42 619	3 960	715 883	53 746
Carrying amount at end of the year	195 183	2 932	522 849	27 016

On 26 June 2017, Namibia Breweries Limited (NBL) entered into a Cession Agreement with Hallie Investments 428 (Pty) Ltd, a wholly owned subsidiary included in the Group figures of these annual financial statements, whereby all rights and obligations associated with ownership of the property were ceded to NBL. In line with faithful representation of these annual financial statements, NBL reclassified an amount of N$34 223 790, previously classified as an Investment in Subsidiary (note 4) as Property Plant and Equipment (note 1). This reclassification is included as part of transfers in the Freehold land and buildings category above.

ANNEXURE B (CONTINUED)

Property, plant and equipment

Furniture and equipment N$'000	Returnable containers N$'000	Assets under construction N$'000	Total N$'000
94 971	453 649	37 242	2 150 050
3 401	64 488	16 982	129 979
(11 829)	(174 103)	–	(210 628)
216	1 951	(33 516)	8 536
86 759	345 985	20 708	2 077 937
70 720	312 974	–	1 199 902
7 379	50 755	–	143 459
(11 753)	(174 103)	–	(202 159)
–	284	–	–
66 346	189 910	–	1 141 202
20 413	156 075	20 708	936 735
90 392	426 581	11 899	2 089 775
6 326	39 038	34 485	164 386
(2 504)	(11 970)	–	(47 081)
757	–	(9 142)	–
–	–	–	(57 030)
94 971	453 649	37 242	2 150 050
63 374	274 978	–	1 129 358
9 410	49 412	–	144 415
(2 064)	(11 416)	–	(45 085)
–	–	–	–
–	–	–	(28 786)
70 720	312 974	–	1 199 902
24 251	140 675	37 242	950 148

ANNEXURE B (CONTINUED)

Intangible assets

	Automation processes 2021 N$'000	Externally purchased software licences 2021 N$'000	Trademarks 2021 N$'000	Total 2021 N$'000
GROUP				
Cost				
Balance at beginning of the year	34 751	19 862	11 000	65 613
Disposals	(7 932)	(15 873)	-	(23 805)
Additions	309	7 404	-	7 713
Transfers	-	21 841	-	21 841
Balance at end of the year	27 128	33 234	11 000	71 362
Accumulated amortisation				
Balance at beginning of the year	17 042	18 175	1 533	36 750
Disposals	(7 932)	(15 729)	-	(23 661)
Amortisation charges	2 810	3 476	400	6 686
Balance at end of the year	11 920	5 922	1 933	19 775
Carrying amount at end of the year	15 208	27 312	9 067	51 587
COMPANY				
Cost				
Balance at beginning of the year	34 751	19 862	11 000	65 613
Disposals	(7 932)	(15 873)	-	(23 805)
Additions	309	7 404	-	7 713
Transfers	-	21 841	-	21 841
Balance at end of the year	27 128	33 234	11 000	71 362
Accumulated amortisation				
Balance at beginning of the year	17 042	18 175	1 533	36 750
Disposals	(7 932)	(15 729)	-	(23 661)
Amortisation charges	2 810	3 476	400	6 686
Balance at end of the year	11 920	5 922	1 933	19 775
Carrying amount at end of the year	15 208	27 312	9 067	51 587

Amortisation periods are reviewed at the end of each financial year. If the expected useful life of the asset differs from previous estimates, the amortisation period shall be changed accordingly. The amortisation charge is recognised in the operating expenses in the statement of profit or loss and other comprehensive income.

Trademarks with indefinite useful lives at 30 June 2021 amounted to N$9 000 000 (2020: N$9 000 000). This judgement is based on the market and trading conditions applicable to the Group and management's expectations and strategy for the use of the trademarks. It is the intention of the Group to receive a benefit from them indefinitely and there is no indication that this will not be the case.

ANNEXURE B (CONTINUED)

Intangible assets

Automation processes 2020 N$'000	Externally purchased software licences 2020 N$'000	Trademarks 2020 N$'000	Total 2020 N$'000
34 718	19 751	11 000	65 469
–	(291)	–	(291)
33	402	–	435
–	–	–	–
34 751	19 862	11 000	65 613
14 154	17 131	1 133	32 418
–	(188)	–	(188)
2 888	1 232	400	4 520
17 042	18 175	1 533	36 750
17 709	1 687	9 467	28 863
34 718	19 751	11 000	65 469
–	(291)	–	(291)
33	402	–	435
–	–	–	–
34 751	19 862	11 000	65 613
14 154	17 131	1 133	32 418
–	(188)	–	(188)
2 888	1 232	400	4 520
17 042	18 175	1 533	36 750
17 709	1 687	9 467	28 863

ANNEXURE B

Right-of-use assets

	Motor vehicle leases 2021 N$'000	Property leases 2021 N$'000	Total 2021 N$'000
GROUP			
Cost			
Balance at beginning of the year	64 121	9 863	73 984
Disposals	(15 563)	(667)	(16 230)
Additions	17 001	1 169	18 170
Transfers from property, plant and equipment	-	-	-
Balance at end of the year	65 559	10 365	75 924
Accumulated depreciation			
Balance at beginning of the year	36 770	4 910	41 680
Disposals	(14 690)	(667)	(15 357)
Transfers from property, plant and equipment	-	-	-
Depreciation charges	14 339	4 462	18 801
Balance at end of the year	36 419	8 705	45 124
Carrying amount at end of the year	29 140	1 660	30 800
COMPANY			
Cost			
Balance at beginning of the year	64 121	9 863	73 984
Disposals	(15 563)	(667)	(16 230)
Additions	17 001	1 169	18 170
Transfers from property, plant and equipment	-	-	-
Balance at end of the year	65 559	10 365	75 924
Accumulated depreciation			
Balance at beginning of the year	36 770	4 910	41 680
Disposals	(14 690)	(667)	(15 357)
Transfers from property, plant and equipment	-	-	-
Depreciation charges	14 339	4 462	18 801
Balance at end of the year	36 419	8 705	45 124
Carrying amount at end of the year	29 140	1 660	30 800

Average lease terms are two years on leasehold properties and five years for leasehold vehicles.

ANNEXURE B (CONTINUED)

Right-of-use assets

Motor vehicle leases 2020 N$'000	Property leases 2020 N$'000	Total 2020 N$'000
–	–	–
(7 230)	–	(7 230)
14 321	9 863	24 184
57 030	–	57 030
64 121	9 863	73 984
–	–	–
(6 404)	–	(6 404)
28 786	–	28 786
14 388	4 910	19 298
36 770	4 910	41 680
27 351	4 953	32 304
–	–	–
(7 230)	–	(7 230)
14 321	9 863	24 184
57 030	–	57 030
64 121	9 863	73 984
–	–	–
(6 404)	–	(6 404)
28 786	–	28 786
14 388	4 910	19 298
36 770	4 910	41 680
27 351	4 953	32 304

ANNEXURE C

Interest in subsidiaries

Subsidiary company	Country of incorporation	Issued capital N$'000
BEVERAGES		
Namibia Breweries South Africa Proprietary Limited*	South Africa	–
Flycatcher (Proprietary) Limited	Botswana	–
These subsidiaries are engaged in the sale and distribution of alcoholic and non-alcoholic beverages.		
PROPERTY		
Northgate Properties (Proprietary) Limited	Namibia	–
Northgate Exports (Proprietary) Limited	Namibia	–
Hallie Investments Number Four Hundred and Twenty Eight (Proprietary) Limited**	Namibia	–
Accumulated loan impairment		
These subsidiaries are engaged in property holding.		

* *A letter of support is in place whereby Namibia Breweries Limited agrees to provide additional financial support to Namibia Breweries South Africa Proprietary Limited to meet its debts as and when they fall due until such time as specified in the letter.*

** *As disclosed in Annexure B, a Cession Agreement was entered into whereby Hallie Investments Number Four Hundred and Twenty Eight (Proprietary) Limited ceded its property to the Company. As a result, the Investment in Subsidiary decreased by the value of the property.*

ANNEXURE C (CONTINUED)

Interest in subsidiaries

	EFFECTIVE HOLDING		INTEREST OF HOLDING COMPANY SHARES		INDEBTEDNESS	
	2021 %	2020 %	**2021 N$'000**	2020 N$'000	**2021 N$'000**	2020 N$'000
	100	100	**-**	–	**98 247**	102 422
	100	100	**-**	–	**4 368**	1 006
	100	100	**828**	828	**(1 104)**	(1 212)
	100	100	**-**	–	**-**	–
	100	100	**468**	34 692	**-**	–
			-	–	**(98 247)**	(102 422)
			1 296	35 520	**3 264**	(206)

ANNEXURE D

Directors' emoluments

	Salary N$'000	Bonuses N$'000	Other benefits N$'000	Pension/ medical aid N$'000	Total N$'000
2021 – Executive directors					
M Wenk	**1 584**	**1 585**	**1 681**	**539**	**5 389**
W von Lieres	**812**	**921**	**729**	**470**	**2 932**
Total emoluments	**2 396**	**2 506**	**2 410**	**1 009**	**8 321**
2020 – Executive directors					
M Wenk	1 505	–	1 680	521	3 706
W von Lieres	1 022	–	730	450	2 202
Total emoluments	2 527	–	2 410	971	5 908

	2021 N$'000	2020 N$'000
Non-executive directors		
HB Gerdes	**207**	207
P Grüttemeyer	**305**	201
S Thieme	**204**	204
G Hanke	**54**	54
H van der Westhuizen	**228**	142
L van der Borght	**-**	54
S Siemer	**231**	142
R Pirmez	**186**	164
P Sabrie	**54**	54
L Mcleod-Katjirua	**120**	98
VJ Mungunda	**135**	–
AR Schimming-Chase	**112**	–
Total emoluments	**1 836**	1 320

Non-executive directors only received directors' fees for the current and prior financial year.

NOTICE OF ANNUAL GENERAL MEETING

www.nambrew.com

NAMIBIA BREWERIES LIMITED

Incorporated in the Republic of Namibia
Registration number: 1920/0002
NSX Share code: NBS
ISIN: NA0009114944
(NBL or the Company)

IMPORTANT DATES:

Shareholders are advised of the following dates:	2021
Date to receive notice of AGM	16 November
Last day for lodging forms of proxy	14 December
Annual General Meeting	20 December

Notice is hereby given that the 100th Annual General Meeting (AGM) of shareholders of the Company in respect of the financial year ended 30 June 2021 will be held in the Company's Auditorium, Iscor Street, Northern Industrial Area, Windhoek, Namibia commencing from 12h00, to deal with such business as may lawfully be dealt with at the AGM.

Owing to the current COVID-19 pandemic and the Government Regulations surrounding public gatherings, the Company will ensure that the meeting will be accessible to shareholders through electronic participation.

This notice is important and requires your immediate attention. Please ensure that you review the notes and footnotes in this notice, which contain important information regarding participation in the Annual General Meeting.

Integrated annual report

The integrated annual report, including the below reports, are available at https://nambrew.com/investor-hub/:

- The 2021 integrated report
- 2021 Notice of AGM (this/the Notice)
- The complete set of Annual Financial Statements
- The governance report
- The remuneration reports
- Contribution to the Sustainable Development Goals report

AGENDA

Ordinary dividend

To note that no final dividend will be declared by the Board of Directors for the financial year ended 30 June 2021.

RESOLUTIONS

Annual financial statements and reports

To receive and consider and if approved adopt the Annual Financial Statements for the financial year ended 30 June 2021, together with the independent auditor's report.

Re-election of Directors

To re-elect by way of separate resolutions, Steven Siemer, Laura McLeod-Katjirua and Sven Thieme who retire by rotation in accordance with the provisions of the Companies Act and the Articles of Association of the Company and being eligible, makes themselves available for re-election.

Brief biographies of each director are available from page 61 of the Integrated Report.

Directors' remuneration

To approve the Directors' remuneration as reflected in the Annual Financial Statements for the financial year ended 30 June 2021 and further depicted below:

Non-executive Directors	Fees
HB Gerdes	N$207 305
P Grüttemeyer	N$304 570
S Thieme	N$204 100
G Hanke	N$53 500
HJ van der Westhuizen	N$228 210
S Siemer	N$230 720
R Pirmez	N$185 570
L McLeod-Katjirua	N$119 950
P Sabrie	N$53 500
VJ Mungunda	N$134 588
AR Schimming-Chase	N$112 438

Reappointment of external auditors

On recommendation of the Audit Committee, to re-appoint Deloitte & Touche as independent external auditors of the Company for the ensuing financial year from the conclusion of the Annual General Meeting until conclusion of the next Annual General Meeting and that the terms of engagement and fees be determined by the Directors of the Company.

Unissued share capital

To authorise the Directors of the Company, subject to the provisions of the Companies Act, as amended, the Articles of Association of the Company and the NSX Listings Requirements, to allot and issue the unissued share capital of the Company at such prices, to such persons and on such conditions as they may deem it appropriate.

By order of the Board

Ohlthaver & List Centre (Proprietary) Limited
Company Secretary
10 November 2021

SHAREHOLDERS' DIARY

AGM: Monday, 20 December 2021 at 12:00

Reports published

Interim financial report	11 March 2021
Reviewed Provisional Condensed Consolidated Financial Statements	30 September 2021

Dividends	Declared	Paid
Interim	9 March 2021	14 May 2021

NOTES TO THE NOTICE OF AGM

1. This document is addressed to all shareholders and proxy holders.
2. If you are a beneficial holder of NBL securities you may attend and vote at the AGM, provided that your name is on the Company's register of disclosures as the holder of the beneficial interest, or you hold a proxy.
3. If you are in any doubt as to what action you should take arising from this document, please consult your broker, banker, attorney, accountant or other appropriate professional adviser immediately.
4. An electronic copy of the location of the venue of the meeting may be obtained from NBL's website at www.namibiabreweries.com

PROXY **FORM**

NAMIBIA BREWERIES LIMITED

Incorporated in the Republic of Namibia
Registration number: 1920/0002
NSX Share code: NBS
ISIN: NA0009114944
(NBL or the Company)

The Company Secretary
Ohlthaver & List Finance and Trading Corporation Limited
PO Box 16
Windhoek
Namibia

I/We ______________________________ (name in full)

of ______________________________ (address)

being a shareholder of ______________ (number of shares) of the above-mentioned Company hereby appoint

(a) ______________________________ (name); or failing him/her

(b) ______________________________ (name); or failing him/her

(c) ______________________________ (name).

or failing him/her, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of Namibia Breweries Limited to be held in the Company's Auditorium, Iscor Street, Northern Industrial Area, Windhoek, Namibia on Monday, 20 December 2021 at 12:00 and at any adjournment thereof, in particular to vote for/against/abstain* the resolutions contained in the notice of the meeting.

I/we desire as follows:

Resolutions	For	Against	Abstain
Annual financial statements and reports			
Re-election of Directors			
2.1 Steven Siemer			
2.2 Laura McLeod-Katjirua			
2.3 Sven Thieme			
Directors' remuneration			
Reappointment of external auditors			
Unissued share capital			

Signed at ______________ this ______________ day of ______________ 2021.

Signature(s) of shareholder ______________________________

* *Please indicate by inserting an 'X' in the appropriate block, relating to the columns 'for/against/abstain'. If no indication is given, the proxy may vote as they deem fit.*

NOTES TO THE PROXY

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and, on a poll, to vote in his/her stead.
2. A copy of the signed proxy form must be returned by Tuesday, 14 December 2021 by 12h00 to: The Company Secretary, Ohlthaver & List Centre (Proprietary) Limited, Alexander Forbes House, 7th Floor, South Block, 23-33 Fidel Castro Street, Windhoek, PO Box 16, Windhoek, Namibia, or deliver to the registered office of Namibia Breweries Limited or via email to #Legal@ol.na
3. In respect of shareholders that are companies, an extract of the relevant resolution of Directors must be attached to the proxy form or handed in to the Company Secretary at the meeting.