



CHAIRPERSON'S STATEMENT

“What we have achieved with NBL is truly amazing, but the time has come to unleash its full potential, by giving NBL access to the world. Having worked with Heineken for many years and knowing that they too are passionate about beer and share similar family values and culture to that of O&L, we are confident that Heineken is best placed to do just that.”

Sven Thieme
NBL Chairperson

As a player in the global business landscape, our business operations were subject to the year's activity in the macro environment. The COVID-19 pandemic has changed the course of human history in many ways with various industries including hospitality and tourism having suffered a catastrophic and devastating impact that may take years to recover from. The war in Ukraine triggered a costly humanitarian crisis while the rapid increase of fuel and food prices have hit vulnerable populations in low-income countries, including Namibia, hardest. With South Africa being one of Namibia's main trading partners, the dilemma of its electricity supply continues to pose a threat to South Africa's economic activity and the strength of their currency – and as a result, the Namibian Dollar as well. These events, among others, were directly felt by our business through input costs, however, it is the most vulnerable around the world that have been worst affected by this volatility.

Financial performance

NBL's financial results exceeded all expectations in a difficult year. Namibian volumes remained stable whereas the high demand from South Africa resulted in overall volumes increasing by 12%. We are pleased with the momentum retained in operating profit growth over the past few years, evident from an 8.9% increase in 2022 on top of a 35% increase last year. NBL's resilience has been built over more than 100 years, enabling us to remain available and supportive of our customers, consumers, and employees, who experienced much hardship this year.

Aside from the pandemics' impact on the economy, it is apparent that the morale of our nation has been unsettled and we have seen this in our own people too. In the case of NBL, and the O&L Group, we were compelled to consider our sustainability by making difficult and business-changing decisions in an unpredictable and fast-moving environment. We were forced to move rapidly from a traditional corporate structure to a mostly remote workforce arrangement at best. The impact of social distancing, safety and security measures on the psychological well-being of our employees and the nation in general is evident in the escalating statistics of those who have and are likely to develop post-traumatic stress disorder, anxiety, depression, and other symptoms of distress.

Despite these challenges, we are proud to celebrate NBL's resilient culture and recognition as being a Great Place to Work (GPTW)-certified organisation for the third consecutive year. The international GPTW Survey is conducted annually and evaluates companies around the world based on workplace culture and employee satisfaction and trust across industries. We continuously put our people at the heart of everything we do and in turn their employment experience has been reflected in our GPTW results that give us an indication of the trust our people have in the business and its leadership based on the organisation's culture as well as the areas that require improvement. Our people actively support and shape our culture and we owe them our gratitude for believing in our Purpose, **Creating a Future, Enhancing Life** and striving to realise it every day.

Furthermore, green sprouts have started to form with some hopeful economic prospects such as the Namibian tourism sector that is seeing signs of revival, although the resumption of normal operations remains challenging. Other opportunities also exist in our energy sector as we see the growth of our solar energy generation and the initial steps towards green hydrogen production in Namibia come to fruition. The country is fortunate to have access to the natural resources that enable the production of these cleaner energy sources and while they continue to develop, we are also fortunate to have additional oil prospects in Namibia.

NBL/Heineken transaction

We appreciate the immense pride and love we all share for NBL and its iconic brands that have become synonymous with Namibian pride. However, we have reached a critical juncture in the history of NBL and its rich heritage of 102 years. In line with our Purpose, **Creating a Future, Enhancing Life** and our Vision "to be a catalyst for positive change, creating new realities, and fulfilling dreams", the opportunity has come to write the next chapter and accelerate creating the future we desire for our children, their children, and the generations to come by unleashing the unlimited potential of NBL and letting it out of its nest to spread its wings and rightfully earn its deserved space in the global arena.

The O&L Group – with controlling shareholding in NBL – has entered into a conditional agreement, in terms of which Sunside Acquisitions Proprietary Limited – a newly incorporated unlisted subsidiary of Heineken International in South Africa (Newco) – will acquire O&L's 50.01% share in NBL Investment Holdings Limited (NBLIH), an investment company which has a controlling shareholding in NBL.

This transaction is part of a series of integrated conditional transactions, which has since commenced, involving Heineken International, Newco, Distell Group Holdings Limited, NBLIH, NBL and O&L. Should all the conditions be fulfilled, and the transaction be concluded, Heineken International, through Newco, would become the sole shareholder of NBLIH. In accordance with governance and fair and reasonable reviews done in collaboration with the independent Board committee, the transaction is subject to various regulatory approvals, inclusive of the Namibia Competition Commission, as well as contractual conditions. The proposed acquisition of the Namibian operations of Distell Namibia by NBL will further enable greater diversification of the NBL portfolio and increase the use of our production capacity as all imported products from Distell will be produced in Namibia. NBL will remain listed on the NSX with minority shareholders.

We are confident that the transaction will unlock unprecedented opportunities, synergies, and scale to the business and its people, its brands, our country and the region as a whole.

Contribution to SDGs

In line with our Purpose, *Creating a Future, Enhancing Life*, sustainability is at the heart of our business and central to the trust placed in our company by employees, consumers and customers, suppliers and partners alike. We are committed to contribute in a material way to the SDGs and I am proud of the actions we are undertaking to drive long-term value for our stakeholders. As a purpose-led business, aiming to enrich people's lives through innovations and making a positive impact on society through our premium product portfolio and technologies that lower our carbon footprint and contribute to a more sustainable planet, we remain resolute in our commitment to preserving the planet with additional investments made in both solar energy and biomass fuel production. Please see page 34 for more detail on our contribution to the identified SDGs.

Outlook

The prospects around tourism and energy in Namibia point to exciting opportunities, innovations, and economic relief. The Namibian Government's commitment to developing various industries, whether that be local manufacturing or agriculture through its Green Scheme Programme for example, will also contribute towards the recovery of the economy and the emergence of new business opportunities.

NBL is well-positioned to meet a volatile demand curve in production volumes for South Africa, where our *Windhoek* brand has significant opportunity for growth. Our continued focus is on further growing our brands both locally and beyond our borders while innovating into new liquids based on consumer preferences and demand. NBL continues to be resilient and we remain committed to finding every growth opportunity possible while appreciating our role as an industry leader towards responsible and safe behaviour.

Dividends

No final dividend was declared in accordance with the conditions of the potential Heineken SA disposal transaction. In the event of this not being finally concluded, the Board would revisit this decision.

Appreciation

I wish to extend my sincere appreciation to Government, the NBL Board of Directors, committees, leadership and independent committee for supporting us during a time of significant change. I also thank each employee of the NBL team for your unwavering commitment to the company and your belief in the bright future we can create for our country.

Here's to many more milestones, prosperity and opportunities as we unlock the unlimited potential of Namibian pride!



Sven Thieme

