Integrated Annual Report 2022

YEARS OF
DELIVERING MORE
1992 -2022

nampost®

TABLE OF CONTENTS

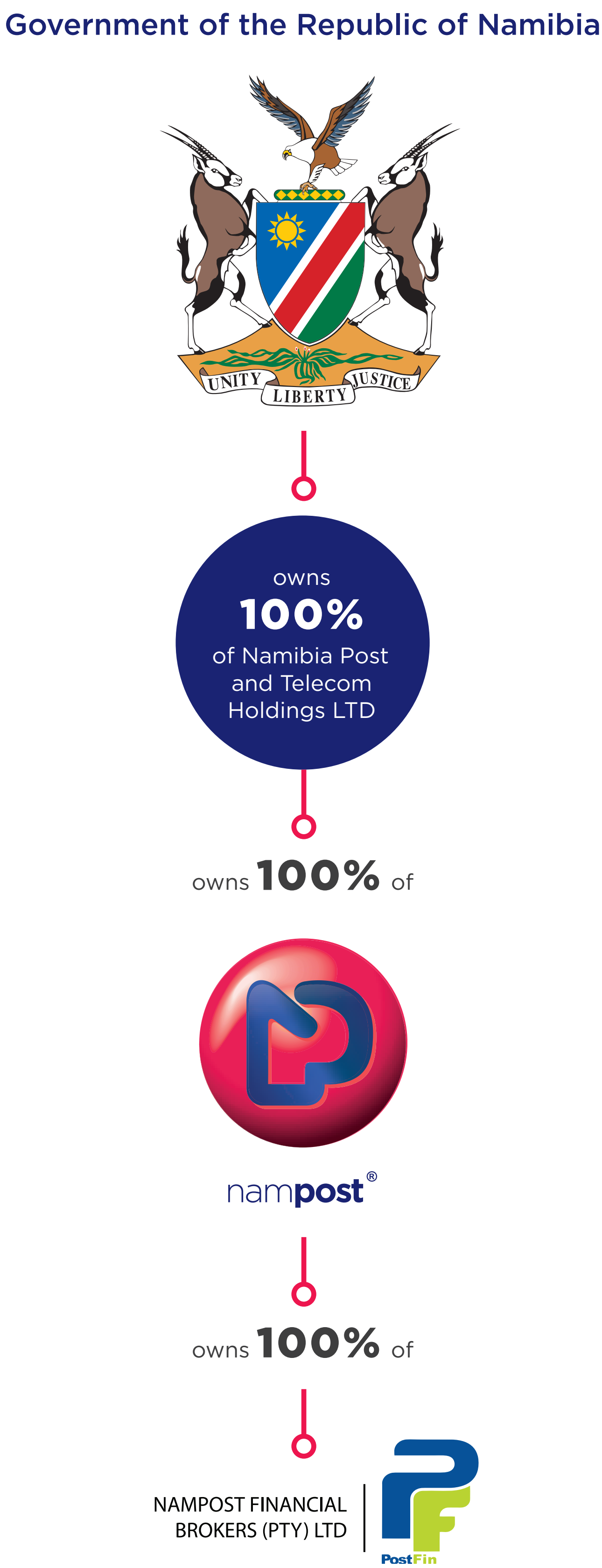
Welcome to our **2022** integrated annual report, which covers the financial year from 1 October 2021 to 30 September 2022.

Shareholding

The Namibia Post Ltd (NamPost) Group (the Group) comprises NamPost Ltd (NamPost or the company), which includes:

- Financial Services, Mail and Logistics and Retail Channel business units
- Its 100%-owned subsidiary, NamPost Financial Brokers (Pty) Ltd (PostFin)

NamPost and PostFin are consolidated in the Group annual financial statements as required by International Financial Reporting Standards. Namibia Post and Telecom Holdings Ltd (NPTH) is our sole shareholder.



30 YEARS OF DELIVERING MORE

> *NamPost is **Namibia's national postal operator.** We provide **affordable financial, mail, logistics and retail services** to all Namibians – individual customers, businesses and communities.*

NamPost operates under the Communications Regulatory Authority of Namibia (CRAN) licence with regard to Postal services. In addition, NamPost is authorised by Bank of Namibia to issue payment instruments and to participate in the National payment and clearing systems. Our primary objective is to create value for our shareholder and other stakeholders while delivering social impact and return. We achieve this through the accessibility and affordability of our products and services for all Namibian citizens, and through our Post Office infrastructure that reaches those who might otherwise not have access to these services.

NamPost's mandate is to "conduct postal services and supplementary services," under a Universal Service Obligation, which stipulates that "all consumers have access to basic services at affordable, uniform prices and that the services have a minimum level of quality". Supplementary services are defined as "the control and management of the Savings Bank" and "the rendering of a money transfer service".

Posts and Telecommunications Companies Establishment Act (Act 17 of 1992)

"The company shall exercise its powers with a view to enhancing corporate profit and shareholder gain, taking into account the enhancement of corporate profit and shareholder gain by the company in the promotion of an economically prosperous and efficient postal system conducted on sound business principles."

NamPost's Memorandum of Association, section 6

Our vision

To always be the best at what we do!

A trusted, reliable and safe service partner who delivers on our promises

Our values and culture

(I-ACT)

Integrity

Accountability

Caring

Teamwork

Our brand promise

We Deliver More

Financial Services

Mail and Logistics

Retail Channel

Delivering more – our products and services

NamPost has three business units – Financial Services, Mail and Logistics and Retail Channel – through which we deliver a diversified portfolio of products and services. These business units are supported by Shared Services and organised for maximum operational efficiency and customer centricity. We strive for the best customer experience across all our products and service offerings, and pursue continuous improvement and innovation. Our offerings include digital channels, while still ensuring that traditional postal services are accessible.

Financial Services

Provides access to financial products and services, primarily serving low-income Namibian residents, the unbanked and the underbanked.

All financial services are woven together for seamless service delivery.

→ Retail Banking through NamPost Savings Bank

NamPost is legally mandated to manage the Savings Bank and to transfer money locally and internationally. The Savings Bank:

- Serves individual retail customers with its transactional VISA branded SmartCard in an interoperable environment.
- Offers insurance and bancassurance products through its joint venture with Hollard Insurance, including affordable funeral and life cover for VISA SmartCard holders.
- Delivers competitive retail investment products to the public, these include fixed-term deposit accounts, call accounts, notice accounts and save-as-you-earn accounts.
- Provides the infrastructure necessary to facilitate payments for the lower market segment of the Namibian population.

→ Treasury

Offers wholesale deposit taking, catering for corporate and institutional clients' investment needs.

→ PostFin

A wholly-owned subsidiary of NamPost, providing responsible micro-lending and financial brokering services. PostFin offers unsecured personal loans to pensioners, Government employees and customers employed by companies holding a payroll deduction agreement. Permanently employed customers with VISA SmartCards are also eligible for loans.

Mail and Logistics

We transport, sort and distribute mail to post offices and mailboxes. We provide logistics and supply chain solutions to our customers within Namibia and worldwide.

→ Mail services

As the national postal operator, NamPost receives, sorts and distributes mail and post parcels to and from domestic and international destinations. This includes sorting and distributing letters, posting parcels, Government mail, business and bulk mail and Hybrid Mail, which includes digital, as well as Express Mail Services (EMS) international service.

→ Courier services

Comprises domestic and international shipments, collection, and door-to-door delivery, including overnight express parcels within Namibia to selected destinations. NamPost is the biggest domestic overnight courier company in Namibia.

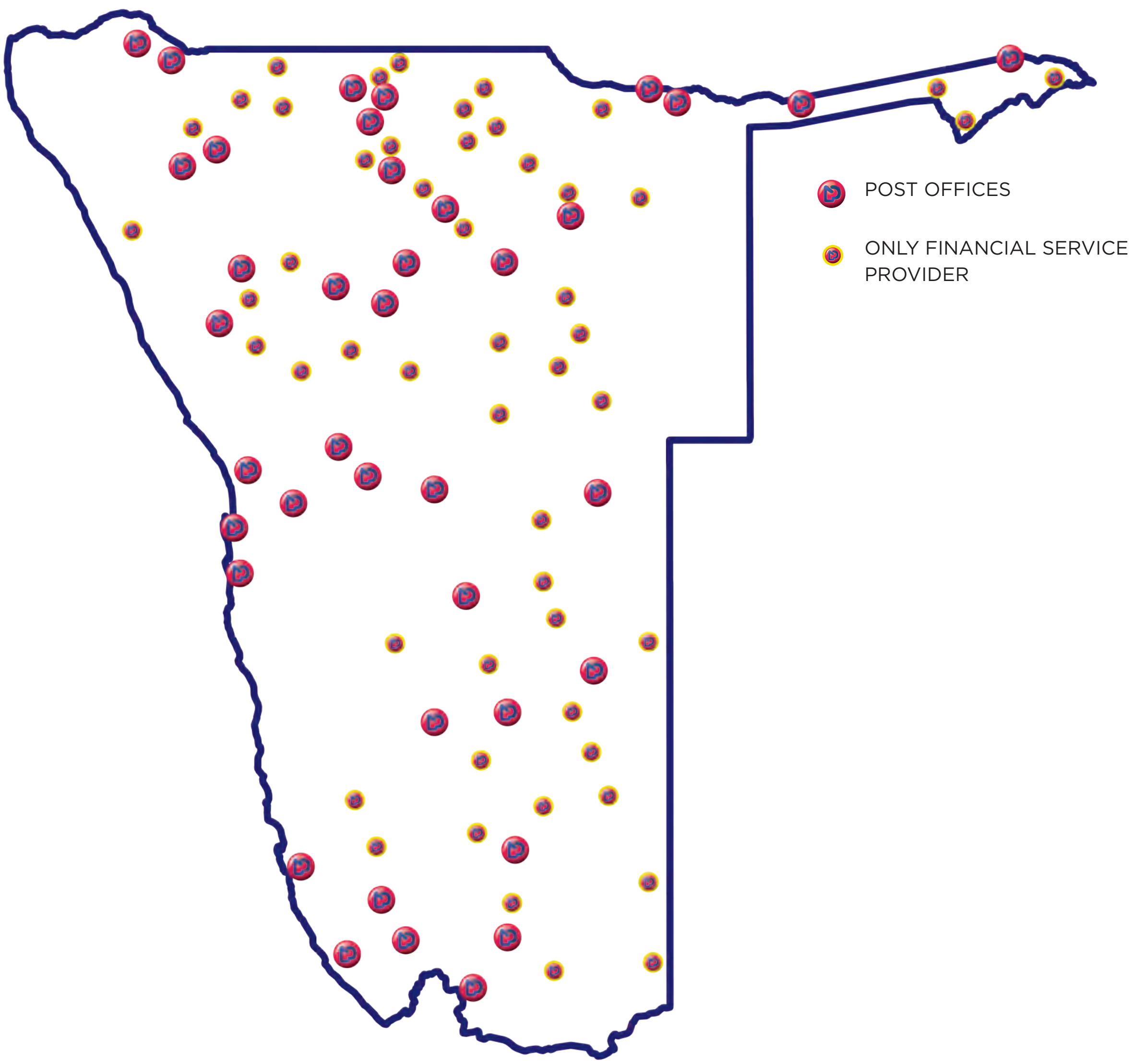
Courier services includes a transportation fleet and offers logistics and supply chain solutions for business and private customers, prepaid products such as EasyPack and EasyBox.

Retail Channel	→ Post office (PO) box rental
NamPost's nationwide postal network is the Retail division for all our offerings and manages customer service, distribution, sales and stock, and cash. Each post office services multiple customer needs with regard for the local community. The post office infrastructure also serves to **enable the other business units** by: • Facilitating the delivery of Financial Services' products and services through the retail outlets. • Moving stock and mail from the central Mail and Logistics hub to each retail outlet. Facilitates the delivery of Mail and Logistics products and services such as Easypacks and Expedited Mail Services. • Retail Channel manages Courier Regional Hubs on behalf of Mail and Logistics.	This is the Retail Channel's core product and primary revenue driver. **→ Third-party agencies** Optimises post office use and enables businesses that require a national reach but find it inefficient or costly to establish their own national network. We deliver customer convenience, by providing services including bill payments, airtime sales, payment collections and the sale of electronic devices. **→ Philately** We offer current postage stamps and a range of collectable postage stamp products.

Connecting communities – our footprint

NamPost's footprint provides a key point of contact in communities across all regions of Namibia, covering cities and remote towns, villages and settlements. We serve over 2.6 million people, spread across 825km².

Because of the Universal Service Obligation – as per the postal license granted by CRAN – our reach extends to areas of Namibia where it is not commercially viable for competing service providers, like commercial banks, to operate.



CELEBRATING 30 YEARS

30 YEARS OF

1992
Established:
92 post offices

1995
Commenced:
Counter automation project

2003
Introduced:
Treasury services for public investment

2015
Commenced:
International courier service

2017
Enhanced:
Insurance products

2019
Launched:
Inter-operable VISA SmartCard

133
Post offices

124 210
PO boxes

DELIVERING MORE

2006
Launched:
Biometric SmartCard

2010
Introduced:
Automated mail sorting

2013
Launched:
Prepaid courier products

2021
Developed:
Integrated e-commerce platform

30 YEARS OF DELIVERING MORE
1992 -2022
nampost

2022
Celebrated!
30 years of being the best at what we do!

119
Vehicles

Approximately
10 million
Mail items handled

1,4 million
Courier waybills handled

260 588
Customers using our VISA SmartCard

20 000
Namibians served per post office (on average)

Social value and financial inclusion

> *NamPost is a* ***trusted service provider*** *in regional and remote communities. We aim to ensure* ***no one is left behind*** *in social and economic progression.*

We support the objectives of the Harambee Prosperity Plan II

This is the action plan of the Namibian Government towards economic recovery and inclusive growth. The plan covers 2021 to 2025 and builds on the foundation established in the inaugural plan in 2016. It continues to prioritise implementing targeted policy programmes to enhance service delivery, contribute to economic recovery and engender inclusive growth.

The first three pillars of the plan are:

Effective governance

A critical component for socio-economic development and social cohesion.

Economic progression

A balance between pursuing inclusive socio-economic growth and necessary economic transformation.

Social progression

A people-centred approach to development to ensure improved quality of life for all Namibians, especially the most vulnerable members of society.

NamPost contributes to the Harambee Prosperity Plan II through our commitment to social and financial inclusion, which is evident in the following:

The stable employment of our workforce and contribution to the economy

724
people employed by NamPost Group in the past year.

N$282 million
paid in salaries and benefits to NamPost employees.

N$84.1 million
in taxes paid to Government during the year.

The accessibility and affordability of our portfolio of products and services that improve the quality of life for Namibians

260 588
NamPost VISA SmartCard holders can access affordable payment services and secure savings facilities.

120 259
individuals, primarily at the low end of the market, have insurance via NamPost.

N$618 million
in responsible PostFin micro-loans empowers pensioners and small businesses, particularly those run by women.

Our post office infrastructure reaches those who might otherwise not have access to basic services

51
NamPost post offices are the only access points for financial services in remote communities.

74
unprofitable outlets provide an essential service in remote areas, and are subsidised by our profitable services.

44%
of our post offices are profitable.

CHAIRPERSON'S REVIEW

"*NamPost achieved some* ***impressive results amid many challenges.*** *The Group continues to deliver affordable products and services that* ***meet its customers' needs,*** *while providing social and financial inclusion for residents in remote areas, thereby* ***connecting communities across the country.***"

Dr Simeon Amunkete
Board Chairperson

The 2022 financial results indicate that NamPost remains a relevant and sustainable service provider in the Namibian landscape and continues to play a critical role in social and financial inclusion for all citizens.

The Group proved its resilience despite a prolonged economic downturn and the COVID-19 pandemic. These conditions tested NamPost's business continuity plans, and it is encouraging that it emerged with the ability to remain standing, while planning for further future diversification possibilities.

Pleasingly, the Namibian economy has been on a recovery path after a sharp gross domestic product (GDP) contraction exacerbated by COVID-19. According to the International Monetary Fund, real GDP growth is expected at 3% in 2022 and 3.2% in 2023, supported by a robust commodity sector and rebounding tourism. Nevertheless, Namibia's economy still faces substantial challenges, and 2022 was characterised by currency volatility, interest rate upward movements and inflationary pressures. High unemployment levels, exacerbated by the COVID-19 pandemic, will need to be addressed before meaningful recovery is achieved.

Governance review

The new Board, appointed by NPTH in May 2021, underwent a thorough induction process to familiarise itself with this complex Group of companies. We then engaged with employees, monitored the macro-environment and assessed broad stakeholder needs to help us fulfil our mandate, which is to enable NamPost to create and deliver sustainable financial performance and long-term shareholder value.

I am satisfied with the skills mix and diversity of views of the Board of Directors. In fact, there is robust debate around many issues, which fortunately always ends up as constructive feedback. Given NamPost's focus on digital transformation, the shareholder has expressed the possibility of appointing an additional director with experience in the Information and Communications Technology (ICT) sector.

Strategic overview

NamPost has a five-year strategy cycle, and 2022 saw the conclusion of the previous five-year strategy. The Board engaged the Executive Management Team, to prepare for the new strategic cycle.

We are satisfied with the Group's progress on the existing strategy, which concluded in 2022. Most of our engagement, however, has been around the new strategy. Management presented the new strategy to us at a workshop, and we were given the opportunity to discuss and ask questions.

Specifically, the digital transformation of the Group was interrogated, and we are satisfied that the amended plans are appropriate. Appointing skilled specialists to implement this will be key in the next year. There was also much discussion around risk identification, management and mitigation. We are satisfied that there is sufficient emphasis on risk management. In addition, the Board is satisfied that NamPost's combined assurance model is robust and compliance regarding its CRAN licence, anti-money laundering, tax regimes and labour is on track and ongoing.

We believe the new strategy is fit-for-purpose to take NamPost into the future. The Board approved the new five-year strategy on 7 July 2022, and will monitor the implementation thereof from 2023. Detail can be found in the Chief Executive Officer's review on page 12.

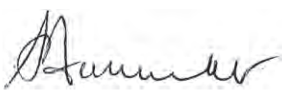
Dividend

NamPost's dividend policy is guided by the profitability and liquidity of the Group. The Board of Directors declared dividend for the 2022 financial year amounting to N$8 million.

Appreciation

I would like to express my appreciation to NamPost's Executive Management Team and all the Group's employees, who are so committed to service delivery for the Namibian people.

Thank you to NamPost's shareholder, NPTH and the Government of Namibia for their support, and my fellow Board members for their commitment.



Dr Simeon Amunkete
Board Chairperson

CHIEF EXECUTIVE OFFICER'S REVIEW

NamPost continues to ***create significant value*** *for our shareholder, our stakeholders and Namibian society. Despite the subdued economy, the Group continues to* ***serve our customers*** *in ways relevant to their unique needs. We are taking* ***strategic steps to ensure*** *NamPost remains* ***resilient and innovates*** *to safeguard future growth.*

Festus F Hangula
Chief Executive Officer (CEO)

Performance in 2022

Group revenue increased by 3.7% to N$981 million (2021: N$945 million). Operating expenses increased by 0.2% to N$493 million (2021: N$492 million), and profit before tax (PBT) increased by 64% to N$89 million (2021: N$54.0 million).

Best performers for 2022

Treasury and SmartCard transactions
Insurance
PostFin

Challenged areas

Mail services
Courier services

NamPost's trading environment remained challenging in 2022. Despite moderate GDP growth, the Namibian economy continues to be hampered by the after-effects of the COVID-19 pandemic and prolonged recessionary conditions.

We have seen some signs of increased economic activity, for example, the strong uptake of our Financial Services business unit's range of products. However, due mainly to political instability in Europe, significant trade disruptions adversely affected the flow of international mail and packages, impacting the Mail and Logistics business unit. In addition, with interest rates high for most of the year, and essential resources and utilities becoming more expensive, many of our customers are financially constrained with limited purchasing power.

Business unit performance

Mail and Logistics

Mail and Logistics reported muted performance. The courier services division has a relatively high fixed cost base, primarily related to its fleet. Volumes for that business did not recover to expectation and adversely impacting revenue, putting margins under pressure. We do still expect to see volume growth in the short to medium term.

Mail services continue to be impacted by the accelerated decline in paper mail – both locally and internationally – and the slower-than-expected recovery of inbound international mail. We do not expect these trends to improve in the foreseeable future. As a result, we are making strategic choices to advance the growth of the logistics services and Hybrid Mail divisions, while continuing to meet the needs of those customers who still rely on the more traditional mail services business.

The Mail and Logistics business unit partnered with MyUniversalShop to allow customers access to stores worldwide and manages purchased goods' shipping, logistics and customs administration. This technology links with NamPost's systems, which will allow our customers to track their parcels and calculate customs costs once fully rolled out. Progress is excellent and initial signs are promising, and as the product uptake grows, more stores and functionalities will be included.

Financial Services

NamPost's Financial Services business unit reported strong performance, and remains a significant contributor to Group profit. The business unit was buoyed by interest rate movements, which contributed significantly to the savings realised in the cost of funding in the Treasury division. As a result, the net interest margin increased and, by extension, profit for the Financial Services business, which grew by 20%.

The insurance business, in partnership with Hollard, continues to perform well. However, higher claims volumes resulting from the impacts of COVID-19 affected performance in 2022. PostFin remains on a stable growth trajectory, delivering revenue growth of 24.41% and is a strong contributor to Group revenue.

The business unit's strong performance is also due to the excellent uptake of the VISA SmartCard, with 41 978 customers signing on in 2022. The roll-out of the mobile Unstructured Supplementary Service Data (USSD) send money functionality has been slower than anticipated. However, we are still excited about the prospects for this product, which we expect will appeal to currently unbanked potential customers and open the door to more mobile banking innovations.

Across the Financial Services business unit, excellent sales growth of 6.4% ensures a pipeline of strong revenue growth in the short to medium term.

Retail Channel

The Retail Channel, while not profitable, managed to reduce its margin of loss by 43% year-on-year, mainly due to the cautious return to economic activity and, to some extent, driven by VISA SmartCard transacting activities.

NamPost remains committed to providing access to essential products and services in remote areas, and the Retail Channel plays a central role in fulfilling this social imperative. Our network of post offices keeps outlying communities connected, and the outlets often serve as a hub of social and economic activity. As a result, some of our Group revenue supports the currently non-profitable post offices.

However, we have strategic plans in place to derive more value from our postal infrastructure, representing a high proportion of NamPost's fixed costs. This includes an increased focus on third-party agency initiatives.

Social value and financial inclusion

NamPost continues to focus on the low-end of the market to support financial inclusion. Finding sustainable solutions can be challenging. To assist the Group in identifying new ways to reach unbanked and underbanked potential customers, we commissioned the Centre for Financial Regulation and Inclusion to conduct robust research in this regard.

The research showed that technology, particularly mobile technology, will be key but needs to lean on physical infrastructure. Given Namibia's unique geographical connectivity challenges, partnering with Government and other companies will be essential to unlocking this potential. We shared the findings of this research project with Government and the Bank of Namibia, and further assessment will be a focus in 2023.

Digital transformation

Consumer behaviour trends in Namibia, such as embracing e-commerce and electronic money transfers, impact NamPost's business model across our business units.

We have been digitising our tools and processes for the past few years, with pockets of both internal and external efficiency realised. Refer to the Information and communication technology section on page 38 for detail on initiatives in 2022.

However, we have only begun to pursue the available opportunities, and digitisation will remain a key strategic objective. As a priority, we will recruit new employees to the ICT Department with the necessary skills and experience to support digital transformation.

Strategy

Reflecting on our five-year strategic performance

The Group made significant progress on all the strategic objectives we set for the Group in 2016.

It is important to note that when this strategy was conceived, the Namibian economy was on a growth path, buoyed by a stable Government, institutional strength, accommodative monetary and fiscal policy, favourable commodity prices and foreign investment flows. However, growth stagnated from 2016 onwards, and three of the last five years have been marked by recession, characterised by falling international commodity prices, prevailing drought and sudden regulatory changes. In 2020, this downward trajectory was exacerbated by COVID-19 and its related restrictions.

As a result, we did not achieve all of the targets set. Nevertheless, it is fair to say that, by and large, the Group achieved the overarching strategic objective of enhancing shareholder value and social return.

Strategic objective	Targets	Progress over the five years	
Enhance shareholder value	• Increase net profit • Increase social return	• We exceeded the Group net profit target by 70% to N$88.6 million • Over the five years, social return was significantly improved by enhancing our product and service offerings, particularly in the Financial Services business • The support NamPost provided to employees and communities during COVID-19 was a testament to increased social return	
Journey towards customer centricity	• Increase net profit • Implement the Customer Experience Plan in a phased approach • Achieve 80% Customer Rating	• We maintained a Customer Rating Score of more than 80% throughout the period • The Customer Rating Score for 2022 is 82%	
Achieve operational effectiveness (get the basics right)	• Enhance all business processes • Ensure fit-for-purpose ICT • Improve management information	• NamPost made progress on various ICT initiatives, particularly improving management information • We realised that we need to reconsider the digital strategy for the Group, and that properly skilled employees are critical to achieving this objective • In 2021, we conducted an As-Is assessment of company-wide digital maturity and progress • A revised ICT strategy will form part of our next strategic cycle	
Measure and manage business risks	• Introduce and implement ERM Framework	• We achieved this objective, with a robust ERM Framework in place and the implementation plan near completion • From where the Group was in 2016, we made tremendous strides in terms of capacity building and putting the appropriate policies and procedures in place to measure and manage risk	
Enhance human capital and culture effectiveness	• Recruit, develop and retain skilled employees • Create and embed aspects of a high-performance culture	• We made progress in terms of recruiting the right people for the right jobs and in ongoing training and development initiatives • A sense of job security during the pandemic consolidated loyalty • Achieving a high-performance culture still requires work, and will be a focus of the new strategy	

Achieved   Significant progress made   Insufficient progress

A new strategic cycle

A strategic review is well underway, and we will provide detail on our new strategy in the 2023 Integrated Annual Report.

In short, the goal of the new strategy is to transform NamPost into a modern, vibrant, customer-centric company and unlock value for our stakeholders. We will implement a balanced scorecard approach to monitor the strategy.

Broadly speaking, the key strategic goals of the next five-year cycle will be financial sustainability, customer centricity, a high-performance culture – thus continuing the trajectory we are on – and business transformation, which is a deviation from the prior strategy. Through business transformation, we hope to adapt how we do business to create more delightful offerings for customers to meet their diverse needs.

Outlook, priorities and appreciation

Our outlook is cautious since many of the challenges we faced in 2022 remain. However, we are confident that our new strategy will help the Group not only navigate a tough operating environment, but also transform to meet the changing needs of our customers.

As CEO, my main priority in 2023 will be to present the new strategy to NamPost's employees and other stakeholders. The aim is to ensure that the Executive Management Team and all employees are comfortable with the Group's strategic direction, and their roles in facilitating execution.

I would like to thank the Board for their fresh perspectives, and the Executive Management Team for their support. I am proud of how NamPost's employees demonstrated the ability to overcome the past year's challenges and retain their positivity and energy – thank you. I believe I speak for everyone at NamPost when I say that we are immensely grateful for all the support we have received from our loyal customers.

Festus F Hangula
Chief Executive Officer

30 YEARS OF **DELIVERING MORE**

1992
NamPost established with 92 Post Offices

1995
NamPost started counter automation project

2003
Treasury services launched to offer investment products to the public

2006
Modernised from Savings Books to Biometric secured SmartCards

2008
Launched Centenary Stamp Collection

2010
Launched Automated Mail Sorting

2011
NamPost Rebrands

2013
Launched Pre-paid Courier Products

2014
100 000 Post Boxes on offer nationwide

2015
Increased number of Post Offices & introduced International Courier Services

2016
NamPost revenue exceeded N$ 1 bil. from N$ 32 mil. in 1992

2017
Launched enhanced Insurance Products

2018
NamPost intergrated into the National Payment System

2019
Launched new interoperable VISA SmartCard

2021
Start developing E-Commerce platform

2022
NamPost celebrates 30 years since commercialisation in 1992

30 YEARS OF DELIVERING MORE
1992 -2022

nampost®

www.nampost.com.na

OUR BUSINESS MODEL

Connecting Namibians to our products and services

Our pools of value

Financial capital

The capital required to deliver our products and services, generated from sales, deposits and dues.

- Deposits
- Production and services income
- Own capital and proceeds from product and service sales

People and expertise

The combined knowledge of our diverse leadership teams and the dedication and skills of our employees, backed by the experience of successfully operating in our market since 1992. We are invested in the development and wellbeing of our 724 employees.

Infrastructure

Our network of 133 post offices, our IT infrastructure and our logistics fleet allow us to reach communities throughout Namibia. This includes properties owned by NamPost or leased from NPTH and other landlords.

Relationships

Engaging with and understanding our broad customer base, shareholder and communities.

- Social licence to operate
- Connecting communities through our activities
- Engagements with stakeholder

Financial Services

NamPost is legally mandated to manage the Savings Bank and to transfer money locally and internationally. We manage savings and investment deposits and provide insurance and micro-financing products. Our technology platform enables us to use VISA SmartCards in an interoperable environment.

- **Banking:** VISA SmartCard savings account and wide range of investment products such as fixed-term deposits, call accounts, notice accounts and save-as-you-earn accounts.
- **Insurance:** Affordable funeral and life cover for our external and VISA SmartCard holders.
- **Micro-lending:** Unsecured personal loans to pensioners and customers employed by companies holding a payroll deduction agreement with PostFin. Permanently employed customers with VISA SmartCards are also eligible for loans.

Mail and Logistics

We transport, sort and distribute mail to post offices and mailboxes. We provide logistics and supply chain solutions to our customers in Namibia and throughout the world.

- **Courier:** Local and international shipment/parcel delivery and collection, including overnight express.
- **Mail:** Service and solutions for all mail requirements.
- **Logistics** and supply chain solutions for business customers.

Retail Channel

Our Post Offices are the retail channel for all our services. Retail activities include customer service, distribution and sales of all NamPost products and services, as well as stock, cash and inventory management. Each Post Office services multiple customer needs with regard for the local community.

- **Delivery channel for our Mail and Logistics and Financial Services products.**
- **Third-Party Agency Services:** Customers can purchase and pay for various products and services at all post offices countrywide.
- **Philately:** We offer current postage stamps and a range of collectable postage stamp products.

Enabled by

An effective and stable workforce

Our people, page 34

Customer centricity – understanding and serving our customers' needs

Creating value for stakeholders, page 24

Efficient business processes with fit-for-purpose ICT

Information and Communication Technology, page 38

Rigorous risk management

Risk management, page 64

Creating current and future value

- A large and stable Group employing 724 Namibians, who in turn contribute to the economies of their communities
- Creating a more prosperous Namibia by enabling financial inclusion for the underbanked
- Providing social inclusion opportunities for residents in remote areas

- A known and trusted brand, with a focus on customer service
- A reliable partner for business growth in Namibia, thereby enabling a more sustainable economy
- Stimulating innovation through new products and services in line with market trends

- Investing in digital infrastructure, systems and learning for a sustainable business and skills development
- Diversifying beyond physical mail
- Supporting the changing needs of communities and customising services for both ageing customers and the new generation

Outcomes

Our Financial capital	• N$6.6 billion deposits ↑ (2021: N$6.1 billion) • 5.5% asset ↑ (2021: 1.2%) • 0.2% expense ↑ (2021: 2.8%) • 3.7% revenue ↑ (2021: 0.8%) • 27% return on equity (ROE) before tax ↑ (2021: 15%) • 1 746% return on investment (ROI) before tax ↑ (2021: 1 065%) • N$88.6 million PBT ↑ (2021: N$54.0 million) • 67.6% profit after tax (PAT) ↑ (2021: 388%) • 49% operating expenses to income ratio ↓ (2021: 51%) NamPost continues to enforce stringent cost control measures, ensuring sufficient liquidity is preserved for future sustainability and value creation for all our stakeholders. Refer to the Financial review, page 28.
Our People and expertise	• N$282 million spent on remuneration (2021: N$275 million) • N$3.5 million invested in training (2021: N$3.6 million) NamPost maintained our full workforce and upskilled our people to serve customers better and increase our intellectual capital. Financial capital was eroded to preserve jobs, employ the right people and grow talent. Please see Our people on page 34.
Our Infrastructure	• 133 post offices ↔ (2021: 133) • 6 575 762 Hybrid mail images produced • 10 248 615 million mail items handled ↔ (2021: 10 million), consisting of 10 242 337 letters and 6 278 parcels • 67% PO boxes rented ↓ (2021: 73%) • N$100 million mail revenue ↓ (2021: N$112 million) Financial capital erosion is balanced with creating social value by serving remote areas. We also maintain our infrastructure to unlock future value through diversified services. Refer to Mail and Logistics on page 40, and Retail Channel on page 48.
Our Relationships	• 82% Customer Satisfaction Rating ↔ (2021: 82%) • 260 588 VISA SmartCards rolled out ↓ (2021: 291 486) • 44 889 new insurance policies ↑ (2021: 21 229) • N$84.1 million tax paid ↑ (2021: N$63.7 million) NamPost's range of products and services create value for our customers and promote the aim of financial and social inclusion for all Namibians. Please see Social value and financial inclusion, page 8, and Creating value for stakeholders, page 24.

BUSINESS DRIVERS OVERVIEW

In a dynamic operating context, external factors are often out of our control. We ***make trade-off decisions*** *that* ***balance our social imperative*** *to* ***maintain the post office footprint*** *with the need to be* ***financially sustainable*** *and* ***responsible.*** *The value drivers below summarise some key global and local impacts on our business. We respond to these through our strategic objectives.*

Economy

As discussed in the Chief Executive Officer's review on page 12, Namibia has struggled to overcome lingering recessionary conditions since 2016. This was exacerbated by two years of COVID-19 prevention measures and restrictions.

While economic activity is significantly recovering from 2020 and 2021, the country's medium-term growth potential remains subdued. Rising Government debt, unemployment and customers' restricted disposable income lead to lower mail volumes and lower PO box demand.

In addition, the consumer shift toward convenient and affordable digital and e-commerce options outside of traditional post office offerings is happening faster than anticipated.

These factors require NamPost to make dynamic and innovative changes to ensure sustainability.

Enhance shareholder value

Journey towards customer centricity

Achieve operational effectiveness (get the basics right)

Regulation

NamPost must consider Universal Postal Union (UPU) regulations in every business decision and meet the CRAN licensing conditions related to our status as a Designated Postal Operator. In addition, NamPost's business units are diverse and operate in various regulatory environments. This complicates regulatory risk assessment and compliance.

Although NamPost remains a non-bank financial institution, we are increasingly subject to regulation and oversight by the Bank of Namibia as our products and services expand. The Payment Association of Namibia also sets payment security standards and programmes, as well as regulatory advancements and guidelines. The NamPost Financial Services business unit took steps in 2022 to ensure robust risk and compliance monitoring and management. Refer to page 63.

Measure and manage business risks

Technology

The integration of systems, interoperability and the provision of third-party services, as well as customer migration to mobile and other payment solutions, contribute to rising cyber risk. Although the right to privacy is enshrined in the Namibian Constitution, the country is lagging in the formulation of data protection and privacy law.

Businesses are challenged by IT systems that are increasingly expensive to run, inflexible and over-reliant on legacy technologies. System stability, integration and cyber security risk management are critical drivers for NamPost's sustainability.

Read more about NamPost's response under Information and communication technology on page 38.

Achieve operational effectiveness

Skills

To achieve NamPost's forward-looking strategic goal to transform the Group into a modern, vibrant, customer-centric company and unlock value for our stakeholders, we must attract and retain relevantly skilled employees.

With a slowing population growth rate, low population density and increasing urbanisation, Namibia is already challenged by skills shortages. In its 2019 Namibia Labour Market Outlook report, the Namibian National Planning Commission (NPC) highlights the skills gap that the economy will likely experience by 2023. It expects a huge supply in elementary occupations, which will have to be offset through skills development.

Due to the unique nature of our business, NamPost requires a wide variety of skills, from elementary to highly specialised. In addition, as we embark on our new strategy and transform our business model, we will need to upskill or reskill existing employees. Establishing a productive, high-performance culture will be imperative.

Enhance human capital and culture effectiveness

Competition

Across the Group, NamPost's divisions compete with various businesses like commercial banks, courier services and retail companies. However, as a postal operator, NamPost's vast physical infrastructure network and good customer relationships are the Group's competitive strengths. We have begun leveraging these strengths to expand our product and service offerings to a wider portfolio of financial and retail options.

In keeping with our commitment to social and financial inclusion, NamPost offers more affordable options than other players, such as commercial banks and retail stores. In rural areas, there are increasing opportunities beyond traditional postal services for a business such as NamPost in communities or market segments that are often underserved.

On the other hand, banks are mitigating the risk of low-interest income and increasing non-performing loans by focusing on fixed-income instruments, which have traditionally been the domain of postal financial services.

Journey towards customer centricity

CREATING VALUE FOR STAKEHOLDERS

To optimally serve the complex range of products and services, we ***deploy a systematic approach to creating value*** *for our customers, both* ***internal and external,*** *and to* ***meet other stakeholders' needs.***

Berlindi van Eck
Executive: Corporate Marketing, Communications and Business Development

To optimally serve the complex range of products and services across the Group, we deploy a **systematic approach** to creating value for stakeholders:

- Branding and marketing
- Existing and new business development
- Evaluating innovative project ideas
- Conducting annual customer satisfaction surveys
- Implementing quarterly Mystery Shopper surveys
- Implementing the customer and stakeholder engagement plan
- Overseeing CSI initiatives

Highlights

- Increased synergy between the business units in moving forward together as a cohesive team
- Customer Satisfaction Survey results yielded a positive outcome despite post COVID-19 prevailing conditions
- Participating at annual trade fairs, sales activations in malls, moving back to the new "normal"
- Stakeholder engagements with media editors and practitioners at the coast and Northern Namibia

Challenges

- Keeping up with the new pace brought about post COVID-19 for executing of Marketing related activities which was parked due to the prevailing COVID-19 pandemic

Brand and marketing focus areas

Post COVID-19, the marketing and branding focus was to raise customers' awareness of the different product offerings in the marketplace. We are pleased to report that we were able to implement our annual marketing plans for each business unit timeously.

Our communication channels for marketing represent a good mix of digital, such as the web and social media platforms, and traditional media such as newspapers and radio, as well as in-store promotions and in-mall activations to reach all segments of our existing and potential customers, based on their preferences. Our primary communication efforts remained focused on educating customers on the swiping functionality of the SmartCard.

Business results indicate marketing effectiveness, with an uptake in our courier pre-paid products and basket of funeral products, following the respective campaigns. Sales targets for funeral cover and new account customers were reached way in advance of the financial year end. Going forward the focus will remain on growing customer numbers for these product offerings.

Research results from the bi-quarterly mystery shopper initiative indicate positive growth in cross selling awareness and uptake among employees, which contributes to the bottom line of the company.

The external Customer Satisfaction and Stakeholder Perception Survey was conducted with a sample size of 1 645, making it one of the largest surveys we have conducted. The final customer satisfaction score was 82% which is above the strategic target of 80%. Valuable next steps have been identified from the survey and shared with the respective business units. These identify targeted corrective actions to improve on the specific areas of concern as identified by customers through the survey.

In 2022 NamPost celebrated its 30th anniversary as an independent, commercial entity since our founding in 1992. A corporate campaign energised team spirit at post offices and ignited customer excitement. Several internal competitions were launched to stimulate in-store acquisitions of our products and services.

A continuation of the weekly Friday Bonanza promotions across the postal network contributed further to sales successes. The promotions serve to create awareness of all the products and services on offer at the retail outlets.

30 YEARS OF DELIVERING MORE
1992 -2022
nampost®

Awards and recognition

NamPost Courier won the **PMR Africa Diamond Award** for the eleventh consecutive time

For the fourth consecutive year, NamPost achieved the **PMR Africa Diamond Award** for a company or institution doing the most to accommodate and enhance the interest of the elderly/senior citizens

In the **Best Brands Africa (Namibia) awards** we attained second place for Best Financial Institutions

We were the overall winner in the Postal and Courier Service Sector at the **2022 Service Excellence Awards**

Making a difference to communities in need

Through our Corporate and Social Responsibility (CSR) investments, NamPost provides further positive social value by taking part in the following initiatives:

N$534 042

Total donations and sponsorships

Transportation of 100 000 Apples as part of the Bank Windhoek Cancer Apple Project

Education-related sponsorships

Oluwaya Combined School grade 10 and 11 textbooks

Transportation of educational materials to schools as part of the Amos Meerkat project

Sporting related sponsorships

Omaheke Hope for All Truck Drivers Soccer Tournament

Havana Primary School athletics attire – participation in regional schools championships

New business development

Our Product Development and Review Committee's aim is to implement standardised procedures for the introduction of future products and services and to eliminate any that are obsolete. This reduces company-wide risk and ensures newly introduced products are profitable and in line with market demand. Several products and services were tabled to the Committee during the financial year for recommendation to Exco. The approved products were prioritised by the Project Management Office for implementation once registered as an official project. Going forward the focus will remain on searching innovative products and services that will play a key role in transforming the company in terms of customer offerings creating satisfaction.

FINANCIAL REVIEW

NamPost delivered an ***improved financial performance*** *in a constrained economic environment,* ***increasing profit*** *by* ***64%*** *year-on-year. This was underpinned by the* ***growth in non-interest income,*** *and increase in revenue from micro-lending, augmented by overall cost management in the Group.*

Batsirai Pfigirai
Executive: Finance

Performance in 2022

Highlights

- Profit increase of 64%.
- Successful liquidity management under the tough operating environment.
- Consistently serviced our long-term debt and honoured our obligations.

Challenges

- Generally high inflationary environment affected commodity prices, thereby adversely impacting costs and depleting disposable income for our customers.
- Global oil price increases negatively impacted Courier business.
- Reduced Government spending significantly impacted volumes and revenue for the Courier services division.
- A rapid decline in demand for paper mail and dwindling volumes for the domestic courier business.

Top revenue contributor

Financial Services at

74%

As a domestic Group, NamPost's financial performance is invariably influenced by Namibia's economic climate. High inflation, mainly due to global geopolitical disruptions, not least between Russia and Ukraine, affected all NamPost's business units. In response to high inflation, from March 2022, the Bank of Namibia started to increase interest rates and this adversely affected customers' disposable income and, in turn, impacted sales across different product lines.

Performance overview

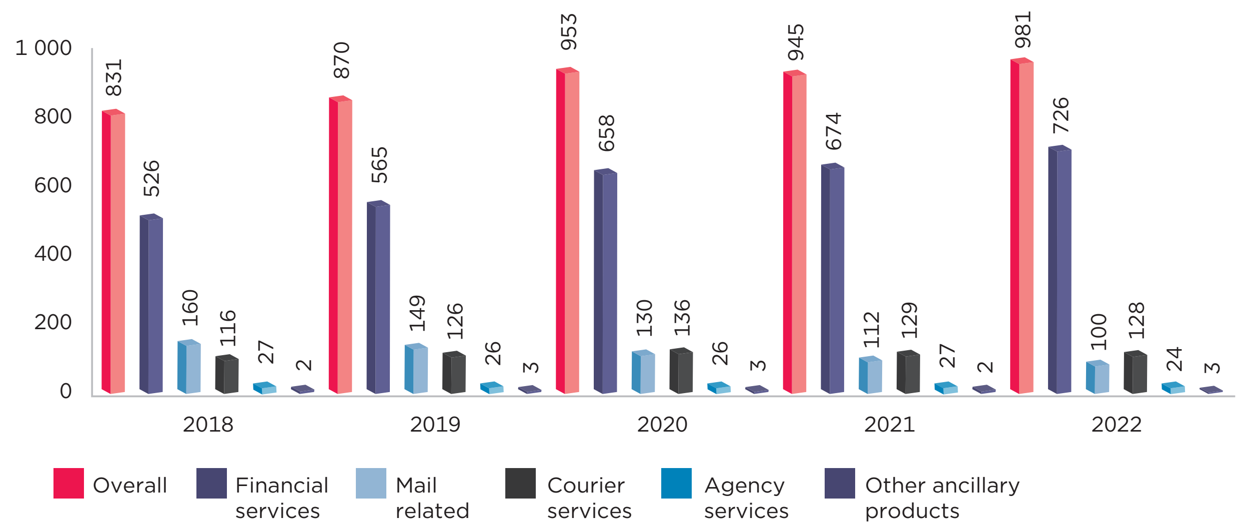
Group revenue increased by 3.7% to N$981 million (2021: N$945 million), and PBT increased by 64% to N$89 million (2021: N$54 million). Our operating expenses-to-income ratio was at 49% (2021: 51%), which is an improvement, thanks to cost management measures which continued to be implemented in the Group.

NamPost's product and service offerings were affected by low economic growth. Nonetheless, NamPost at company level reported N$63.8 million profit before tax (2021: N$38.4 million loss), and PostFin reported a profit of N$24.8 million (2021: N$20 million).

NamPost continues to deliver social value through our use of local suppliers and payment of taxes to the Government. The Group contributed value-added tax (VAT), income tax, import VAT, and pay-as-you-earn to the Government of N$84 million (2021: N$64 million). N$734 million (2021: N$609 million) was paid to local suppliers for goods and services.

We continue to enhance our collection strategies for account customers. Our collections improved year on year and in the process lowered debtors' days period. Despite progress, the fragility of the economy makes credit risk ever-present and inherently high. However, our collection strategies, and better relationship management with our customers will be pivotal in keeping the risk to at least medium level.

Group revenue (N$ million)



Revenue amounts for 2018 are restated to reflect the subsequent change in accounting policy on airtime revenue; hence the amounts do not match the financial statements figures for 2018 financial year.

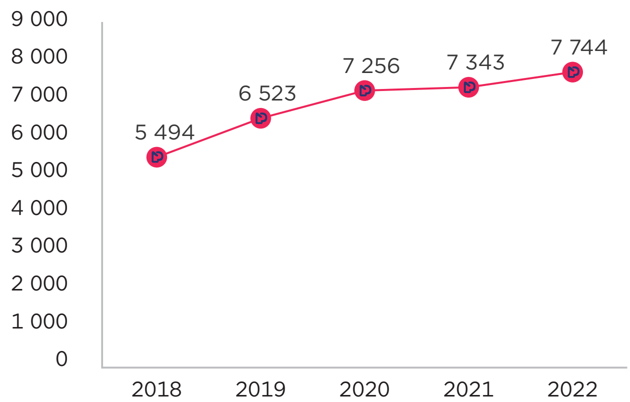
Group expenditure

NamPost's biggest cost-drivers are remuneration costs, lease payments, ICT costs and fleet expenses. Total expenditure and operating expenses remained relatively stable, with only a year on year increase of 0,1% and 0,2% respectively. Such negligible growth underscores the effectiveness of our cost management initiatives in the Group.

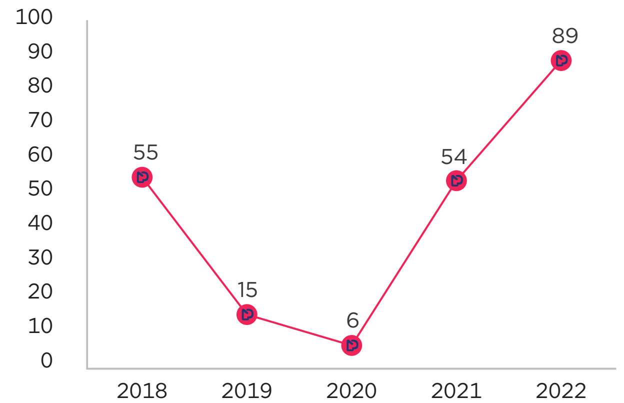
Group performance

Year-on-year profitability performance improved mainly because of the reported growth in financial services non-interest income (49%) and revenue from micro-lending business (24%), supported by strict management of costs.

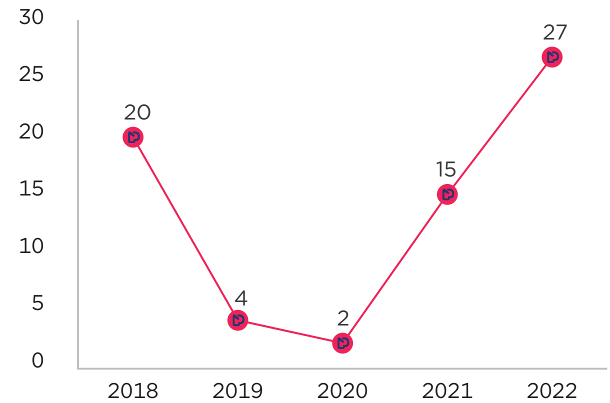
Total assets (N$ million)



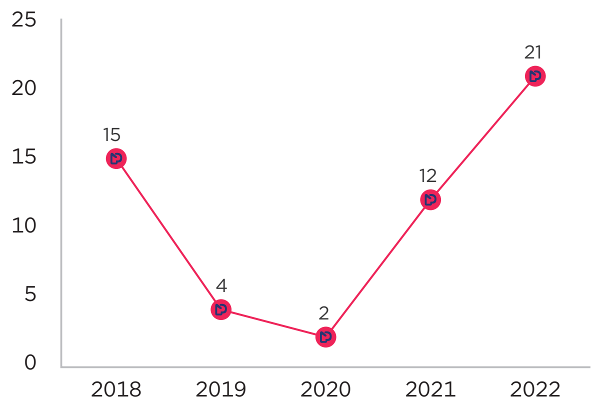
Profit before tax (N$ million)



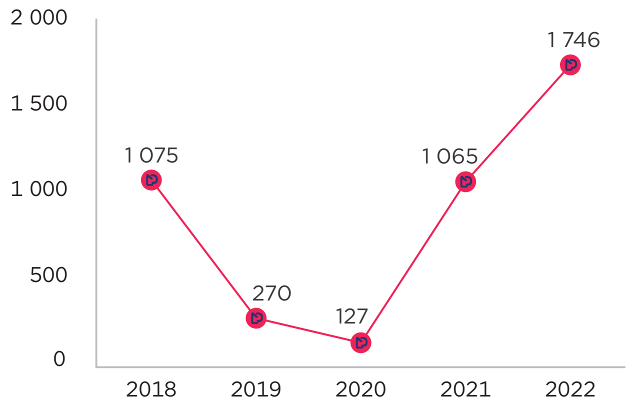
Return on equity (PBT) (%)



Return on equity (PAT) (%)



Return on investment (PBT) (%)



Financial Services

Interest rate hikes in the second half of the year affected the Financial Services business unit, as the cost of funding increased. We did not reap the benefit on our long-term assets, as they are fixed income investments, which will only reprice at higher interest return when they mature. Inversely, when interest rates were still low in the first and second quarter, we benefited from the low costs of deposits. Taken as a whole, the Group benefitted from interest rate movements in 2022, as well as an increase in non-interest income due to price restructuring on our products and services.

PostFin benefitted from interest rate hikes, as the business's lending rate is prime based, while the cost of funds remained fixed. The gross value of the loan book increased by 23% to N$618 million (2021: N$504 million), with strong potential for future market share gains.

Interest and similar income

decreased by 0.9% to N$512.1 million

(2021: N$516.8 million)

PostFin

increased by 24.41% to N$105 million

(2021: N$84.4 million)

Bancassurance

increased by 31% to N$3.8 million

(2021: N$2.9 million)

Transactional

(non-interest) income increased by 49% to N$104.5 million

(2021: N$70.4 million)

Dividend income

decreased by 7% to N$11.1 million

(2021: N$11.9 million)

Mail and Logistics

Rising fuel prices impacted the Mail and Logistics business, given its reliance on transport. This was exacerbated by lower-than-expected growth in the domestic courier service division, due to lower volumes of business from both Government (including parastatals) and the private sector.

Total mail-related revenue decreased by 11% to N$100 million (2021: N$112 million). Most mail product components declined, reflecting the natural regression of paper mail.

Mail-related revenue (N$ million)	2018	2019	2020	2021	2022
Government mail	23	17	21	21	**13**
Business and bulk mail	39	37	35	27	**25**
Hybrid Mail	16	16	15	14	**14**
PO Box rentals	35	34	35	30	**28**
Other mail products	47	44	25	21	**20**
Total	160	149	130	112	**100**

Courier-related revenue (N$ million)	2018	2019	2020	2021	2022
Prepaid products (EasyPack and EasyBox)	12	7	11	14	**14**
Domestic courier services	102	117	123	113	**113**
International courier services	2	2	2	2	**2**

Retail Channel

Agency services revenue decreased by 15% to N$23 million (2021: N$27 million). The main revenue drivers are prepaid airtime, and revenue stamps, with prepaid airtime having the bigger proportion.

All third-party agency services (N$ million)	2018	2019	2020	2021	2022
Revenue	27	26	26	27	**23**

Balance sheet and cash flow

The Group's total assets increased by 5% N$7.7 billion (2021: N$7.3 billion), which was on the back of additional financial investments placed through our Treasury division and the growth in PostFin's micro-loan book. The extent of the growth was however impacted by the decrease in market values of bonds and unit trust instruments, which in our books are marked to market and measured at fair value through other compressive income. Apart from the microloan book, which is largely funded by external debt, the financial assets are funded from Savings Bank deposits, which increased by 6%, as more deposits were solicited during the year. There was no additional external debt raised during the year.

The Group reported a positive net operating cash flow of N$113.6 million (2021: N$119.9 million), which despite a slight dip, was an excellent achievement, and was a direct result of a good operational performance, both at Group and Company level. The Group's free cash flow was positive, which stood at N$103.2 million, after funding approximately N$10.4 million in capital expenditure.

Outlook and priorities

Given the volatile trading conditions of the past few years, enhanced forecasting has been an area of focus and will remain so in 2023.

Some strategic investment projects were delayed and will only be completed in 2023. These were earmarked for completion in 2022. As a result, we expect capex to increase significantly in the new financial year, as these initiatives are realised.

As part of NamPost's new strategic cycle, the finance function will assist the three business units to identify and develop additional revenue streams. For the longer term, we will consider whether NamPost is sufficiently capitalised to execute its strategic objectives.

We will source additional funding in the new financial year to support PostFin's growth. In the longer term, we will reconsider the business's capital funding structure and explore other funding mechanisms besides debt.

In an environment where revenue growth is constrained, we will continue to focus on stringent cost management to ensure profitability and liquidity preservation.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OUR PEOPLE

> *The mandate of the Human Resources (HR) Department at NamPost is to* ***provide efficient and effective HR services*** *in support of the Group strategy. We partner with the business units to* ***source, reward, develop and retain talent.*** *Our job is to ensure that our employees are engaged and motivated to* ***provide excellent customer service.***

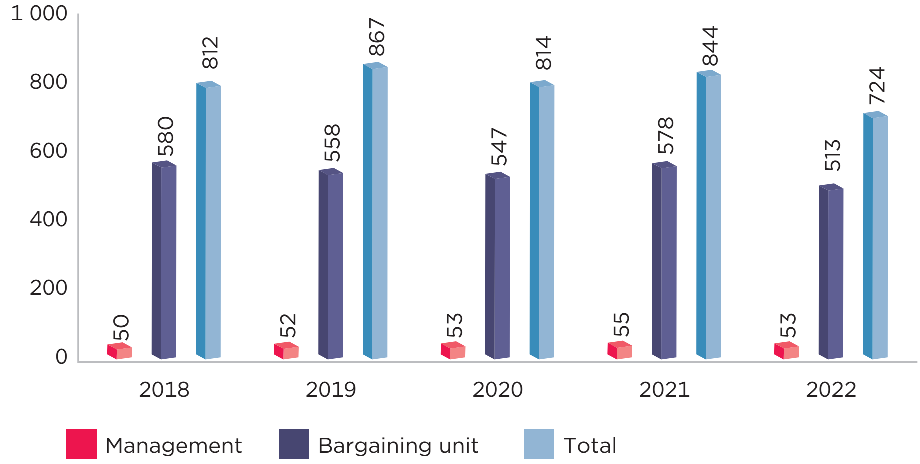
Ekonia Mudjanima
Executive: Human Resources

Ekonia Mudjanima joined NamPost in November 2021 as Executive: Human Resources. He started his career in the public sector and has worked as an HR executive in the electricity, construction and financial services industries.

He is excited to position the HR Department as a centre of excellence that will support NamPost's employees to play an active role in the transformation of the business in the coming years.

A profile of our employees

Total NamPost Group employee complement



Diversity and inclusion

98.49%

Previously disadvantaged employees
(2021: 98.13%)

54.19%

Female employees
(2021: 54.87%)

1

Employee/s with disabilities
(2021: 1 employee)

Performance in 2022

Departmental improvements

The HR Department undertook a critical review in 2022 to consider whether its strategy, processes, systems and policies remain fit-for-purpose, given the Group's transformational strategic direction. The review also entailed an employee engagement element, and employees' expectations of NamPost and their career ideals were considered.

As a result of this review, several initiatives were undertaken:

We developed a new HR strategy and a targeted implementation plan, based on the following values:

- Service delivery
- Employee engagement
- Right attitude
- HR excellence
- Continuous development

To align with the new strategy, the HR Department was restructured in the following ways:

- The Organisational Development and Training Departments were merged to improve efficiency and strategic capacity building
- A Remuneration Specialist position was created and the incumbent will ensure that NamPost remains attractive and competitive.

An assessment was done to assess to NamPost's remuneration policies and conduct a remuneration peer benchmarking exercise. The outcome was a revision of the Group's salary structure to be more competitive. A remuneration policy has been approved.

All other HR policies were also assessed and updated as necessary. The following policies were amended:

- Acting Allowance Policy
- Performance Management and Reward Policy
- Leave Benefit Policy
- Housing Benefit Policy

The following new policies were developed and approved by the Board:

- The Executive Contractual Renewal Policy to ensure a system is in place for when Executive contracts come to an end
- The Flexible Working Arrangements Policy ensures that if an employee or a group of employees are required to work from home, such arrangement is coordinated within the confines of this policy and that productivity and customer service are not compromised

Other policies include:

A draft Internal Training Quality Assurance Policy, and a draft Assessment and Moderation Policy that were also approved by the Board.

Employee engagement survey and employee value proposition

The HR Department conducted an employee engagement survey to garner employee sentiment about NamPost. Questions were structured so that the feedback we received will feed into developing a new Employee Value Proposition, which we will implement in the new financial year.

Training and development

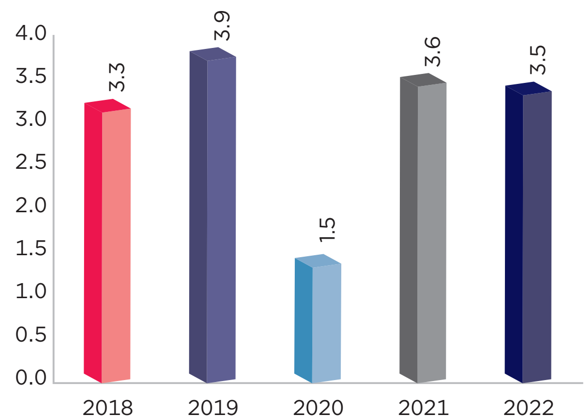
Training

We follow a combined approach in developing and presenting training materials. Where content relates to specific NamPost policies and procedures, these are developed in-house. NamPost has accredited internal trainers for postal services, financial and courier qualifications that are accredited by the Namibia Qualifications Authority. For other training, we contract external service providers.

Number of people trained

	2021	2022
Anti-money laundering	392	**13**
Product knowledge	11	**11**
System training	13	**32**
Management development	45	**42**
Other training programmes	17	**49**

Training spend (N$ million)



E-learning partnership

NamPost Business School partnered with Namibia Training Authority to enable the Business School to use the National Moodle Portal, an e-learning management system. The primary objective for implementing this e-learning platform is to enable the NamPost Business School to present online courses and virtual classes that all employees can access. The platform should also enable us to manage the training function more efficiently.

Wage negotiations

NamPost engages in annual wage negotiations with Namibia Public Workers Union (NAPWU). NAPWU membership represents 52% of our employee complement. We have successfully averted industrial action over the past 30 years and aim to maintain this relationship. An agreement of a 3.2% salary increase for the bargaining unit was concluded between the parties for the 2021/2022 financial year.

Outlook and priorities

The HR Department's role will be crucial in successfully implementing the new five-year strategy. We will focus on training and skills development initiatives, change management, and employee wellness. Our drive is to ensure that NamPost becomes an Employer of Choice.

INFORMATION AND COMMUNICATION TECHNOLOGY

"*For **sustainable digital transformation,** it is imperative that initiatives do not occur in business unit silos, and that synergies are leveraged. This will **help prioritise projects** and allow the Group to gear for implementation.*"

Jörn Schnoor
Executive: Technology

The ICT Department supports the overall NamPost goal of digital transformation and already has some of the necessary technology and infrastructure for further development. The aim is to:

- Improve business efficiencies based on sound business requirements
- Assist in cost reduction via automation of operational back-office tasks
- Implement optimised business processes using digital platforms and principles
- Provide business continuity support to the business units and Shared Services
- Develop and implement new products and services

Performance in 2022

Ongoing projects for the financial year include:

Across the Group, we have experienced operational challenges when implementing already-developed ICT initiatives, such as the above projects. Therefore, the Board approved an As-Is assessment performed by Deloitte to understand the current business operational challenges and inform a company-wide business digital strategy detailing the way forward.

The outcome of the analysis highlighted the following material gaps hindering NamPost's digital transformation:

- We lack sufficient appropriately skilled employees to drive the initiatives, given the size and complexity of the Group
- Initiatives are not adequately funded to achieve their objectives
- Governance and oversight of ICT is still maturing

Subsequently, the Board has approved recruiting additional employees with the required skills and experience to bolster the ICT Department and drive digital transformation. The governance and oversight challenges will be addressed through targeted Board and Executive Management Team training, developed by Deloitte and targeted specifically at areas of improvement identified in the assessment.

ICT will be crucial in NamPost's new five-year strategy, to support the objective of business transformation. Ultimately, we would like to offer NamPost customers a single platform – or ecosystem – where they can access all their information in one centralised place.

Please refer to the ICT governance section on page 73 for further detail.

MAIL AND LOGISTICS

"*The Mail and Logistics business unit* ***performed reasonably,*** *and did not lose any customers,* ***despite ongoing macro-economic challenges.*** *In addition, we spent time on* ***strategic initiatives*** *that will cement a solid foundation for future expansion.*"

Michael Feldmann
Executive: Mail and Logistics

Performance in 2022

Highlights

- No account customers were lost in either the mail services or the courier services divisions, despite severe economic pressures across all sectors
- Good progress has been made on the MyUniversalShop e-commerce partnership

Challenges

- Weaker than anticipated customer recovery volumes, particularly for courier services
- Slow recovery of international mail services (especially on the inbound freight)
- The steady decline in paper mail volumes

Mail services

While we proudly retained customers, total mail volumes increased by 3% year-on-year.

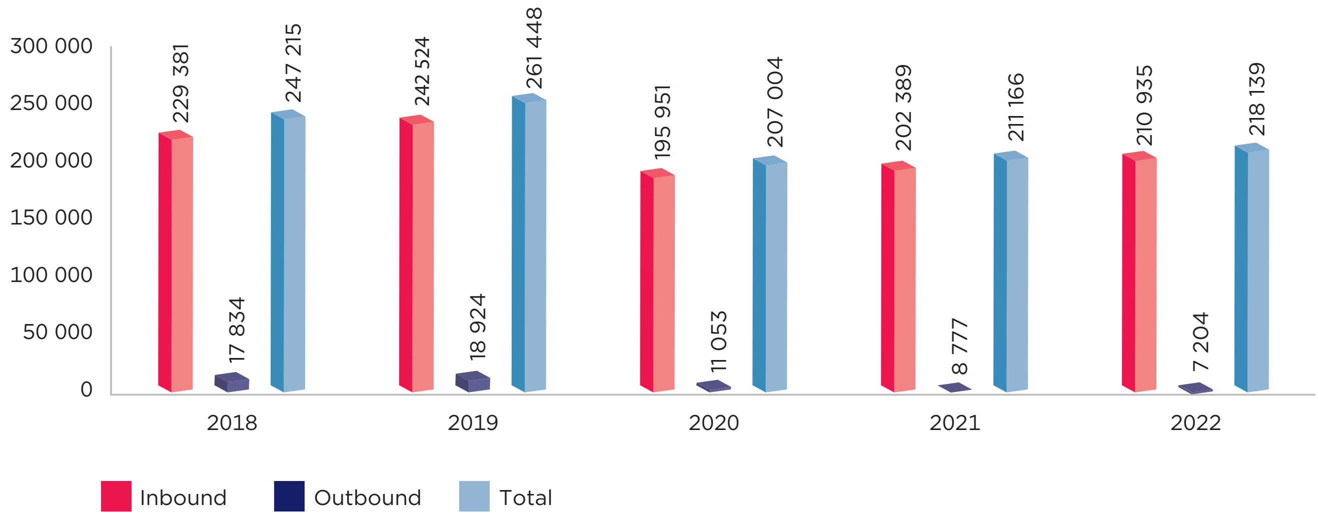
Mail services include sending letters, posting parcels, Government mail, and business and bulk mail throughout Namibia and internationally. The steady decline of paper mail volumes is a trend we anticipated and expect to continue, as more services move online. In addition, most of our customers are negatively impacted by the weak economy, leading to a slower-than-expected recovery in the volumes of parcels handled.

While international flights were suspended due to the various levels of COVID-19 lockdown restrictions, we lost inbound and outbound international mail revenue, representing a significant portion of revenue income. As restrictions eased, there was an expectation of recovery.

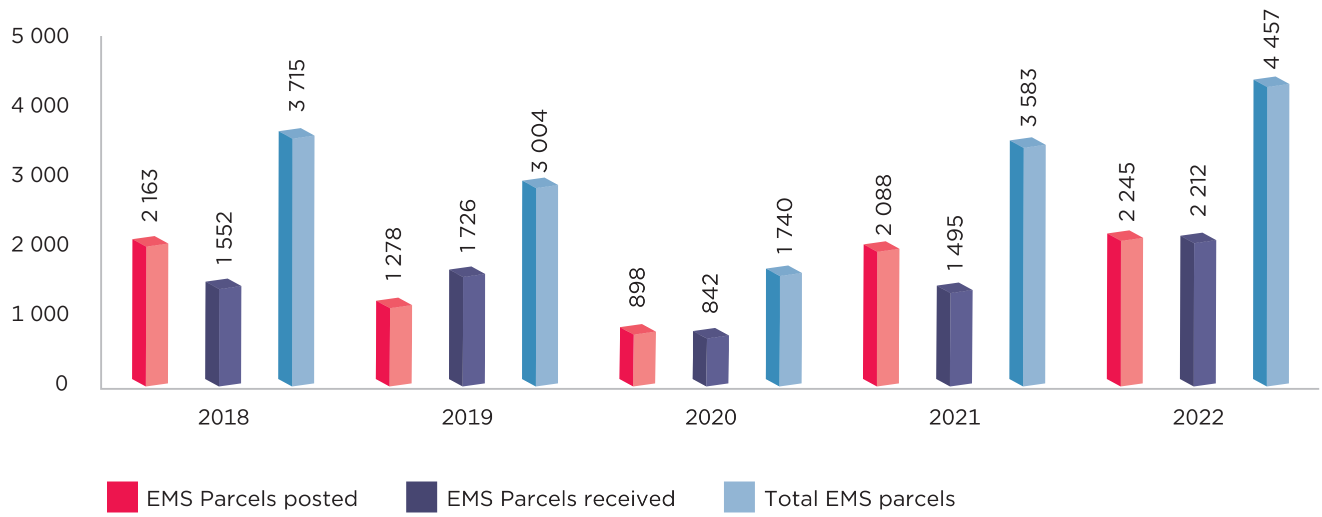
However, this proved more challenging than expected, as only a few airlines resumed flights while the national Namibian Airline was liquidated. Those that did, did so incrementally. As a result, our international mail service to customers was not at the level they expected. We negotiated alternate routes through South Africa, but these were not as reliable as our prior direct routes and took substantially longer.

We have made a concerted effort to streamline this service, and it is now on track to recover. However, we have suffered reputational damage, which will take some time to reverse.

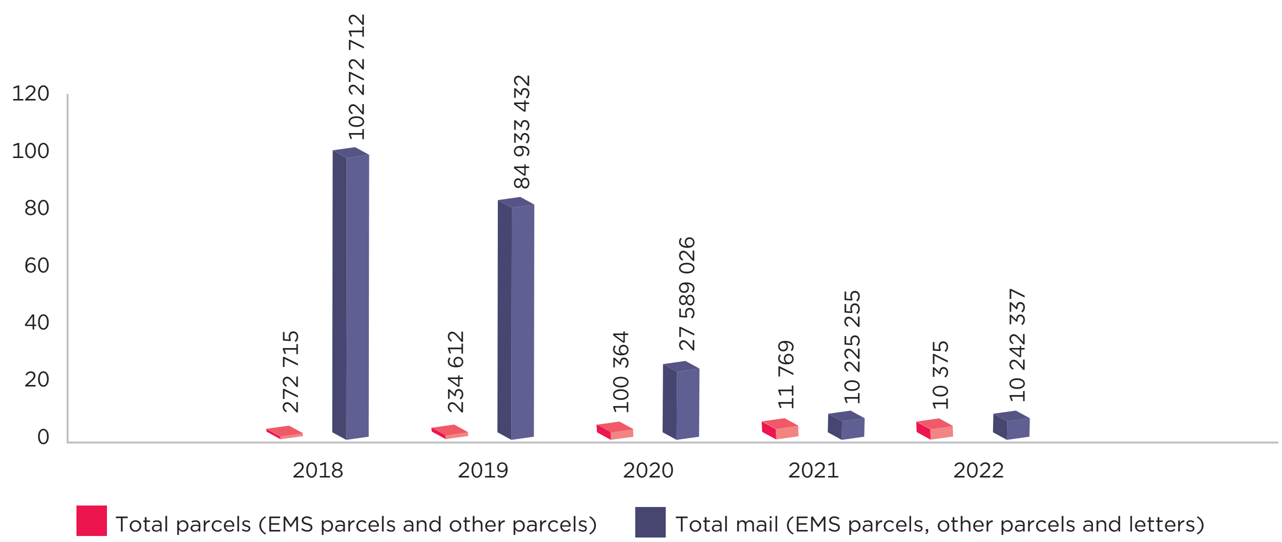
Items handled (thousands)



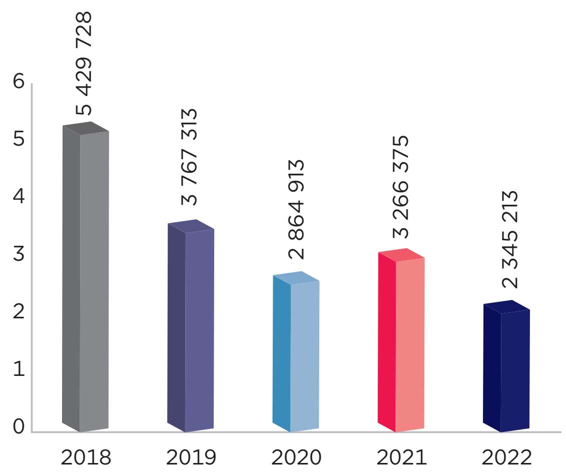
EMS Parcels handled (thousands)



Total mail-related volumes handled (million)



Government mail volumes (million)



To reduce the margin of loss, we engage with our customers to ensure we continue to meet their needs. Based on this engagement, we diversify our product and service offering. Our Hybrid Mail service offers a range of sending solutions,from the more traditional paper and registered mail, to e-mail and short message system (SMS) options. Hybrid Mail volumes remained constant and contributed over 90% to total mail volumes.

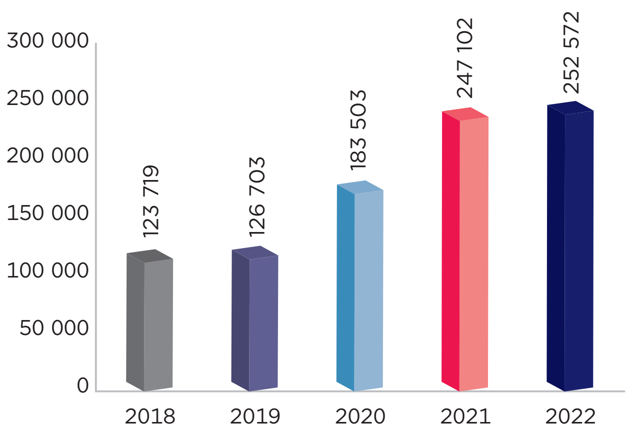
The UPU has mandated that all postal service operators upgrade their software systems to comply with international postal and customs declaration systems. Fortunately, as part of our e-commerce initiative, Mail and Logistics has already upgraded to the newest, compliant systems – well ahead of the UPU deadline.

Courier services

Courier services revenue saw a decrease of 0.7%. While this is a satisfactory recovery, it remains lower than 2019 pre-COVID-19 levels, mainly due to customers spending less in light of inflationary pressure and rising costs, for example, fuel.

We also experienced lower-than-anticipated recovery for our service level agreement customers. This is largely due to a regulatory shift in the financial services industry, requiring customers to send documentation less frequently than pre-COVID-19.

Prepaid products: volumes (quantity)



MyUniversalShop – our E-commerce offering

We made good progress in implementing an e-commerce platform to grow the existing international e-commerce shipping volumes. For this initiative, we partnered with MyUniversalShop, a global retail logistics platform. MyUniversalShop is a trusted platform, with experience working with postal service providers in various southern African countries.

They provide access to retail stores worldwide, and then integrate with NamPost's systems to provide online tracking and customs logistics assistance to our customers when ordering goods from the platform. In addition, we can offer customers the option to add last-mile delivery through our courier service, driving volumes to that business.

While the revenue potential for this offering is not significant at this time, it is an important step into the e-commerce space for NamPost.

Outlook and priorities

While the Mail and Logistics business unit did not perform to revenue growth expectations, we have spent constructive time solidifying a foundation from which to embark on the Group's new strategic path. We reviewed supplier agreements and finalised tenders for the new financial year.

This groundwork sets us up to explore possible areas for revenue growth. In particular, we are considering partnerships with other parastatal organisations and Ministries.

In addition, since we are cognisant that decreasing volumes drive revenue down, we adjusted our cost structure to lessen the impact on profit. While Mail and Logistics is largely a fixed cost business in terms of HR, security and fleet maintenance, we strive for smaller efficiency gains wherever possible.

The strategic focus for Mail and Logistics in 2023, will be to bed down the e-commerce offering. We will then leverage the infrastructure and learnings from that process to increase digital efficiencies for some of our other products, and to explore new revenue streams.

FINANCIAL SERVICES

The Financial Services business unit ***delivered a stellar performance in 2022.*** *We achieved this by continuing to provide* ***appropriate financial products and services,*** *which are readily available to customers across Namibia, and through* ***deliberate and collaborative efforts*** *to generate new business.*

Mbo Luvindao
Executive: Financial Services

Performance in 2022

Highlights

- Excellent profit growth for Financial Services and PostFin
- The establishment of two new departments – Payment Solutions and Risk and Compliance
- Highly successful sales drive

Challenges

- Delay of the USSD send money functionality
- Challenges recruiting suitably skilled employees
- Difficult economic and interest rate environment

Financial inclusion remains a key objective for the Financial Services business unit. Our extended reach across the country gives customers access to financial products and services they would not otherwise enjoy, while providing a distinct competitive advantage for NamPost.

Retail Banking through NamPost Savings Bank

Transactional VISA SmartCard

According to monthly utilisation statistics received from the local clearing house, our VISA SmartCard – launched in 2019 – has grown consistently in uptake and use. This indicates that the product is appropriate for our market and customers. While we adjusted our fee structure slightly, it remains competitive. Because of the wide reach of our Postal network, the SmartCard, which meets our customers' transactional needs, is widely and easily available at the right price.

Insurance

We have seen a significant growth in the uptake of the insurance and bancassurance products we offer customers through our joint venture with Hollard. Because of the devastating impacts of COVID-19 over the past couple of years, customers realise the value of insurance.

Treasury

We are emerging out of a difficult time from a deposit perspective, given that some of our customers have had to draw on their savings due to strained economic conditions. Nevertheless, the division performed well in terms of interest income, supporting the profitability of the business unit and Group.

Strategic initiatives

To ensure we are geared for accelerated digital transformation in the coming years, we invested significantly to get the basics right regarding digital infrastructure and channels. These basics include internal infrastructure and system improvements, process review and redesign and customer experience management initiatives. A highlight is that we established a Payment Solutions Department to drive, among others the growth of our digital channels.

We are also in the final development stages for our state of the art customer contact centre, which we would like to establish as we roll out other digital initiatives to offer clients a world-class experience when contacting us.

As a non-bank financial institution, our regulatory environment is complex. In addition, NamPost is a comparatively new player in the financial services sector. As a result, we established a Business Risk and Compliance Department to address FIA compliance and risk management within the business unit. The department is also responsible to implement appropriate systems and controls and ensure we comply with all relevant regulations.

Establishing the two new departments in our business unit – Payment Solutions and Business Risk and Compliance – required us to recruit the right talent for these specialised areas. Given the scarcity of skills, this was a challenging process. However, we are confident that we now have strong teams who are more than capable of finding innovative ways to serve our customers and strengthen and streamline our internal processes.

In a volatile interest rate environment, improving non-interest income like fees and charges is critical, as it is relatively stable. To this end, we launched a sales drive for all Financial Services products. We collaborated with the Retail Channel business unit, our customer-facing partner, to help advance sales across Namibia. This drive delivered exceptional results, with non-interest revenue increasing by 49% year-on-year.

Outlook and priorities

Financial Services still has many opportunities to gain market share and drive revenue growth. In 2023, we will focus specifically on the following areas of opportunity:

- The addition of mobile and digital banking channels, particularly to reach the unbanked and underbanked
- Further market penetration of our insurance and bancassurance products, particularly targeting individuals who may not be insured

In addition, we will continue to focus on existing digital transformation initiatives, regulatory risk and compliance.

Internally, we will drive a high-performance culture by inspiring and developing our existing employees, and recruiting additional specialised skills where necessary.

As part of NamPost's mandate to ***serve the unbanked and the underbanked,*** *we continue to* ***provide access to affordable and responsible*** *micro-lending and financial brokering services throughout Namibia.*

Patrick Gardiner
Chief Executive Officer: PostFin

PostFin

PostFin is a reputable micro-lender provider. These services are available to permanently employed customers with VISA SmartCards, Government employees and to pensioners who may experience difficulties securing micro-loans from formal institutions or other non-reputable parties in rural areas.

PostFin provides pensioners with unsecured finance to assist them in living a dignified life or bettering their children's or grandchildren's lives. Consequently, this helps create green shoots of economic hubs in rural areas.

Our loan criteria are limited to small amounts, with a robust credit policy to ensure prudent allocation of loans. We treat all our customers with equal respect and have created an excellent reputation based on our existing customer referrals for new business.

PostFin has been a profitable contributor to NamPost's revenue since 2014. Our retained earnings in 2022 are at N$92.8 million.

In 2022, we issued 12 868 loans, up from 11 185 the prior year. The net impairment rate after recoveries deteriorated only to 2.4% from 2.0% despite the strained economic conditions.

PBT increased by 24% to N$24.8 million (2021: N$20 million). The ROI for PostFin was 112.50%, with an ROE of 16.98% (based on PAT) and ROE of 24.97% based on PBT. The expenses-to-income ratio was 34.03%, with human resources costs reflecting a ratio of 21.37% of total income.

Hollard remains the insurance underwriter of the Credit Life cover offered by PostFin. This covers the customer's loan repayments in the event of death. The Micro Plus offering pays out an additional amount to beneficiaries in addition to the loan repayment. PostFin contributed N$45.22 million in insurance premiums (nett of commission) over the past financial year to the NamPost/Hollard joint venture.

Besides its capital, PostFin's funding is from the German Development Bank – KreditVerwaltung für Wiederaufbau (KfW) and the French Development Bank – Agence Française de Développement (AFD), at fixed interest. The recovery in the banking prime rate translated into a 1.25% gain. Inversely, interest rate hikes meant we had to decline more loans on affordability criteria than in previous years as responsible lenders.

Our funding with KfW ended in February 2021, and we have been using PostFin reserves in the interim. However, we are renegotiating funding with both existing funders at favourable terms.

As a risk-intense industry, we regularly update our risk profile management system and report to the Board every quarter to maintain high risk awareness and mitigation levels. In this way, we maintain a low-risk profile.

There were no changes to the legislation by NAMFISA on reporting and compliance.

RETAIL CHANNEL

NamPost's Retail Channel leverages the convenience and accessibility of our ***133 locations*** *to bring* ***affordable products and services*** *to ordinary Namibians in 51 outlying areas where we are the only financial service provider. This includes third-party services like airtime and utility tokens.*

Benjamin Jakobs
Executive: Retail Channel

Performance in 2022

Highlights

- Improved sales performance
- Growing third-party agency business
- Establishment of a customer portal
- Roll out of the Blind Balance point-of-sale system

Challenges

- Decreased PO box rentals
- Regulatory customer onboarding for our financial services products

PO box rentals remain under pressure, with occupancy at 67%, against a target of 80% (2021: 73%). As a result, our focus is on retention, and as such, we did not increase prices in the financial year. In fact, we offered loyal customers a 5% discount for early renewal. Sales improved by 12%, buoyed by targeted sales roadshows. We adjusted our pricing structure slightly, while still remaining competitive.

We continue to assist other businesses to expand their reach through third-party agency agreements. In 2022, we added the purchase of water and electricity tokens, in partnership with Netvend, as well as an airtime top-up product, in partnership with MTC.

Customer experience

As the primary customer-facing arm of NamPost, the Retail Channel represents an important benchmark for customer satisfaction. We conduct a bi-annual customer satisfaction survey, with the next one scheduled for 2023.

The focus on customer experience also helps maintain and improve footfall and establish our post office locations as social and economic hubs in rural areas. In 2022, we ran a Friday promotion called "spend and win", and we also invited customers to come and give feedback directly to NamPost customer experience champions on Friday mornings. Any material concerns are escalated to management. Good customer service is also incentivised with monetary rewards for high-performing outlets.

We also established a customer portal for queries and complaints in support of the customer service standards that are required to maintain our CRAN licence.

Operational effectiveness

NamPost's footprint supports our social imperative to provide services for outlying areas across the country. However, low revenue growth threatens the sustainability of the business unit. To mitigate this reality, we implement several revenue-generating and cost-saving activities.

We ceased cash pension payments at our locations, migrating all pension payments onto our VISA SmartCards. The migration was more seamless than expected, and our customers appreciate the convenience of not having to travel and queue.

In Windhoek, we undertook a retail outlet proximity study to test whether all our locations in the city are necessary. The study found that certain inner-city outlets may be in too close proximity to each other to add any real value. As a result, we will consider closing certain inner-city locations.

Cost-saving initiatives include control area consolidation and productivity analysis. Consolidating certain control areas helped reduce duplicate processes, and improved efficiency and coherence.

The productivity analysis identified possible bottlenecks and helped us determine areas for improved productivity and future skills requirements. We conducted customer service, supervisory developmental and sales training for 30% of Retail Channel employees.

Regulatory customer onboarding for our financial services products is a challenge. We are exploring the option of appointing Area administrators in the Retail Channel business unit, to assist employees with customer onboarding.

After successful implementation at pilot locations, we will roll out the Blind Balance segregation of duty, and point-of-sale system to all 133 post offices. This is invaluable, especially at one-person locations. We have seen a significant reduction in teller discrepancies. Post office inspections are another crucial control element to ensure effectiveness and efficiency in the Retail Channel. We increased the frequency of inspections by conducting 175 full audits this year.

Outlook and priorities

In line with the new Group strategy, we will focus on business transformation initiatives. These will help secure the Retail Cannel's financial sustainability, so that we can continue to serve Namibians according to our social imperative.

Synergies with NamPost's other two business units will be crucial, as our business model must support the distribution of their products and services.

Our third-party agency strategy will focus on other Public Enterprises, to partner with them for tailor-made solutions to bring their services to outlying areas.

As always, customer centricity remains a priority.


FIRST AID KIT

Our Board

Appointed May 2021

- Board Audit and Risk Committee (BARC)
- Human Resources and Compensation Committee (HRCC)
- Board Investment Committee (BIC)

1

Dr Simeon Amunkete (56)

Non-executive Chairperson

- Master of Commerce and Doctor of Philosophy (Industrial Phycology)
- BA Honours in Psychology Master of Arts (Industrial Psychology)
- BA

Appointed to the Board in May 2021

2

Leezhel Mouton (52)

Non-executive Deputy Chairperson

- BA LLB LLM (Law)

Appointed to the Board in May 2021

3

Martha Shingenge (45)

Non-executive director

- Master in Operations and Supply Chain Management
- B-Tech in Accounting and Finance
- National Diploma in Accounting and Finance

Appointed to the Board in May 2021

4

Ndangi Katoma (51)

Non-executive director

- MBA (Strategic Management)
- Master of Science (Financial Economics)
- Bachelor of Administration

Appointed to the Board in May 2021

5

James A Cumming (47)

Non-executive director

- CFA Charter Holder
- CA (Nam)
- BSc
- PGDip (Accounting)

Appointed to the Board in 2016
Tenure as director: Three years, re-appointed on 1 May 2021

Note: Biographical details are correct as at 30 September 2022.

Our Exco team

Festus F Hangula

Chief Executive Officer

- MBA (Finance)
- MEFMI Fellow
- BAdmin

Appointed to Exco in January 2010

Jörn Schnoor

Executive Technology

- BSc (Information Technology and Computing)

Appointed to Exco in December 2015

Berlindi van Eck

Executive Marketing and Business Development

- MBA (Executive Management and Business Administration)
- BA (Personnel Leading, Communication and Marketing)

Appointed to Exco in August 2006

Ekonia Mudjanima

Executive Human Resources

- Honours Degree: Human Resources: Peninsula Technikon
- National Diploma: Personnel Management: Polytechnic of Namibia

Appointed to Exco in November 2021

Eldorette Harmse

Executive Legal Services, Compliance and Governance

- BProc
- LLB
- Admitted Legal Practitioner

Appointed to Exco in May 2006

Benjamin Jakobs

Executive Retail Channel

- BA Economics MSc. Economics (International Trade and Finance)

Appointed to Exco in March 2020

Batsirai Pfigirai

Executive Finance

- BAcc (Hons)
- BCompt (Hons)
- CA (Nam), CA (Zim)

Appointed to Exco in March 2017

Michael Feldmann

Executive Mail and Logistics

- MBA in General Management
- MSc in Project Management
- BCom and Hons BCom (Economics)

Appointed to Exco in February 2020

Deon Claasen

Executive Enterprise Risk Management
Acting Executive Internal Audit and Forensic

- Dip (Accounting and Finance)

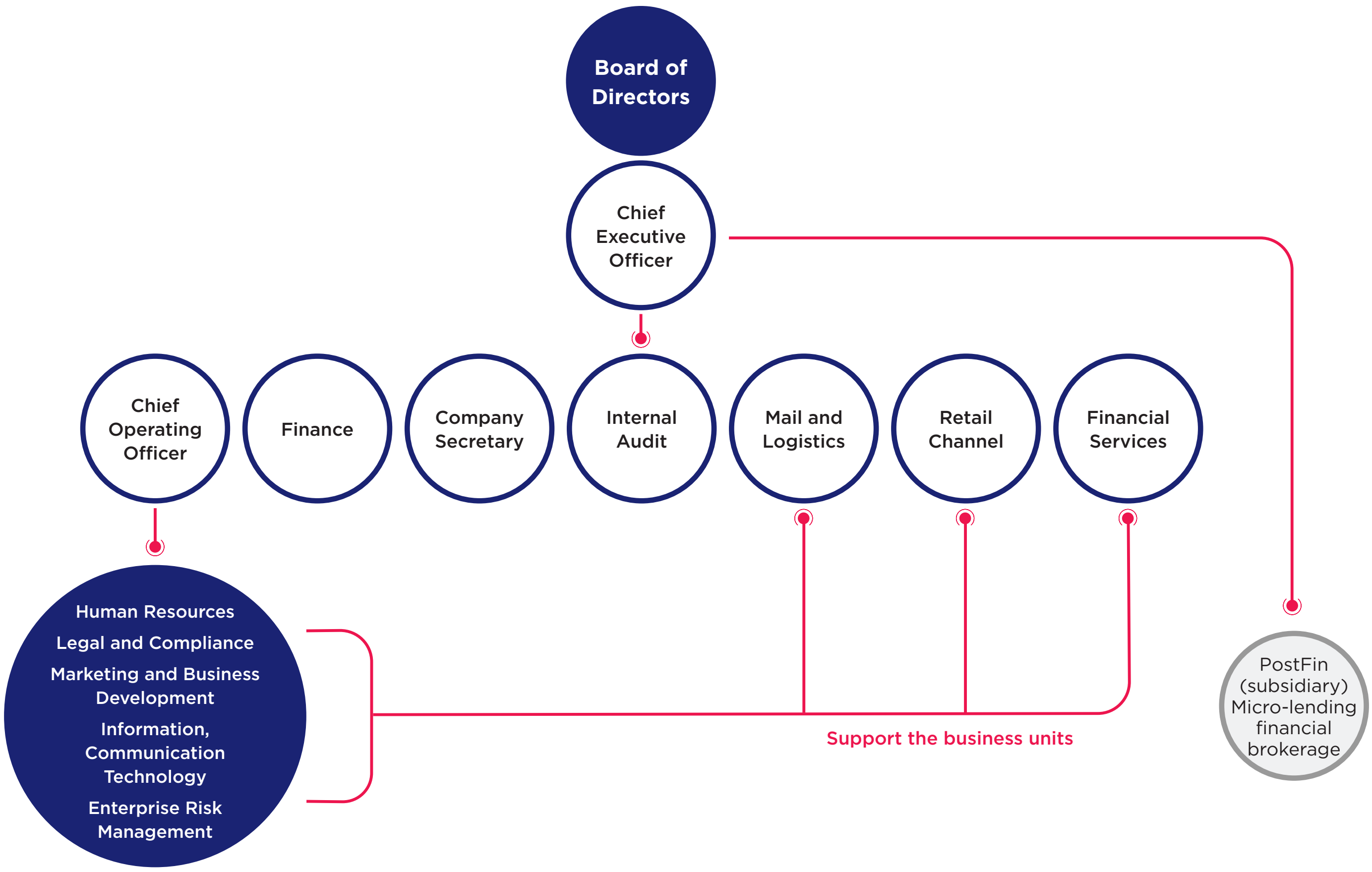
Appointed to Exco in May 2017

Mbo Luvindao

Executive Financial Services

- MBA
- Senior Management Programme
- Post Graduate Diploma in Business Management

Appointed to Exco in March 2021



Note: Biographical details are correct as at 30 September 2022.

Executive gender diversity
83% male
17% female

Average executive tenure
7 years

Formerly disadvantaged
83%

Average age
47 years

GOVERNANCE

> *We welcome the* ***skills, experience and diversity*** *of our new Board, who will* ***continue to uphold our principles of good governance.***

Eldorette Harmse
Executive Legal Services,
Compliance and Governance

NamPost strives to make good governance a way of life

The Board aims to create maximum shared value by delivering on our purpose and ensuring relevance and sustainability of the NamPost business model. We do this by monitoring the macro-environment, the availability and quality of capital inputs, and stakeholder needs.

The resulting strategy, through our strategic objectives, enables the Group to maintain its focus on conducting operations underpinned by good governance, and delivering on our financial targets.

The Board is accountable to its shareholder, NPTH for creating and delivering sustainable financial performance and long-term shareholder value.

NamPost's governance practices are guided by the Corporate Governance Code for Namibia (NamCode), which is based on King III Report on Corporate Governance for South Africa 2009 (King III) principles, as well as taking guidance from King IV™ (2016).

Annual strategic planning sessions are held by the Board to review the company scorecard, develop the five-year strategic plan and determine the budget based on annual business plans.

Focus areas

Following a transparent process, NPTH appointed the new Board as approved by the Ministry of Public Enterprises. The newly appointed Board commenced duties in May 2021 and governance and performance agreements were subsequently signed. We conducted in-depth induction sessions premised on adopting the good corporate governance practices and guidelines of King IV, although we continue to report against the NamCode.

Due to the critical nature of the pandemic, there was an immediate focus on the business at hand at our quarterly meetings. As such, the new Board continued to provide oversight and held meetings without interruption. Our governance philosophy is sound and the seamless transition to the new Board ensured that NamPost business continuity and future sustainability was not compromised.

Considering the tough operating environment resulting from the pandemic, our emphasis on ethical business practices ensured that there were no retrenchments or salary deductions imposed on NamPost's current employees and this sense of job security had a positive impact on our people and their families and communities.

During the quarterly meetings, the Board reviewed the progress on the organisational restructure that was implemented in 2020. It was determined that the realignment process is complete and operational efficiencies have been released. The new Project Management Office is fully operational, and the CEO will ensure PMO Framework oversight.

The annual review did not recommend any structural changes to the Board committees, although we are considering the introduction of an ITC Committee to oversee the increasingly systems-driven business operations. The NamPost Board approved a new 5-year Integrated Strategic Business Plan 2022/23 – 2025/26, in conformance to the Public Enterprise Governance Act, 2019 on 7 July 2022 as well as the Annual Business and Financial Plans 2023/23. The NamPost Board further participated in a Company-wide Risk Workshop in August 2022 where a Risk Register based on the aforementioned 5-year and 1-year plans were crafted.

The Board had a number of board development initiatives, notably in the areas of Technology & IT Governance as well as investment portfolio-related matters.

The Board reviewed a number of policies and frameworks that included human resources, compliance and risk management, ICT governance and fraud prevention.

Board composition

Division of responsibilities

The Board comprises five independent non-executive directors, appointed by NPTH.

To ensure a balance of power and responsibility, the Chairperson and CEO have distinct roles.

No individual has unfettered powers of decision-making or the ability to dominate the Board's decisions. The Board's duties and the Exco's day-to-day duties and implementation of the Board's mandate are separate and distinct.

The Board is satisfied that it executed its mandate and responsibilities in accordance with our Board Charter, which was confirmed in September 2020 and will be reviewed in the coming year. The Board also adopted a new Conflicts of Interest Policy to ensure that any potential or real conflicts are appropriately managed. The Board Audit and Risk Committee, Board Investment Committee and Board Human Resources and Compensation Committee charters were reviewed. We are confident the Board and its respective committees discharged their fiduciary duties in good faith, with due diligence and care, and in the best interests of NamPost and its stakeholders.

Our new Board represents a good set of core experience and skills and we will assess any potential gaps as we move forward.

Current Chairperson
Dr Simeon Amunkete

Key responsibilities:
- The Chairperson leads the Board in effectively discharging its mandate.

Current Independent non-executive directors
Leezhel Mouton, Ndangi Katoma,
James A Cumming, Martha Shingenge

Key responsibilities:
- Ensuring leadership within a framework of effective controls.
- Sets NamPost's strategic direction and approves the strategy.
- Considers its impact of decisions and responsibilities to all stakeholders.

CEO
Festus F Hangula

Key responsibilities:
- The CEO leads and oversees Exco and is responsible for the day-to-day management of NamPost. This involves formulating and implementing strategy and Board-approved actions.

Executive Committee
Ekonia Mundjanima, Deon Claasen,
Berlindi van Eck, Michael Feldmann,
Eldorette Harmse, Benjamin Jakobs,
Batsirai Pfigirai, Jorn Schnoor and Mbo Luvindao

Key responsibilities:
- To assist the CEO in the overall leadership and management of NamPost.
- Act as a medium of communication and coordination between business units, departments and the Board.
- Determine matters or make recommendations to the CEO and, through the CEO, make recommendations to the Board regarding the direction and progress on strategy.
- Support the CEO to lead, direct, coordinate and control NamPost's operations and performance in accordance with the policies, strategy and plans approved by the Board.

Company Secretary
Eldorette Harmse

Key responsibilities:
- Acts as secretary to the Board and its committees.
- Accountable to the Board for ensuring its processes and corporate governance practices are followed.

All directors have access to the Company Secretary's advice and services. Directors also have access to independent professional advice at the company's expense where relevant to their duties. The Board considers its arrangements effective for accessing professional corporate governance services.

Board diversity

The Affirmative Action (Employment) Act, 1998 (Act 29 of 1998), which is outlined by Namibia's Employment Equity Commission, dictates and assesses our employment of previously racially disadvantaged people and women. The Department of Labour annually certifies our affirmative action.

Our Board is appointed by NPTH

Board gender and race diversity

The NamPost Board is represented by two female directors and three male directors, and 90% Employment Equity representation, which supports affirmative action guidelines.

Board Tenure

Policy: Directors are appointed for a three-year term and generally do not serve for more than two consecutive terms. The new Board's tenure began in May 2021.

Age profile

Average age of all directors: 50.2 years

The Board's skills and experience

The Board's skills range from industrial relations, legal and governance, finance and investment, and supply chain management to marketing.

Ethical leadership

Governing and managing our code of ethics

The NamPost values are incorporated into the code of ethics. NamPost's Board sets the ethical tone for NamPost and, with the management team, is committed to the highest standards of openness, probity and accountability. The Board also revised their Conflict of Interest Policy in September 2022 and approved some minor amendments in line with latest best practices.

Fraud risk assessments, in line with the Board-approved Fraud Risk Management Framework, were conducted for the revenue-generating business units and two out of the five service units. The fraud risk assessment produced fraud risk registers for each department. Potential key fraud risk areas were identified to strengthen controls in response to the risks.

We have a zero-tolerance approach towards fraud and updated our Whistleblower Policy. We encourage employees and others with serious concerns about any aspect of the company's work to voice those concerns via an independently managed anonymous whistle blowing hotline, which is fully operational.

We conduct due diligence on all our commercial suppliers. The declaration of interests is a standing item at every Board meeting.

Governing and managing stakeholder relationships

The Board recognises the importance of good relationships with its shareholder and all stakeholders.

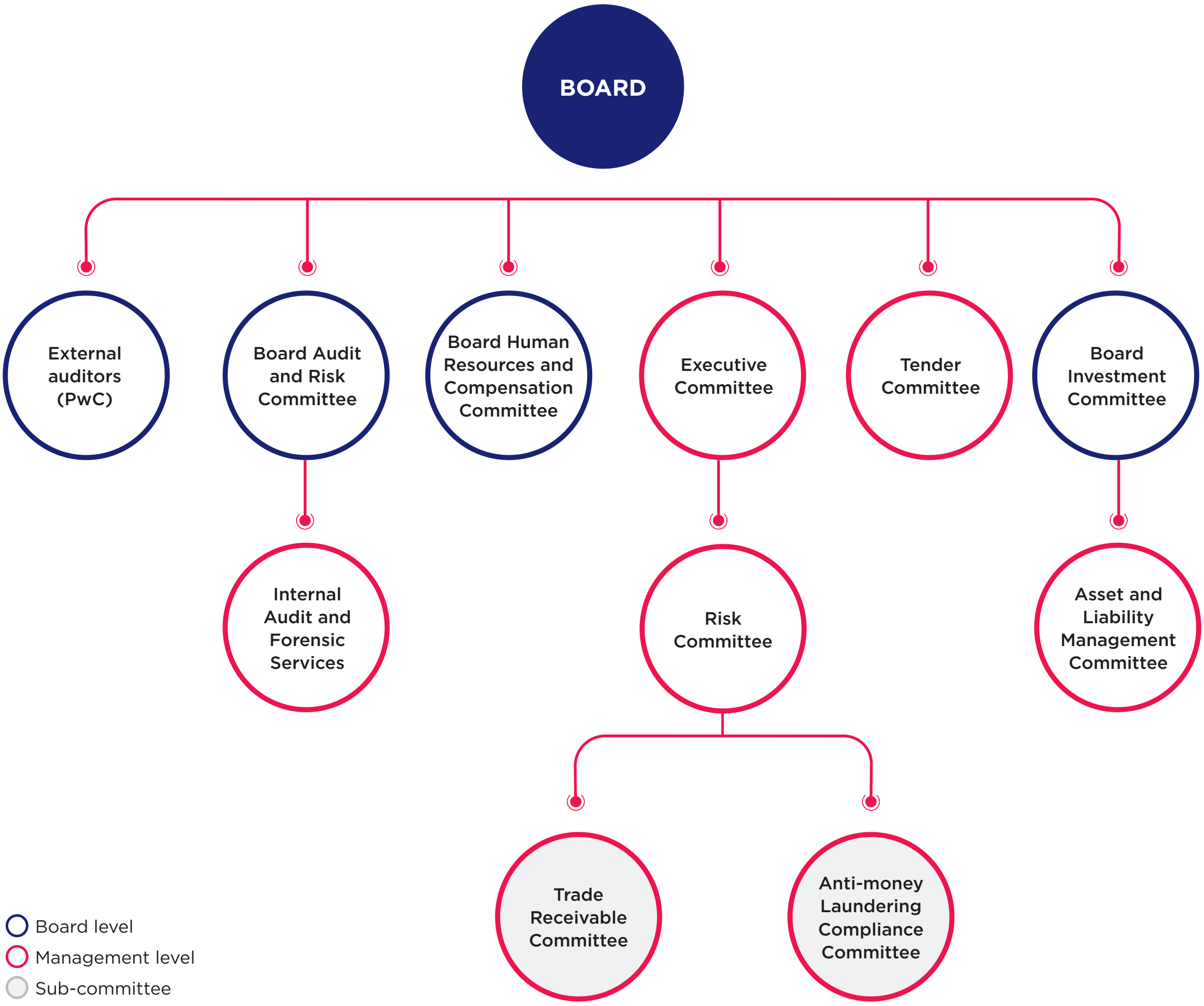
Quarterly sessions, as well as regular engagement, are held between the Chairperson, CEO and Executive Finance with NPTH on finance, governance and strategy. The Chairperson ensures the Board appreciates the shareholder's views on NamPost's strategy. At the statutory annual general meeting (AGM), the external auditor of the company is present to address any questions the shareholder may have. It is standard practice to invite the Minister of Public Enterprises to the AGM as a platform on which to address any pertinent matters regarding company performance. The Minister oversees all commercial public enterprises and has a direct bearing on the economic outlook of the country.

Governance structures

Delegation of authority

Our Board is supported by three committees and has delegated specific responsibilities to them. These include the Board Audit and Risk Committee (BARC), the Board Human Resources and Compensation Committee (HRCC), and the Board Investment Committee (BIC). A brief description of the terms of the committees is set out on page 61.

The Chairperson sets the Board's agenda, ensures directors receive accurate, timely and clear information, and promotes effective relationships and open communication between directors. At the discretion of the Board or relevant committee, executives and/or senior management are invited to attend meetings and make presentations on developments and results in their areas of the business.



Meeting attendance

Ordinary Board and committee meetings are held quarterly and extraordinary Board meetings are held as required. The CEO, Executive Finance and Company Secretary are standing invitees to Board meetings. During the year, the following meetings were held:

Member attendance	Board	BARC	HRCC	BIC
Meetings held	4	4	3	4
Dr Simeon Amunkete (Chairperson)	4		3	
Leezhel Mouton (Deputy Chairperson)	4		3	3
Martha Shingenge	4	4	3	
Fillemon Ndangi Katoma	2	3		4
James Arthur Cumming	4	3		4

<table>
<tr><th colspan="4">Board level</th></tr>
<tr><th>Board</th><th>BARC</th><th>HRCC</th><th>BIC</th></tr>
<tr>
<td>• S Amunkete CC
• L Mouton DC
• M Shingenge
• FN Katoma
• JA Cumming</td>
<td>• M Shingenge CC
• FN Katoma
• JA Cumming</td>
<td>• L Mouton CC
• S Amunkete
• M Shingenge</td>
<td>• JA Cumming CC
• FN Katoma
• L Mouton</td>
</tr>
<tr>
<td>The Board is responsible for NamPost's long-term success and for ensuring leadership within a framework of effective controls. It sets NamPost's strategic direction and approves the strategy.

It considers the impact of its decisions on, and its responsibilities to, all stakeholders, including the shareholder.</td>
<td>In accordance with identified risks, the BARC assists the Board with oversight and review of financial, risk, ICT, audit and internal control issues.

BARC strategically monitors aspects of financial management, as well as financial policies, technology, enterprise-wide risk management and assurance functions.</td>
<td>The HRCC deals with strategic aspects of human capital management and alignment of the operational structure to NamPost's strategic intent. In accordance with its terms of reference, it assists the Board in overseeing and reviewing the remuneration and incentive schemes and organisational alignment. The HRCC meets at least biannually.</td>
<td>The BIC primarily monitors and oversees Savings Bank funds' investment and manages related risks, which include liquidity, credit and market. It assists the Board in its oversight responsibilities relating to managing the mix of the company's asset and liability portfolios, the maturity structure and market-related risks.</td>
</tr>
<tr>
<td rowspan="2">Five-year focus areas:
• Enhance shareholder value
• Increase focus on customer centricity
• Enhance operational effectiveness
• Measure and manage business risks
• Enhance human capital and culture effectiveness</td>
<td>2022 focus areas:
• Drafting and implementation of required governance frameworks, i.e. PMO and compliance
• Compliance with all relevant accounting standards</td>
<td>2022 focus areas:
• Organisation-wide HR structure alignment with new operating model
• Review and amendment of HR policies in line with best practices</td>
<td>2022 focus areas:
• Revision of Treasury Policy
• Portfolio Risk Management</td>
</tr>
<tr>
<td>Future focus areas:
• Technology and cyber risk
• Implementation and roll-out of ERM Framework
• Compliance
• Embedding of combined assurance model</td>
<td>Future focus areas:
• Embedding the new HR structure
• Review and amendment of HR policies in line with best practices</td>
<td>Future focus areas:
• Compliance with Treasury Policy
• Prudent cost-of-funds management
• Portfolio Risk Management</td>
</tr>
</table>

KEY

CC *Committee Chairperson*
DC *Deputy Chairperson*

Management level			
Executive Committee (Exco)	**Tender Committee**	**Asset and Liability Management Committee (ALCO)**	**Risk Committee *(Exco sub-committee)***
• FF Hangula CC • M Feldmann • EC Harmse • B Pfigirai • D Claasen • E Mundjamina • J Schnoor • B van Eck • M Luvindao	• B Pfigirai CC • EC Harmse DC • M Luvindao • E Mundjamina • R Knittle SI • T Shivolo SI • M Feldmann	• FF Hangula CC • D Claasen • M Luvindao • B Pfigirai • C Klazen SI • J Mouton SI • P Likando SI • S Felix SI	• B van Eck CC • EC Harmse DC • D Claasen • A Kauatuuapehi • J Mouton • R Muranda • F Feris • C Viljoen • G Christ • G Groenewaldt • G van Wyk
The Exco Charter sets out the purpose of the Exco, which is to: • Assist the CEO in the overall leadership and management of NamPost to execute its mandate and fulfil the company's strategic objectives • Act as a medium of communication and coordination between business units, departments and the Board • Determine matters or make recommendations to the CEO and, through the CEO, make recommendations to the Board regarding the direction and operations of NamPost and progress made on strategic objectives • Individually, and as a committee, support the CEO to lead, direct, coordinate and control NamPost's operations and performance in accordance with the policies, strategy and plans approved by the Board	The committee is vested with the responsibility to ensure compliance with the rules governing the procurement of all goods and services as set out in the Procurement Policy and the company's Financial Delegations of Authority.	The ALCO is a standing committee responsible for monitoring the implementation of the Policy and reviewing NamPost's assets and liabilities. The ALCO reports to the BIC and is responsible for ensuring BIC directives are implemented and adhered to.	The Risk Committee assists the Exco in fulfilling its management responsibilities to: • Identify, assess, measure, manage, monitor and report on all risk areas • Make recommendations to Exco on its findings • Ensure coordination of activity among Exco subcommittees • Ensure that controls, processes, procedures and systems deployed are within NamPost's risk appetite and the requirements of the regulatory authorities • Ensure an adequate risk-averse culture is adopted throughout NamPost by providing the relevant company-wide awareness and relevant training • Act as the central point for all risk enforcement in the organisation

KEY

CC *Committee Chairperson*
DC *Deputy Chairperson*
SI *Standing invitees*

COMPLIANCE

Overview of arrangements for governing and managing compliance

NamPost is committed to the highest standards of integrity, professionalism and ethical behaviour. The company continues to strive to fully comply with applicable laws, regulations, regulatory directives and guidelines. The combined assurance model incorporates and optimises all assurance services and functions to enable an effective control environment and support the integrity of information used for internal decision-making by management and the Board.

The Board approved Risk Appetite Policy articulates the aggregate level and types of risk NamPost is willing to accept, or avoid, to achieve its strategic objectives. The company implements procedures to ensure compliance to relevant statutory, regulatory and supervisory requirements. Compliance risk is the potential that these procedures are not adhered to, and/or are inefficient or ineffective. Any breaches or illegal behaviours pose reputational risks to the company.

We are planning to conduct a Compliance Maturity Assessment with an external service provider in the next two years, which will provide an overview of our current model and indicate areas for improvements. This is in line with our aim of constantly assessing and improving our governance and compliance processes.

Anti-Money Laundering

NamPost is an Accountable Institution as designated by the Financial Intelligence Act (Act 13 of 2012). NamPost consistently reviews its governance and policy framework to ensure compliance to the legislation. During the FY 2021/2022 the Board approved the procurement of a transactional monitoring tool as part of the company's Anti-money laundering compliance strategy. The monitoring system will equip the compliance team with a comprehensive and highly configurable view of transactions thus empowering them to review alerts and make decisions on reportable suspicious activity to the regulator. The project implementation kicked off in August 2022 and is envisaged to be completed in the next financial year.

CRAN postal licence

NamPost received a CRAN postal licence in 2020 (previously the company had a postal licence under the provisions of the Post and Telecommunications Companies Establishment Act 17 of 1992). This licence confers certain rights on NamPost while adding legal requirements. Government acknowledges that NamPost is largely self-regulating and therefore the requirements focus on consumer-driven issues. To this end, NamPost successfully implemented a customer portal dedicated to complaints, queries and resolutions. Our efforts towards CRAN licence compliance are ongoing and are subjected to internal audit reviews.

PSD 6 licence

Namibia applies market rules describing the types of organisations that may provide payment services. NamPost acquired a PSD 6 licence from Bank of Namibia in 2020. This is an interoperable licence that enables NamPost to participate in the Namibian clearing and settlement (payment system) industry, subject to business conduct rules that specify degrees of information transparency to be provided. We were again re-certified in 2021 based on our new banking system for the VISA SmartCard.

Key areas of focus

Improved compliance risk management and control methodologies, measurement and processes by applying international best practice and standards. The Board approved all necessary policies.

The Compliance Division reviews the company-wide compliance regulatory universe on a periodic basis, and finalised Compliance Risk Management Plans for all high-rated legislation. A Compliance Risk Report is presented to Exco monthly and quarterly to the Board Audit and Risk Committee and the Board.

RISK MANAGEMENT

*NamPost **strives to inculcate risk management** into all its functions and business processes. The events of the past year **enabled NamPost to become agile** and pivot into **innovative products and services** to ensure that **the business is sustainable, key risks are mitigated and new opportunities are exploited.***

Deon Claasen
Executive: Enterprise Risk Management

NamPost's ERM process:

- Risks are identified, assessed, and collated into Risk Registers through established processes
- Risk registers are presented at the monthly risk management committee meetings with updated risk mitigation action plans
- A summary of these risks are consolidated and reported to the Exco on a monthly basis
- The ERM Department provides an Exco-approved consolidated quarterly risk report and register to the BARC
- These include changes in the level or nature of the risks faced by NamPost, developments in risk management, operational events, project risks and emerging risks
- The Board, assisted by the BARC, comprehensively reviews the Risk Framework, appetite and register on an annual basis

Highlights

- A full Disaster Recovery (DR) plan was successfully tested in an offline, work-from-home environment
- Despite ongoing pandemic-related challenges, business performance proved resilient due to stringent cost containment efforts

Challenges

- Maintaining morale and assisting colleagues due to post-pandemic-related trauma or loss

The Risk Management Committee consists of three subcommittees, which are the Trade Receivables Committee, AML Compliance subcommittee and ICT Governance Committee. The reporting governance structures are well entrenched.

Our Risk Management Committee and the Trade Receivables Committee are fully operational and entrenched within NamPost's culture. The Risk Management Committee has expanded beyond reporting by the Exco principal risk owners to include their respective and appointed Risk Management Champions, which ensures that risk awareness and management is instilled at an operational level.

The AML Compliance subcommittee continues to focus on the regulatory requirements for the Financial Intelligence Act 13 of 2012 (FIA) and the Trade Receivables subcommittee has been formed to focus on debt recoveries due to increased credit risk due to the weak macro-economic environment. Where previously we have only reported on the credit risk associated with PostFin, this is now an enterprise-wide risk on which we need to actively engage and report through this newly formed subcommittee.

The Risk, Compliance and Internal Audit Departments are working closely to ensure additional controls are in implemented to mitigate the risks. We continue to enhance this co-operation for combined assurance.

The NamPost ERM Framework guides all aspects of risk management including governance structures, policies, procedures and controls. It is reviewed annually by the Board. Policies include the Operational Risk Policy, the Risk Appetite Policy and a Strategic Risk Register.

The Board is accountable for risk management. It has oversight of the ERM Framework's implementation, with the support of the Board Audit Risk Committee (BARC) and the Board Investment Committee (BIC). The Board mandates the Exco to implement the ERM Framework.

The Exco is supported by the Risk Management Committee. These in turn are supported by three subcommittees namely the AML Compliance subcommittee and the Trade Receivables subcommittee and the ICT Governance subcommittee. Exco members are appointed as principal risk owners.

The ERM Department is responsible for consolidated risk reporting, policy implementation, facilitation and coordination of the risk management and the risk governance processes.

The Executive ERM, Executive Finance, Executive Internal Audit and external auditors are standing invitees to all ordinary BARC meetings, and they support the committee in discharging its risk-related duties.

The BIC focuses on NamPost asset and liability management-related risks. The Executive ERM and Executive Finance are standing invitees to all ordinary BIC meetings, and they support the committee in discharging its Asset and Liability risk-related duties.

The combined assurance model ensures that risk management and controls are effective. Internal Audit provides independent assurance over the adequacy and effectiveness of risk management controls, processes and practices.

ERM framework and implementation

NamPost's ERM Framework, based on the Committee of Sponsoring Organisations (COSO) of the Treadway Commission principles, provides a detailed set of principles to enable risk identification, measurement, management and control. There were no changes to the ERM Framework at the annual review.

The implementation is progressing steadily, with an achievement of 85% of our deliverables implemented against a target of 80% for 2021. Once the ERM Framework is fully implemented, Internal Audit will conduct an assessment of the ERM Framework's effectiveness in 2022.

Operational Risk Policy

The ERM Framework forms the basis for business policies and procedures that must either be ascribed to or complied with. We have implemented the subsequent Operational Risk Policy enterprise-wide, which looks at key risk indicators across systems, people, processes and external events.

Systems

With the introduction of FreightWare for Mail and Logistics and the new VISA SmartCard for Financial Services, NamPost facilitates transactions in an interoperable environment. Risk exposure is explored and structured in a calculated manner to ensure that the control environment is stable.

People

We aim to ensure that skills and training are aligned with systems and processes that support NamPost's new business unit structure. The risk lies in a lack of training or skills updates to these new requirements. We also monitor fraud risk potential.

Processes

Risk management explores the alignment of processes with the new systems and as a result, process enhancements are underway.

External events

The Business Continuity Plan and Framework for COVID-19 is still in action and key departments have been tested to the maximum through the various phases of the pandemic and associated lockdowns. A Business Continuity Management Audit was conducted in November 2021. The report indicates that most controls are adequate.

Risk appetite framework and policy

There were no changes to the risk appetite framework, which is reviewed annually. The framework sets out the governance responsibilities and enables NamPost to operate within certain guidelines for principal risks, which are then monitored and measured by both financial and non-financial metrics.

NamPost is in the process of formalising the risk appetite statements for the Group's principal risks. The risk appetite threshold has been implemented for Credit and Liquidity Risks, but the full implementation for all principal risks across the business units is in progress and will be prioritised for implementation in 2023.

Liquidity coverage

Normally, a banking entity owns non-current (long-term) assets that are difficult to liquidate at short notice. As NamPost is not a commercial bank, it does not own these kinds of assets. We have a high-quality portfolio of non-current assets that can be liquidated within a short period. This means that some non-current assets are more liquid than current assets.

According to Basel III, "The liquidity coverage ratio is designed to ensure financial institutions have the necessary assets on hand to ride out short-term liquidity disruptions. 30-day Liquidity Coverage Ratio must be greater than 100%". At 30 September 2021, NamPost's liquidity coverage ratio was at 365%, up from 326% previously.

Key risks and opportunities

The table below contains a high-level overview of our key risks and opportunities. These are reviewed quarterly by Executive Committee and facilitated by the Executive ERM. Each element has an owner and is ranked in terms of inherent and residual risk.

Nature of the risk/ opportunity	Context and sources	How we mitigate risk or use opportunity	Residual risk rating	Related strategic objective
To meet our financial growth targets in a challenging economic climate, NamPost has to ensure that business development initiatives and sales are aligned.	Operational areas such as payments and logistics require a clear strategy to respond to the current economic situation and drive transactional volumes. CRAN regulations can limit full implementation.	We reviewed the NamPost business model and structure to create better focus on business development across all business units. Sales staff are in place for all business units. A weekly, vigorous monitoring system/process was put in place to measure performance according to lead revenue indicators to take proactive decisions and identify opportunities. We engage stakeholders to influence decisions that have an impact on NamPost operations.	Medium	**Enhance human capital and culture effectiveness**
To effectively implement our strategy, we aim to become more customer centric and improve on our customer rating of 80% or more.	We need better customer research to inform customer centric plans that can enhance the customer experience through approved service standards.	We are paying specific attention to risks that can prevent the effective implementation of Customer Experience initiatives and actively measure and monitor progress.	Medium	**Journey towards customer centricity**
To improve efficiency and cyber security we have to ensure that the NamPost enterprise architecture, business processes, data and network capacity are aligned to our strategy.	A comprehensive, company-wide digital strategy and an enterprise architecture plan are critical to enforce discipline and standardisation of business processes, and enable process consolidation, reuse, and integration. It will also assist in formalising and improving cyber security risk management.	Enterprise architecture development has unfortunately been delayed due to cost-saving initiatives. An ICT governance maturity assessment is in progress and cyber awareness training continues. We made significant inroads regarding staff awareness based on pre- vs post-COVID-19 statistics. A company-wide business readiness assessment to embrace technology is being conducted, as part of the ICT Governance maturity assessment, and that will inform our digital strategy for 2022.	Medium	**Achieve operational effectiveness**

Nature of the risk/ opportunity	Context and sources	How we mitigate risk or use opportunity	Residual risk rating	Related strategic objective
To effectively execute our mandate to run a prosperous and efficient postal system we rely on some one-person and agency post offices.	With single agents or employees serving infrastructure in remote areas, NamPost is subject to operational losses due to inadequate supervision and a lack of segregation of duties.	The Retail Channel is doing diagnostic research on the agency model to assess alternative options. We continue to analyse each individual post office's profitability and suitability of location.	High	**Measure and manage business risks**
To successfully implement our strategy we need to create and maintain a skilled and engaged workforce.	Attracting the right skills in certain job categories is challenging due to affordability and premiums paid in the market for certain skills. NamPost needs personal development plans for employees to enable innovation and support growth. Remuneration structures and philosophy have to support attracting the best candidates.	Executive development plans have been completed and the HR team is assisting heads of departments to draft personal development plans for all employees. Exco is working on innovative incentive options based on growth plans and agreed targets. This will be submitted to the Board to ensure we can attract the right talent.	Medium	**Enhance human capital and culture effectiveness**
To reduce losses related to negligence and fraud, we have to ensure effective controls.	Inadequate role definition and supervision at post offices and on business systems, as well as ineffective physical security and access controls are major management concerns.	Analyse current business processes that inform a risk register and risk management policy. Assess and conduct competency analysis to determine whether business acumen and knowledge is aligned with latest NamPost strategic objectives. This should include assessment of current job descriptions and job functions against strategic objectives. A fraud risk management policy and framework have been implemented and the Internal Audit department does an annual fraud risk assessment. Improved cash management has been implemented at all post offices and additional security measures arranged.	High	**Measure and manage business risks**
To ensure compliance with relevant regulatory requirements that include AML, KYC, business processes must be built on sound business principles, a key strategic objective of NamPost.	The detection, analysis, monitoring and reporting of suspicious transactions require sophisticated tools.	NamPost launched a process and implemented a tool to screen for AML. A tender has been advertised for a transactional monitoring tool. The AML Compliance Committee actively monitors high rated AML risks monthly. A compliance monitoring plan for 2021 was in place and remains in place for 2022 Financial Year.	High	**Measure and manage business risks**
To ensure operational efficiency and sustainability, NamPost has to manage credit and counterparty risk.	Due to the economic impact of the pandemic, non-paying debtors are increasing and we run the risk of not recovering NamPost funds.	We improved and tightened controls over debt collection and credit control in line with our policy. Collection strategies implemented by management are showing positive results. A subcommittee was also established for oversight and focus.	High	**Achieve operational effectiveness**

Outlook and priorities

NamPost experienced the effects of COVID-19, coupled with effects from global geo-political tensions, prolonged recession in the country and technology risk which is has affected the growth of the business. The lack of innovation (as postal services is redundant) has also affected the profits and sustainability of the business We aim to return to our operating pre-pandemic stable mode and evaluate possible post-pandemic changes in light of future sustainability and relevance.

The ERM Manager has been appointed. The fit-for-purpose committee has approved our intention to appoint an additional resource to bassist with granular risk roles such as incidents, system breakdown and near loss reporting to ensure that all emerging risks are captured.

Specific future focus areas include:

- Implement risk appetite thresholds for all principal risks
- Implement Environmental Risk Policy and Framework
- Conduct Business Continuity Plan (BCP) Tests for all the respective departments at NamPost
- Enhancing AML compliance
- Risk Management workshops and training for the new Board induction

INTERNAL AUDIT AND FORENSIC SERVICES

*Internal Audit **reviews and reports** on the health of NamPost's **operating control effectiveness** to assist the Board and management in ensuring the **appropriate risk mitigation controls, regulatory compliance and business assets** are safeguarded.*

Deon Claasen
Executive: Internal Audit (acting)

Deon Claasen is the Executive: Enterprise Risk Management, and was appointed as the acting Executive: Internal Audit and Forensics by the BARC to ensure the continuation of the function's activities.

The Internal Audit Department comprises two divisions, Auditing and Forensic Services.

The Audit division helps improve business practices by providing independent and objective assurance and insight into NamPost's culture, policies and procedures.

- Annual risk-based internal audit plan approved by the Board Audit and Risk Committee (BARC).

The Forensic Services division provides specific fraud risk management services to assist NamPost in identifying and combating fraud.

- Updated Fraud Risk Management Framework and Policy approved by BARC on 30 March 2021.

NamPost is in the process of gearing up for change to embrace digital transformation. The advent of the COVID-19 pandemic brought some of these transformations to the fore, while others were delayed due to cost containment. In this state of flux, Internal Audit plays an important advisory role, assisting management in making decisions relating to business continuity and risk mitigation.

Our internal audit reports have become increasingly more relevant to business unit executives, providing insight into our processes and visibly adding value to the control environment. As a result, business units are more disciplined in implementing the recommendations we are making.

There were no significant changes to our Fraud Risk Management Framework, which reviews the fraud maturity level in the institution and outlines roles and responsibilities towards fraud. Minor adjustments include the introduction of employee polygraph testing and mandatory management response to recommended controls within the required timeframe.

We launched a web-based application that serves as a follow-up tracker to our recommended audit controls. This ensures that management is prompted in real-time and can provide proactive updates on audit issues. The audit issues tracking tool represents a step towards our goal of implementing a fully-fledged online audit system when economic conditions permit.

Audit focus areas

Innovation and strategy

The emphasis on NamPost's overall digital transformation necessitates a review of employee tech enablement, HR alignment with strategy and time-to-market considerations. These will be informed by the digital strategy, which is currently in development and not yet implemented across the organisation.

Cost containment

Reduced cash flow, liquidity, revenue and profit margins require additional austerity controls. This is driven by an austerity committee established by Exco in 2019, with austerity practices well entrenched in our culture.

Cyber security

Due to some employees and teams splitting or working from home, this environment creates a cyber security risk that requires appropriate policies and governance. Internal audit is satisfied that NamPost's firewalls are secure.

Compliance environment

The compliance division is responsible for ensuring compliance with the CRAN licence acquired last year and comply Bank of Namibia (BON) compliance. This is ongoing but costly to implement in times of austerity.

Key system audits

Our plans to outsource key system audits were re-prioritised due to the pandemic.

The division performed the following reviews for the respective business units during the financial year:

Financial Services

Financial Intelligence Act compliance follow-up audit was performed. In the evaluation of the controls, limited assurance was provided. The follow-up Audit report details control improvement action steps, and we are tracking this.

Retail Channel

Post office inspections are conducted by the Forensic Services division. There is a need to enhance the inspection checklist to be more comprehensive.

Business Continuity Management

Reviewed business continuity and crisis response plans and assessed governance around crisis decision-making and the integrity of data and information reported to the crisis committee.

Corporate Finance

The following audits were performed to assess and document cost-cutting measures and evaluate the impact on the risk profile of the business and control environment:

- Accounts payable
- Accounts receivable
- Inventory management

The Audit reports details control improvement action steps, and we are tracking this.

Forensic Services

The Forensic Services division is managed by the Manager of Forensic Audit and Investigations, who reports to the Internal Audit Executive. Activities are guided by the Revised Fraud Risk Management Framework and the Fraud Risk Management Policy.

Fraud Risk Management Programme:

- Governance framework and policies
- Fraud risk assessment
- Forensic audits
- Fraud training and awareness
- Investigations
- Corrective action recommendations
- Tools for implementation

NamPost has zero tolerance for fraud, corruption and bribery. We apply appropriate prevention and detection controls and use available resources to investigate and follow up on any allegations. A proactive approach is taken by providing recommendations throughout the year based on assessments of the control environment.

Fraud awareness campaigns and training were limited due to the pandemic-imposed cost containment and travel restrictions, resulting in an increased emphasis being placed on developing the future online e-learning platform that will house these initiatives.

Focus areas

Company-wide fraud risk assessment

A fraud risk assessment was conducted for the HR Department. In the current disrupted environment due to the pandemic, fraud risk is present and prevailing. When incidents increase, we conduct trend analysis to determine the root cause, resulting in a weakness report that outlines the necessary steps and a target date to enhance security. These recommendations enhance the control environment to ensure that all vulnerabilities are addressed. Specific incidents were referred to HR for consequence management.

Inspections

Physical inspections of our post offices by the Forensic Services division were limited during pandemic travel restrictions. As a result, we conducted a remote risk-based selection of post offices for inspection and set safe limits to safeguard assets representing our insured value. Trend reports reveal inconsistencies for closer inspection. The focus on post office inspections will be reinforced going forward. Post office inspections resumed in 2021 and were performed in two of the five postal regions.

Outlook and future focus areas

The Internal Audit Department's focus areas are guided by NamPost's strategy. Overall, we are aiming for a more proactive approach, in which we can conduct audits and identify fraud risks before incidents arise. The Institute of Internal Audit requires us to be agile and secure assurance in the shortest time possible. Our web-based audit tool will strengthen our ability in this regard. It aims to provide a snapshot view and enable discipline upwards. This represents our first step towards developing a fully-fledged online audit tool, which will be implemented in a phased approach.

Items that were deferred on our Audit Plan need to be re-prioritised going forward. These include:

Financial Services

- Review of treasury management processes
- Review of back-office processes to ensure that investment transactions are recorded on time and accurately
- Review of third-party payment distribution process in Savings Bank
- Review of ETL Payments (salaries) in Savings Bank, which could be susceptible to manipulation

Corporate Finance

- Assess and document cost-cutting measures and evaluate the impact on the risk profile of the business and control environment
- Evaluate business unit plans for cost management and monitoring targets

Enterprise Risk Management

- Review the effective implementation of the Enterprise Risk Management Framework by evaluating the enterprise risk management maturity levels

Mail and Logistics

- Conduct an Information Technology General Control System (ITGCS) review on FreightWare

Human Resources

- Conduct a review of Employee Wellness and Safety

Company-wide

- Monitor the progress made by management in implementing the agreed-upon actions of audit findings raised in prior years
- Review selected major expense accounts and determine whether it is in line with existing signed contracts

ICT GOVERNANCE

Organisational governance begins with the board. In NamPost's case, BARC oversees and enables ICT governance structures and implementation within NamPost. The Executive: Technology implements various approved frameworks, security policies and procedures and is responsible for overseeing and management of all relevant support teams. NamPost adheres to a Technology Risk Governance (TRG) Framework.

In 2022, Deloitte presented an ICT governance roadmap, based on its comprehensive governance assessment completed in 2021. The governance roadmap focuses on improving the Group's ICT governance maturity.

ICT Risk and Governance Framework

NamPost's ICT Risk and Governance Framework is based on the following:

- Control Objectives for Information and Related Technology (COBIT and ISO 27000)
- King IV
- Information Technology Infrastructure Library (ITIL)
- Payment Card Industry Data Security Standard (PCI-DSS) certification

The internal risk management system, in conjunction with ICT risk systems, processes and controls, is used to assess, mitigate, monitor and control all ICT risks, audit findings, actions and responsibilities.

The Framework is aligned with the ERM Framework, and determines the controls for the following, among others:

- Privileged user access control
- Cyber security management
- Network access control
- ICT change management
- ITIL-based service management
- COBIT and ISO 27000-based governance

Nampost started the enhancements to its ICT Risk and Governance Framework through the introduction of guidelines based on the US National Institute of Standards and Technology (NIST) criteria. These will need to be aligned with the existing, approved policies before being adopted. In addition, NamPost's ICT governance positioning is likely to grow over the medium term, with the new Board keen to support enhanced governance structures.

NamPost Technology Framework

The NamPost Technology Framework, aligned to King IV, was approved and implemented. The Executive: Technology aligns the Technology Framework with the Group's ERM Framework.

To ensure the company continues to improve ICT governance, NamPost ICT conducts weekly cyber security awareness sessions on general ICT, cyber security threats and personal behaviour regarding possible cyber pitfalls. The Board, BARC, Exco and senior managers participate in regular cyber security risk reporting.

Assurance

BARC and the Executive: Technology ensure the effectiveness of the ICT Risk and Governance Framework through internal and external assurance processes. NamPost ICT continuously undergoes various security audits by internal and external partners. Other technical assurances and audits confirm that adequate internal processes are in place to protect NamPost's assets.

The annual PCI-DSS re-certification for 2022 was successfully concluded in August 2021 and shared with industry stakeholders. Although a strenuous exercise, PCI-DSS certification confirms to the Namibian Payment System and the rest of the payments industry, that NamPost's participation within the card stream complies. Other assurance will be conducted annually by local auditing entities as per company policy.

Current and future focus areas

Cyber security awareness and maturity

NamPost has short and medium-term plans in place to continually improve cyber security. The evolving governance and cyber security landscape continues to hold threats for any organisation and should therefore remain top-of-mind for all internal leaders, senior management and employees.

To enhance internal awareness and stakeholder inclusion, an ICT governance workshop was held with the Executive Management Team and Board of Directors in May 2022. Top of the agenda was the presentation to the ICT Risk and Governance Framework and the Technology Framework, with particular focus on the roles and responsibilities of the various committees.

From a card data security perspective, NamPost has been re-certified in 2022 as PCI-DSS compliant. There were no material breaches of data security during the year.

Management Information System (MIS) automation

The automation of MIS is being implemented through a phased approach. NamPost intends deploying skilled employees that can assist with the introduction of management information into the business.

NamPost continues to enhance its integration layers, digitising business and back-office activities, thereby reducing risks and labour-intensive processes. The integration between external third parties and NamPost also falls under the governance assurance processes.

Digital transformation

The business units can enhance their product and service offerings to their customers through digital transformation. In 2022, new mobile applications for banking, postal services, courier and online e-commerce shops were created. These are currently under assessment by the Open Web Application Security Project (OWASP) for interrogation of possible security vulnerabilities.

Other digital transformation efforts included the development of internet banking, a new digital postal order and Financial Services Send-Money product, and the virtual purchasing of airtime and water and electricity vouchers.

Growing the ICT Department

NamPost continues to grow the ICT department in line with the latest business strategies and governance needs. Until now, the focus was on developing and implementing strategic objectives and the necessary governance and compliance tools. Going forward, the focus is to enhance operations support. These tools require additional skills and manpower to administer, monitor and control.

Enhancements on adequately skilled resources remain a challenge, especially when considering the complexity, NamPost size and various business environments. Employing adequately skilled compliance employees remains a priority.

ANNUAL FINANCIAL STATEMENTS

NAMIBIA POST LIMITED AND ITS SUBSIDIARY

(Registration number 92/284)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibia Post Limited Group is engaged in the supply of postal services, courier services, savings bank services and micro-lending, and operates principally in Namibia.
Directors	Refer to page 7, section 5
Registered Office	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Postal address	P O Box 287 Windhoek Namibia
Holding company	Namibia Post and Telecom Holdings Limited incorporated in Namibia
Bankers	Bank Windhoek Standard Bank Namibia
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Eldorette C Harmse
Company registration number	92/284
Lawyers	Shikongo Law Chambers and ENSafrica/Namibia

Contents

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 30 September 2023 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 79 to 81.

The annual financial statements set out on pages 82 to 142, which have been prepared on the going concern basis, were approved and authorized for issue by the board of directors and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director **Director**

Windhoek

Date: 2 | 12 | 2022

Independent auditor's report

To the Members of Namibia Post Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Namibia Post Limited (the Company) and its subsidiary (together the Group) as at 30 September 2022 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Namibia Post Limited's consolidated, and separate financial statements set out on pages 82 to 142 comprise:

- the directors' report for the year ended 30 September 2022;
- the consolidated and separate statements of financial position as at 30 September 2022;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia.

We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

PricewaterhouseCoopers, Registered Auditors
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P O Box 1571, Windhoek, Khomas Region, Republic of Namibia
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Country Senior Partner: Chantell N Husselmann

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Partners: Louis van der Riet, Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Hannes van den Berg, Willem A Burger

Practice Number 9406, VAT reg no. 00203281-015

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Namibia Post Limited and its subsidiary Annual Financial Statements for the year ended 30 September 2022". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not 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 identified above 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, 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek
Date: 08 December 2022

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Post Limited, consolidated and separate for the year ended 30 September 2022.

1. Nature of business

Namibia Post Limited and its subsidiary are engaged in the supply of postal services, courier services, savings bank services and micro - lending, and operates principally in Namibia.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Group are set out in these annual financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

A dividend of N$ 8 million (2021: Nil) in respect of the year ended 30 September 2022 was declared.

5. Directorate

The directors in office as at the date of this report are all Namibians and their details are as follows:

Directors	Appointed	Current Designation
James A Cumming	01 October 2016	Non-executive
Simeon Amunkete	01 May 2021	Chairperson (Non-executive)
Leezhel Mouton	01 May 2021	Vice Chairperson (Non-executive)
Martha Shingenge	01 May 2021	Non-executive
Ndangi Katoma	01 May 2021	Non-executive

Directors' Report

6. Interest in subsidiaries and joint venture

Name of subsidiary / joint venture	Country of incorporation	% Holding
NamPost Financial Brokers (Pty) Ltd (Subsidiary)	Namibia	100
*SmartSwitch Namibia (Pty) Ltd - SSN (Joint venture)	Namibia	50

	2022 N$ '000	2021 N$ '000
NamPost Financial Brokers (Pty) Ltd		
Total profit after income tax	16,876	13,533
SmartSwitch Namibia (Pty) Ltd		
Total profit after income tax	-	1,435
	16,876	**14,968**

There were no significant acquisitions or divestitures during the year ended 30 September 2022.

*SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised during prior year, and is in the process of being legally wound down.

7. Holding company

The Group's (Namibia Post Limited and NamPost Financial Brokers Private Limited) holding company is Namibia Post and Telecom Holdings Limited (NPTH) incorporated in Namibia.

8. Events after the reporting year

The directors are not aware of any significant event which occurred after the reporting date and up to the date of this report that can have a material impact on these financial statements.

9. Auditors

PricewaterhouseCoopers continued in office as auditors for the company and it's subsidiary for the 2022 financial year in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is E C Harmse.

Postal address	P O Box 287 Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek

11. Acknowledgements

Thanks and appreciation are extended to our shareholder, and to all our staff, suppliers, customers and clients for their continued support of the Group.

12. Going concern

The directors have reviewed the Group's 2023 forecasts and considered the Group's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Statements of Financial Position as at 30 September 2022

	Notes	Group		Company	
		2022 N$ '000	2021 N$ '000	2022 N$ '000	2021 N$ '000
Assets					
Non - Current Assets					
Property, plant and equipment	4	12,362	15,556	11,094	14,417
Right-of-use assets	5	16,495	23,620	16,495	23,620
Intangible assets	6	54,757	58,133	54,201	57,405
Investments in subsidiary	7	-	-	15,001	15,001
Loans to Group companies	9	-	-	499,171	587,237
Other financial assets	10	3,824,281	3,903,475	3,465,038	3,595,524
Deferred tax	22	66,555	30,523	61,735	26,487
		3,974,450	**4,031,307**	**4,122,735**	**4,319,691**
Current Assets					
Inventories	12	13,557	14,196	13,557	14,196
Loans to Group companies	9	-	-	98,232	20,414
Trade and other receivables	13	71,225	68,421	70,730	68,170
Other financial assets	10	3,455,884	3,164,572	3,216,237	2,984,036
Current tax receivable	23	12,822	15,826	14,315	16,854
Cash and cash equivalents	14	215,766	49,130	210,029	44,373
		3,769,254	**3,312,145**	**3,623,100**	**3,148,043**
Total Assets		**7,743,704**	**7,343,452**	**7,745,835**	**7,467,734**
Equity and Liabilities					
Equity					
Share capital	15	5,075	5,075	5,075	5,075
Reserves		301,625	344,538	208,683	268,472
		306,700	**349,613**	**213,758**	**273,547**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	538,331	615,688	538,331	615,688
Retirement benefit obligation	17	13,361	12,485	13,361	12,485
Savings bank Investors	18	262,700	673,389	262,700	673,389
Lease Liabilities	19	9,389	11,978	9,389	11,978
		823,781	**1,313,540**	**823,781**	**1,313,540**
Current Liabilities					
Trade and other payables	20	199,833	196,614	187,962	185,247
Other financial liabilities	16	88,454	10,094	88,454	10,094
Savings bank Investors	18	6,315,403	5,458,375	6,422,347	5,670,090
Lease Liabilities	19	9,533	15,216	9,533	15,216
		6,613,223	**5,680,299**	**6,708,296**	**5,880,647**
Total Liabilities		**7,437,004**	**6,993,839**	**7,532,077**	**7,194,187**
Total Equity and Liabilities		**7,743,704**	**7,343,452**	**7,745,835**	**7,467,734**

Statements of Profit or Loss and other Comprehensive Income

		Group		Company	
	Notes	2022 N$ '000	2021 N$ '000	2022 N$ '000	2021 N$ '000
Revenue	24	980,519	945,374	875,552	861,004
Cost of sales	25	(374,059)	(374,428)	(382,397)	(391,903)
Gross profit		**606,460**	**570,946**	**493,155**	**469,101**
Other operating income	26	8,145	9,226	5,621	5,753
Operating expenses		(492,750)	(491,716)	(444,170)	(448,877)
Operating profit	28	**121,855**	**88,456**	**54,606**	**25,977**
Investment income	27	12,150	13,566	54,581	58,143
Finance costs	30	(45,373)	(45,685)	(45,373)	(45,685)
Equity accounted investments	8	-	(2,301)	-	-
Profit before taxation		**88,632**	**54,036**	**63,814**	**38,435**
Taxation	31	(20,966)	(13,655)	(13,024)	(7,287)
Profit for the year		**67,666**	**40,381**	**50,790**	**31,148**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	17	(785)	(1,556)	(785)	(1,556)
Fair value adjustments	10	(150,066)	(83,215)	(150,066)	(83,215)
Income tax relating to items that will not be reclassified	32	48,272	27,127	48,272	27,127
Total items that will not be reclassified to profit or (loss)		**(102,579)**	**(57,644)**	**(102,579)**	**(57,644)**
Other comprehensive loss for the year net of taxation		**(102,579)**	**(57,644)**	**(102,579)**	**(57,644)**
Total comprehensive loss for the year		**(34,913)**	**(17,263)**	**(51,789)**	**(26,496)**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Statements of Changes in Equity

	Share capital N$ '000	Retained income* N$ '000	Fair value adjustments on FVOCI financial assets* N$ '000	Total equity N$ '000
Group				
Balance at 01 October 2020	**5,075**	**279,782**	**82,019**	**366,876**
Profit for the year	-	40,381	-	40,381
Other comprehensive loss	-	(1,058)	(56,586)	(57,644)
Total comprehensive loss for the year	**-**	**39,323**	**(56,586)**	**(17,263)**
Balance at 01 October 2021	**5,075**	**319,105**	**25,433**	**349,613**
Profit for the year	-	67,666	-	67,666
Other comprehensive loss	-	(534)	(102,045)	(102,579)
Total comprehensive loss for the year	-	**67,132**	**(102,045)**	**(34,913)**
Dividends declared	-	(8,000)	-	(8,000)
Total	-	**59,132**	**(102,045)**	**(42,913)**
Balance at 30 September 2022	**5,075**	**378,237**	**(76,612)**	**306,700**

Refer to note 15 for details on share capital

	Share capital N$ '000	Retained income* N$ '000	Fair value adjustments on FVOCI financial assets* N$ '000	Total equity N$ '000
Company				
Balance at 01 October 2020	**5,075**	**212,949**	**82,019**	**300,043**
Loss for the year	-	31,148	-	31,148
Other comprehensive loss	-	(1,058)	(56,586)	(57,644)
Total comprehensive loss for the year	**-**	**30,090**	**(56,586)**	**(26,496)**
Balance at 01 October 2021	**5,075**	**243,039**	**25,433**	**273,547**
Profit for the year	-	50,790	-	50,790
Other comprehensive loss	-	(534)	(102,045)	(102,579)
Total comprehensive loss for the year	**-**	**50,256**	**(102,045)**	**(51,789)**
Dividends declared	-	(8,000)	-	(8,000)
Total	**-**	**42,256**	**(102,045)**	**(59,789)**
Balance at 30 September 2022	**5,075**	**285,295**	**(76,612)**	**213,758**

Refer to note 15 for details on share capital

* Details disclosed on this item do not correspond to 2021 annual financial statements, however, reflect adjustments for comparative purposes. Full details are disclosed in note 35.

Statements of Cash Flows

	Notes	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Cash flows from operating activities					
Cash generated by operations	34	152,270	159,279	84,208	91,864
Interest received		1,070	1,599	48,632	49,424
Interest paid		(45,373)	(45,428)	(45,373)	(45,428)
Dividend received	27	11,080	11,902	11,080	13,902
Tax (paid) / received	33	(5,487)	(7,495)	2,771	(1,951)
Net cash inflow from operating activities		**113,560**	**119,857**	**101,318**	**107,811**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(4,703)	(2,612)	(4,194)	(2,363)
Sale of property, plant and equipment	4	39	40	39	34
Purchase of intangible assets	6	(5,682)	(1,474)	(5,682)	(1,469)
Net movement in financial assets		(362,052)	(288,760)	(251,781)	(197,603)
Movement in loans to Group companies		-	-	5,254	6,867
Investment distributions from SSN		-	4,000	-	2,000
Net cash outflow from investing activities		**(372,398)**	**(288,806)**	**(256,364)**	**(192,534)**
Cash flows from financing activities					
Movement in other financial liabilities		-	(34,717)	-	-
Movement in agency / third party funds		(5,124)	(25,310)	(5,124)	(25,310)
Movement in savings deposits liabilities		446,339	189,704	341,567	71,367
Lease payments		(15,741)	(24,443)	(15,741)	(24,443)
Net cash from financing activities		**425,474**	**105,234**	**320,702**	**21,614**
Total cash and cash equivalents movement for the year		**166,636**	**(63,715)**	**165,656**	**(63,109)**
Cash and cash equivalents at the beginning of the year		49,130	112,845	44,373	107,482
Total cash and cash equivalents at the end of the year	14	**215,766**	**49,130**	**210,029**	**44,373**

Namibia Post Limited

Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of Namibia. The annual financial statements have been prepared on the historical cost basis with the exception of financial assets carried at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibian Dollars. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

These accounting policies are consistent with the previous year.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, which are controlled or jointly controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

1.1 Consolidation (Continued)

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 - Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

1.2 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of Namibia.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for these financial assets held by the Group is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less cost to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Namibia Post Limited

Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (Continued)

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors.

Impairment of financial assets measured at amortised costs and fair value through other comprehensive income (FVOCI)

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers and counterparties defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring expected credit loss (ECL), is further detailed under Risk Management in Note 3. A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

a. Determining criteria for significant increase in credit risk;
b. Choosing appropriate models and assumptions for the measurement of ECL;
c. Establishing the number and relative weightings of forward-looking scenarios for each type of product / market and the associated ECL.

Provision for post retirement medical aid benefits

Post retirement medical aid benefit provision is based on actuarial valuation by independent actuaries. The discount rate used is based on the current long term bond yield, gross of tax. A valuation was done for the current year. All actuarial gains and losses are recognised in full in the other comprehensive income.

Deferred tax asset

The Group recognises the net future tax benefit that relates to deferred income tax assets to the extent that it is probable that the deductible tax temporary difference will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Deferred Income

Income from the postal business and courier are recognised when the services are rendered. Management has applied the principle of deferred revenue in respect of Post box rentals which is recognised as the services are rendered, and is deferred when payments are made in advance.

Discount Rates

Discount rates used to calculate discounted cash flows are based on prevailing market related interest rates.

1.3 Significant judgements and sources of estimation uncertainty (Continued)

Residual values and useful lives

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

The Group applies the cost model on measurement of the property, plant and equipment. The assets are carried at cost less accumulated depreciation and impairment losses.

Item	*Depreciation method*	*Average useful life*
Furniture and fixtures	Straight line	4-10 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Leasehold	Straight line	10 years
Other equipment	Straight line	4-10 years

The depreciation method, useful life and residual value of each asset are reviewed, and adjusted if appropriate, at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.5 Intangible assets

An intangible asset is recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, and the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale; and
- there is an intention to complete and use or sell it; and
- there is an ability to use or sell it; and
- it will generate probable future economic benefits; and
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.5 Intangible assets (Continued)

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the year over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation year and the amortisation method for intangible assets are reviewed every year-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Work in progress comprises computer software bought and not in use. These items are carried at cost and not depreciated as they are not available for use.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Item	Useful life
Computer software	10 years

1.6 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Investments in joint ventures

Company annual financial statements

An investment in a joint venture is carried at cost less any accumulated impairment.

In respect of its interests in jointly controlled operations, the company recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.8 Financial instruments

Financial assets

The Group fully adopted IFRS 9 in financial year 2017 and classifies its financial assets in any of the following measurement categories:

Debt investments
Classification and subsequent measurement of debt instruments depend on:
(i) the Group's business model for managing the asset; and
(ii) the cash flow characteristics of the asset.
Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent sole payments of principal and interest ('SPPI'), and that are not designated at fair value through profit and loss (FVPL), are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described under risk management. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in ' Investment income' as per Note 27. Income from these financial assets is included in Investment revenue.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in determining the business model for a Group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.8 Financial instruments (Continued)

Recognition and measurement (Continued)

Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement. A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss in the year in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The Group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI . The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:
• An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
• Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Write-off of financial assets
The Group writes off a loan or an investment in debt securities, partially or fully, and any related provision for impairment loss, when it is determined that there is no realistic prospect for recovery. This is generally the case when the Group determines that the borrower counter part does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Loans to and from Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.8 Financial instruments (Continued)

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables, and measured at amortised costs.

Trade and other receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. Such provision for impairment of trade receivables is established if there is objective evidence that the provision is the difference between the carrying amount and the recoverable amount, being the present value of the expected cash flows, discounted at the market rate of interest for similar borrowers.

Financial liabilities

Savings bank investors and long-term borrowings

The Group measures these financial instruments at amortised cost using effective interest rate (EIR).

Trade and other payables

Trade payables are carried at fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Bank overdrafts and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.9 Income tax

Current tax and Deferred tax

Current income tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current income tax liabilities (assets) for the current and prior years are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.9 Income tax (Continued)

Current tax and Deferred tax (Continued)

Management annually evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit / (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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 is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The Group uses the balance sheet method in calculating deferred tax.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different year, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different year, directly in equity.

1.10 Leases

The Group assesses at contract inception whether a contract is, or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Accounting Policies

1.10 Leases (Continued)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right-of-use assets are measured at its carrying amount on the lease commencement date and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets as follows, with the estimated useful life and the lease term deemed to be the same.

Details	***Basis***	***Amortisation period***
Property	Straight line	2 - 10 years
Vehicles	Straight line	3 - 5 years

The Group subsequently measures the right-of-use assets at cost less accumulated depreciation.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e. those leases that have a lease term of 12 months or less from the commencement date). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Discount factor

Under IFRS 16 ‘Leases’, discount rates are used to determine the present value of the lease payments used to measure a lessee’s lease liability. Discount rates are also used to determine lease classification for a lessor and to measure a lessor’s net investment in a lease. For lessees, the lease payments are required to be discounted using:

- the interest rate implicit in the lease if readily determinable; or
- the lessee's incremental borrowing rate

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.10 Leases (Continued)

Lessee's incremental borrowing rate

Where the lessee is unable to readily determine the interest rate implicit in the lease, the discount rate will be the lessee's incremental borrowing rate. The incremental borrowing rate is an interest rate specific to the lessee that reflects:

- The credit risk of the lessee
- The term of the lease
- The nature and quality of the security
- The amount 'borrowed' by the lessee and
- The economic environment (the country, the currency and the date that the lease is entered into) in which the transaction occurs.

The Group uses the incremental borrowing rate as the discount factor, as follows:

Leased assets identified by nature	***Reference Rate***	***Incremental Borrowing Rates***
Property	Prime Rate Plus 100 bbs	10.25%
Vehicles	Prime Rate	9.25%

The Group's current external funding is from developmental financial institutions which invariably lend at relatively cheaper cost. Consequently, management by applying judgment determined the incremental borrowing rate on the basis of likely cost in the event that the source funds to finance similar underlying assets in the lease is from commercial financial institutions. Interest rates have declined due to COVID-19 induced measures. However, the rates are now on an upward trajectory and we believe the borrowing rate of a prime rate will be reasonable for the leased vehicles and prime plus for the property leases.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Accounting Policies

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting year whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at the same time every year.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or Groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or Groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:
- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior years for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.13 Share capital and equity

Ordinary shares are classified as equity.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined benefit plans

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting year where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average year until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.15 Provisions and contingencies

Provisions are recognised when:
- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.
Contingent assets and contingent liabilities are not recognised.

1.16 Revenue

The Group derives its revenue from contracts with customers on the goods or services transferred and from interest on various financial assets measured at amortised cost and FVOCI. Revenue from contracts with customers comprises philately stamps revenue, postal mail revenue, courier services, savings bank fees and agency commission, and is recognised at a point in time. Below is the IFRS 15 five step model applied by the Group in recognising these revenue streams:

The five-step model framework applied by the Group

The core principle of the new revenue standard (IFRS 15) is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment by the Group. This core principle is delivered in the following five-step model framework which Group applied on all of its revenue derived from contracts with customers :

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment by the Group.

Step 1: Identify the contract with the customer

The Group has assessed contracts with its customers on mail, philately, agency, logistics, and savings bank fees and has satisfactorily applied the following IFRS 15 criteria on all the revenue streams derived from contracts with customers to be able to identify existing contracts with the customers:
A contract with a customer will be within the scope of IFRS 15 if all the following conditions are met:
- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or or services will be collected.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.16 Revenue (Continued)

The five-step model framework (Continued)

Step 2: Identify the performance obligations in the contract

At the inception of the contract, the Group assesses the goods or services that have been promised to the customer, and identify as a performance obligation:

- a good or service (or bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Below is the summary of performance obligations for major revenue streams derived from contract with customers:

- Philately stamps- Group ensures that the customer receives the purchased stamps upon payment.
- Mail revenue- this includes physical mail, small parcels (both domestic and international), and hybrid mail among others. Group's obligation is to ensure that mail or parcels are delivered to the correct destination. PO boxes are rented annually and customers have to renew on an annual basis and it is the Group's obligation to ensure that customers who have renewed their PO Boxes have access to their physical PO Boxes at any point during that financial year. The annual PO Box renewal fee is fixed and is not apportionable for a part of the year irrespective of when the customer has paid for renewal.
- Logistics services revenue- Group's obligation is to ensure that the parcels shipped reach their destination and revenue is recognised when this service is rendered.
- Agency commission- the Group's obligation is to collect funds on behalf of third parties and also sell airtime on behalf of mobile and telecom companies for a commission or fee. Revenue is recognised based on the collections done and also based on airtime sold at a point in time.
- Savings Bank fees- the Group's obligation is to provide deposit, withdrawal services and other transactional services to its retail clients and also maintain the savings accounts for a fee. Revenue is recognised at a point in time when these services are rendered.

A series of distinct goods or services is transferred to the customer in the same pattern if both of the following criteria are met:

- each distinct good or service in the series that the entity promises to transfer consecutively to the customer over time (see below); and
- a single method of measuring progress would be used to measure the entity's progress towards complete satisfaction of the performance obligation to transfer each distinct good or service in the series to the customer.

A good or service is distinct if both of the following criteria are met:

- the customer can benefit from the good or services on its own or in conjunction with other readily available resources; and
- the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Factors for consideration as to whether a promise to transfer goods or services to the customer is not separately identifiable include, but are not limited to:

- the entity does provide a significant service of integrating the goods or services with other goods or services promised in the contract;
- the goods or services significantly modify or customise other goods or services promised in the contract;
- the goods or services are highly interrelated or highly interdependent.

Accounting Policies

1.16 Revenue (Continued)

The five-step model framework (Continued)

Step 3: Determine the transaction price

The transaction price is the amount to which the Group expects to be entitled in exchange for the transfer of goods and services. The Group's prices or fees for its major revenue streams for Mail & Logistics are fixed and gazetted annually and are charged to customers as and when the service or product is delivered. Revenue from Agency services is derived from commission or percentage fee which is contractually agreed and the commission or fee charge is applied when the service is delivered a point in time.

Where a contract contains elements of variable consideration, the Group will estimate the amount of variable consideration to which it will be entitled under the contract. Variable consideration can arise, for example, as a result of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. Variable consideration is also present if the Group's right to consideration is contingent on the occurrence of a future event.

Step 4: Allocate the transaction price to the performance obligations in the contracts

Where a contract has multiple performance obligations, the Group will allocate the transaction price to the performance obligations in the contract by reference to their relative standalone selling prices. If a standalone selling price is not directly observable, the Group will need to estimate it. IFRS 15 suggests various methods that might be used, including:

• Adjusted market assessment approach
• Expected cost plus a margin approach
• Residual approach (only permissible in limited circumstances).

None of the Group's current contracts with customers has multiple performance obligations to warrant allocation of transaction price or fee to each performance obligation.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised as control is passed, either over time or at a point in time. The Group assessed its revenue streams from contracts with customers in the context of contractual agreements in place and guided by IFRS 15 factors below, and concluded that revenue recognised in the current year depicts the consideration received or receivable after performance obligation was satisfied.

Control of an asset is defined as the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. This includes the ability to prevent others from directing the use of and obtaining the benefits from the asset. The benefits related to the asset are the potential cash flows that may be obtained directly or indirectly. These include, but are not limited to:

• using the asset to produce goods or provide services;
• using the asset to enhance the value of other assets;
• using the asset to settle liabilities or to reduce expenses;
• selling or exchanging the asset;
• pledging the asset to secure a loan; and
• holding the asset.

Namibia Post Limited

Annual Financial Statements for the year ended 30 September 2022

Accounting Policies

1.16 Revenue (Continued)

The five-step model framework (Continued)

The Group recognises revenue over time if one of the following criteria is met:

- the customer simultaneously receives and consumes all of the benefits provided by the entity as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

None of the above-mentioned Group revenue streams from contracts with customers is recognised over time. Hence the revenue from the Group's sale of goods or services from the contract with customers is recognised at a point in time as non-of the above IFRS 15 criteria is met.

If the Group does not satisfy its performance obligation over time, it satisfies it at a point in time. Revenue will therefore be recognised when control is passed at a certain point in time. Factors that may indicate the point in time at which control passes include, but are not limited to:

- the Group has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Group has transferred physical possession of the asset;
- the Group has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Principal/Agency relationship

The Group has assessed its revenue streams from contracts with customers and concluded that the above factors as guided by IFRS 15 which indicate the point in time are satisfied.

IFRS 15 gives emphasis on 'control' as opposed to the 'transfer of risks and rewards', and this has resulted in the Group changing its accounting policy on the sale of airtime. The Group now recognises revenue from airtime sales on a net basis rather the gross as with the previous standard (IAS 18).

The identification of a principal in a contract is not always clear, however the Group applied the IFRS 15 non-exhaustive list of indicators of agency relationships:

- Another party has primary responsibility for fulfilling the contract
- The entity has no inventory risk before or after the goods have been ordered, during shipping or on return,
- The entity does not have discretion to establish pricing for the other party's goods or services (i.e., the benefit the entity can receive from those goods or services is limited)
- The entity's consideration is in the form of a commission
- The entity is not exposed to credit risk for the amount receivable in exchange for the goods or services.

Interest revenue from financial investments and loan advances

The Group recognizes interest revenue as it accrues by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset. The gross carrying amount of a financial asset is the asset's amortised cost or fair value gross of any impairment allowance. However, when a financial asset is credit impaired interest revenue is calculated by applying EIR on the net amount, i.e. amortised cost or fair value less any impairment allowance.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

1.18 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibian Dollar, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting year:
- foreign currency monetary items are translated using the closing rate;
- 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; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous annual financial statements are recognised in profit or loss in the year in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.19 Financial Liabilities

Deposits from the public represent customer or the public's funds held by Savings Bank. These are disclosed as current liabilities unless if the term of the investment is for more than one year.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender and sustainability different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

1.20 Dividend distribution

Dividend distribution to the Group shareholders is recognised as a liability in the annual financial statements in the year in which the dividends are approved by the directors of the company.

1.21 Related parties

All the Group's related party transactions are strictly at arms length.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact**
Interpretation Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - the amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform. IFRS 7 - the amendment to IFRS 7 requires a company to make additional disclosures in its financial statements. The amendments to IFRS 9 enables a company to apply a practical expedient to account for a change in contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.	**1 January 2021**	**This does not have an impact on the Group.**

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations which are not yet effective.

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact**
IFRS 10 - Consolidated Financial Statements	The effective date of this amendment has been deferred indefinitely until further notice.	Unlikely to have a material impact
IAS 1 - Classification of Liabilities as Current or Non-current: the amendment clarifies how to classify debt and other liabilities as current or non-current. The amendment also requires companies to disclose their material accounting policy information rather than their significant accounting policies.	1 January 2023	Unlikely to have a material impact

2.2 Standards and interpretations not yet effective (continued)

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Expected impact**
IFRS 3 Business Combinations - Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	1 January 2022	The impact is still being assessed. No early adoption is being considered
IAS 8 - Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates.	1 January 2023	The impact is still being assessed. No early adoption is being considered
IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.	1 January 2023	The impact is still being assessed. No early adoption is being considered
IAS 28 - Investments in Associates and Joint Venture: Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice	The impact is still being assessed. No early adoption is being considered
IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022	The impact is still being assessed. No early adoption is being considered
IAS 16 Property, Plant and Equipment(PPE) - the amendments prohibit an entity from deducting the cost of an item of PPE 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.	1 January 2022	The impact is still being assessed. No early adoption is being considered

Namibia Post Limited

Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

3. Risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9 &16, cash and cash equivalents disclosed in note 14, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the company and aggregated by company finance. Company finance monitors rolling forecasts of the company’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the company’s debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The company has the following facilities available at the commercial banks: overdraft of N$ 14 m, master card of N$ 0.3m, fleet management of N$ 0.8m, vehicle asset finance of N$ 6.6m, guarantees of N$ 3.52m and forward exchange of N$ 2.39m.

The table below presents a maturity analysis of the Group’s financial assets and liabilities. The sum of the balances depicted in the maturity analysis do not reconcile with the carrying amount of the assets/liabilities as disclosed in the consolidated statement of financial position. This is because the maturity analysis incorporates, on an undiscounted basis, all cash flows relating to principal and future coupon payments (except for Unit Trust funds, cash and bank, call accounts, trade & other receivables (excluding VAT), trade & other payables (excluding VAT)), which are short term in nature (less than 3 months), which makes the effect of discounting immaterial and these instruments are included in the ‘Less than 1 year ’ time bucket at their carrying amounts. The maturity mismatch of financial assets and financial liabilities is not a determinant factor of the level of liquidity risk of the Group due to the fact this is just a worst case scenario in the event of 100% cash outflows upon maturity, which is high unlikely. The Group through its Asset and Liability Committee (ALCO), comfortably manages its liquidity risk guided by its investment strategy and invariably, any negative gaps do fall within the internally determined threshold. From time to time, the Group also stress tests its liquidity strength and thus far, the Group's liquidity position has proven to be healthy. Please note that the prior year disclosure below has been revised to reflect undiscounted cashflow, where applicable.

3. Risk management (Continued)

Liquidity risk (Continued)

Group (N$ '000)

	As at 30 September 2022		As at 30 September 2021	
Financial Assets	**1 year or less**	**More than 1 year**	**1 year or less**	**More than 1 year**
Other financial assets	3,093,672	4,649,669	3,017,946	4,646,772
Trade & other receivables (excluding VAT)	71,225	-	68,421	-
Cash and Bank	215,766	-	49,130	-
Loans and receivables	207,677	580,518	207,726	427,421
	3,588,340	**5,230,187**	**3,343,223**	**5,074,193**

Financial Liabilities	**1 year or less**	**More than 1 year**	**1 year or less**	**More than 1 year**
Other financial liabilities	119,439	672,353	42,588	778,392
Trade and other payables (Excluding VAT)	195,430	-	192,136	-
Savings Bank Investors	6,315,403	262,700	5,678,852	705,724
Retirement benefit obligation	-	13,361	-	12,485
Lease liabilities	9,533	9,389	15,921	16,413
	6,639,805	**957,803**	**5,929,497**	**1,513,014**

Company (N$ '000)

	As at 30 September 2022		As at 30 September 2021	
Financial Assets	**1 year or less**	**More than 1 year**	**1 year or less**	**More than 1 year**
Other financial assets	3,093,672	4,649,669	3,017,946	4,646,772
Trade & other receivables (excluding VAT)	70,730	-	68,170	-
Cash and Bank	210,029	-	44,373	-
Loans and receivables	122,803	610,286	47,311	733,116
	3,497,234	**5,259,955**	**3,177,800**	**5,379,888**

Financial Liabilities	**1 year or less**	**More than 1 year**	**1 year or less**	**More than 1 year**
Other financial liabilities	119,439	672,353	42,588	778,392
Trade and other payables (excluding VAT)	183,862	-	181,117	-
Savings Bank Investors	6,422,347	262,700	5,880,709	705,724
Retirement benefit obligation	-	13,361	-	12,485
Lease liabilities	9,533	9,389	15,921	16,413
	6,735,181	**957,803**	**6,120,335**	**1,513,014**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

3. Risk management (Continued)

Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. This poses a risk as the company borrows and places funds in financial instruments at both fixed and floating interest rates.

At 30 September 2022, if interest rates on Namibia Dollar-denominated borrowings had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 72 million (2021: N$67 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on Namibia Dollar-denominated financial assets had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$73 million (2021: N$71 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$4 million (2021: N$7 million) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate financial assets at fair value through profit and loss.

The risk is managed by maintaining an approximate mix between fixed and floating interest rates, and by matching the underlying profiles of borrowings and investments based on asset and liability principles.

Interest rate effect on profit after tax

Group (N$'000)	Effect on profit 2022		Effect on profit 2021	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	2,158	(2,158)	491	(491)
Other financial assets	72,802	(72,802)	70,680	(70,680)
Other financial liabilities	(6,268)	6,268	(6,258)	6,258
Savings Bank investors	(65,781)	65,781	(63,435)	63,435
	2,911	**(2,911)**	**1,478**	**(1,478)**

Company (N$'000)	Effect on profit 2022		Effect on profit 2021	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	2,100	(2,100)	444	(444)
Other financial assets	66,813	(66,813)	65,796	(65,796)
Other financial liabilities	(6,268)	6,268	(6,258)	6,258
Loans to Group companies	5,974	(5,974)	6,077	(6,077)
	68,619	**(68,619)**	**66,059**	**(66,059)**

3. Risk management (Continued)

Fair value estimation

In assessing the fair value of financial instruments the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long - term debt.

The face value, less any estimated credit adjustments for financial assets and liabilities with maturity of less than one year, are assumed to approximate fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

Credit risk

'Credit risk' is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and this arises from the Group's investment in various financial assets; credit sales to customers and loans and advances to customers. Management is responsible for managing credit risk and reports to the Audit and Risk Committee and the Board and Investment Committee.

Credit risk exists on loans and advances due to the fact that advances granted to customers are unsecured. The risk is however mitigated by the collection of payments at source via smart card deductions, payroll agreements or government deduction codes.

Credit risk exists on financial assets investments measured at FVOCI and on accounts receivables owing to a plethora of factors which may include negative credit ratings, general economic challenges, history of default, global factors etc. The changes in the credit risk is monitored and if necessary adjustments are made to the impairment provision in accordance with IFRS 9.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit risk exposure to any one financial institution, and cash transactions are limited to high credit quality financial institutions.

Expected credit loss (ECL) measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- The underlying principle in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.
- Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

3. Risk management (Continued)

Expected credit loss (ECL) measurement (Continued)

The diagram below summarises the three stage impairment model under IFRS 9 which the Group has adopted.

Stage 1	Stage 2	Stage 3
(Initial Recognition) 12 month expected credit loss (ECL)	(Significant increase in credit risk since initial recognition) Lifetime expected credit losses	(Credit-impaired assets) Lifetime expected credit losses

Significant increase in credit risk (SICR)

The Group uses qualitative and quantitative factors in assessing any significant increase in credit risk. Quantitative factors may include but not limited to actual default, extension of the credit period etc. Qualitative factors include but not limited to the general economic environment; adverse changes in the counterparty's external credit ratings, and any other publicly available information that can give a forward looking picture.

Measuring ECL – inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-months or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit loss is a product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a counter part or a borrower defaulting on its financial obligation, either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

- EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months (12 months EAD) or over the remaining lifetime (Lifetime EAD) which for example, for debt investment, is the market value as at year end.
- Loss Given Default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

3. Risk management (Continued)

Financial instruments at fair value through other comprehensive income

The significant component of the Group's FVOCI relates to sovereign bonds of which 94% of the sovereign bonds is with the Government of the Republic of Namibia and the 6% balance is with the South African Government. Corporate bonds comprises Bank Windhoek. Other instruments comprise unit trusts and money market instruments, which are short term in nature given that these instruments can be liquidated on short notice. The FVOCI instruments are periodically marked to market, with fair values available from the market. Internally, the Asset and Liability Committee (ALCO), evaluates the credit risk of the counterparties and the respective instruments to determine the credit quality and any possibility of default. In determining the level of credit risk, various factors are considered, which inter-alia include sovereign external credit ratings (if available); maturity date of the instrument (the long dated instruments likely to have higher risk of default) ; internal credit ratings (if available), historical information e.g. any history of default; forward looking economic and financial information that can be obtained without undue costs. The conclusion of the level of credit risk is not premised on one factor, hence there is reasonable judgement involved, taking into consideration both quantitative and qualitative factors.

Despite the fact that Namibia's non-investment grade was affirmed in 2022, based on the available Bank of Namibia's economic outlook, coupled with a history of no default by the counterparties, the Group believes that there is no risk of default on sovereign debt. In regard to corporate bonds, the counterparty is Bank Windhoek and this entity is in a relatively stable financial position such that the Group concluded that there is no risk of default. The instruments will mature in three months as from the financial year end. On other instruments, the underlying assets of these instruments are unit trusts and money market instruments. They are short term , which can be liquidated on short notice. Based on internal credit risk evaluation, due to the short term nature of these investments , the quality of the underlying assets and also the available credit history of the counterparties, there is no risk of default anticipated and the impairment amounts were deemed immaterial.

	Group		Company	
	2022 N$ '000	2021 N$ '000	2022 N$ '000	2021 N$ '000
Government Bonds	3,652,158	3,290,956	3,652,158	3,290,956
Corporate Bonds	134,415	369,204	134,415	369,204
Other instruments	318,713	719,118	318,713	719,118
	4,105,286	**4,379,278**	**4,105,286**	**4,379,278**

Trade receivables

Trade receivables comprise a widespread customer base. Management evaluate credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit insurance is purchased when deemed appropriate on loans and advances.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

3. Risk management (Continued)

Trade receivables (Continued)

The provision matrix was determined based on available forward looking information on the probability of default per each category. Furthermore, the actual history of default was used in determining the level of provision in the matrix. The provision matrix is reviewed on an annual basis to determine if there are possible changes to credit risk that might warrant an increase or decrease in the provision matrix rates.

Details of accounts receivable credit loss (provision matrix) is presented below at Group level:

Trade receivables

2022 (N$ 000) **Description**	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	8,317	3,416	572	184	28	3,926
*Individual cash clients						7,242
Government trade debtors					651	3,355
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	**17**	**34**	**11**	**9**	**340**	**14,523**

2021 (N$ 000) **Description**	**Current**	**30 days**	**60 days**	**90 days**	**180 days**	**365 days+**
Corporate trade debtors	3,089	2,897	627	661	246	3,811
*Individual cash clients						6,863
Government trade debtors					441	7,438
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	**6**	**29**	**13**	**33**	**344**	**18,112**

*All the unpaid cash outstanding from the Individual cash clients are fully provided for, irregardless of the ageing.

Other components of accounts receivables:

- Insurance debt - provision is made on the forward looking information of the expected repudiations
- Staff debt - a full provision is made for employees with outstanding balances who have left employment whilst the company takes legal actions to recover.
- Shortages - any shortages that can not be matched to existing surplus are provided for in full in the year they would have occurred.
- International dues - these are imbalances between countries and has zero probability of default, and settlement is done on a net basis. There is no history of defaults in this category.

Notes to the Annual Financial Statements

3. Risk management (Continued)

Trade receivables (Continued)

Financial assets exposed to credit risk at year end were as follows:

Financial instruments (measured at fair value through profit / loss and fair value through other comprehensive income)

	Group		Company	
	2022 N$ '000	**2021 N$ '000**	**2022 N$ '000**	**2021 N$ '000**
Loans to Group companies	-	-	597,403	607,651
Other financial assets	7,280,165	7,068,047	6,681,275	6,579,560
Trade and other receivables (excluding prepayments and VAT receivable)	42,607	46,456	42,533	46,382
Cash and cash equivalents	215,766	49,130	210,029	44,373

Loans and advances (measured at amortised cost)

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- Internal credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Group's loans are unsecured
- Significant changes in the level of indebtedness of existing borrowers

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. In view of the current Namibian CPI and the limited salary increase received by the employees. Thus there seem to be a slow growth in real in income.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. However, this assumption is rebuttable in accordance with IFRS 9.

The Group uses five categories for loans which reflect their credit risk and how the loan impairment provision is determined for each of those categories.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

3. Risk management (Continued)

Loans and advances (measured at amortised cost) (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of
Loans Current	Loans whose credit risk is in line with original expectations	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Loans 30 days and 60 days	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected losses (stage 2)
Loans 60 days > < 6 months	Loans for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due.	Lifetime expected losses (stage 2)
Loans 6 months > < 9 months	Interest and/or principal repayments are more than 6 months past due or it becomes probable a customer will enter bankruptcy	Lifetime expected losses (stage 3)
Loans >12 months	Interest and/or principal repayments are 12 months past due and there is no reasonable expectation of recovery	Loan is written off (stage 3)

Interest-bearing loans are provided to employed individuals and recipients of social grants. The Group does not require the borrowers to pledge collateral as security against the loan.

Over the term of the loans, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward-looking macroeconomic data. The Group provides for credit losses against loans to customers as follows:

Group 2022

Group internal Credit	Expected credit	Gross carrying amount	Gross carrying	Gross carrying amount
High-AAA	1%	604,066	-	-
High-A	4%	-	3,201	-
Moderate	3%	-	1,680	-
Credit impaired	66%	-	-	959
Fully impaired	100%	-	-	7,963

Group 2021

Group internal Credit	Expected credit	Gross carrying amount	Gross carrying	Gross carrying amount
High-AAA	1%	494,756	-	-
High-A	4%	-	1,550	-
Moderate	3%	-	1,103	-
Credit impaired	66%	-	-	852
Fully impaired	100%	-	-	5,826

*No significant changes to estimation techniques or assumptions were made during the reporting period.

3. Risk management (Continued)

Internal rating categories

High-AAA	Clients in this rating category have no previous records of default as independently verified by the Credit Bureau in Namibia and are currently repaying on time.
High-A	Clients in this rating category have arrears but have made payment plans or re-negotiated new payment terms and are in compliance with new terms or new payment plan.
Moderate	Clients are in arrears on their loans with the Group , but they still have a steady monthly income and are making partial payments to reduce the outstanding balances.
Credit impaired	Clients in this category have been handed over for legal action by the Group's attorneys for the recovery of the outstanding balances.
Fully impaired	Legal action has been taken against clients in this category and the process is till ongoing. However according to internal credit risk management procedures, the total gross amount in this category is fully impaired.

Foreign exchange risk

The Group transacts with foreign entities/ individuals and hence is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro, SDR (Special Drawing Right) and the British pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign currency exposure arises from the rendering of international postal services and products and loans denominated in foreign currency. The Group has a policy not to take out cover on outstanding foreign currency transactions.

Foreign currency exposure at the statement of financial position date

	Group		Company	
	2022	**2021**	**2022**	**2021**
Assets				
SDR*	390	517	390	354
Liabilities				
Euro	3,000	3,000	3,000	3,000
USD	-	165	-	165
SDR*	127	294	127	294

*Special drawing rights (XDR - aka: SDR) are supplementary foreign exchange reserve assets defined and maintained by the International Monetary Fund (IMF). The SDR is not a currency per se. It instead represents a claim to currency held by IMF member countries for which they may be exchanged.

Price risk

The Group is exposed to quoted securities price risk because of investments held by the Group and classified on the consolidated balance sheet at FVOCI. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in quoted securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by ALCO.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

4. Property, plant and equipment

Group	2022 N$ '000			2021 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,774	(6,442)	2,332	8,027	(5,896)	2,131
Motor vehicles	2,724	(2,047)	677	2,724	(1,920)	804
IT equipment	56,203	(52,214)	3,989	53,218	(47,124)	6,094
Leasehold improvements	4,110	(2,558)	1,552	3,724	(2,246)	1,478
Other equipment	47,497	(43,685)	3,812	47,210	(42,161)	5,049
Total	**119,308**	**(106,946)**	**12,362**	**114,903**	**(99,347)**	**15,556**

Company	2022 N$ '000			2021 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,035	(5,869)	2,166	7,430	(5,386)	2,044
Motor vehicles	1,528	(1,451)	77	1,528	(1,414)	114
IT equipment	54,082	(50,586)	3,496	51,459	(45,714)	5,745
Leasehold improvements	4,110	(2,558)	1,552	3,724	(2,246)	1,478
Other equipment	47,472	(43,669)	3,803	47,187	(42,151)	5,036
Total	**115,227**	**(104,133)**	**11,094**	**111,328**	**(96,911)**	**14,417**

Reconciliation of property, plant and equipment - Group 2022 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,131	747	-	(546)	2,332
Motor vehicles	804	-	-	(127)	677
IT equipment	6,094	3,275	(35)	(5,345)	3,989
Leasehold improvements	1,478	386	-	(312)	1,552
Other equipment	5,049	295	(4)	(1,528)	3,812
	15,556	**4,703**	**(39)**	**(7,858)**	**12,362**

Reconciliation of property, plant and equipment - Group 2021 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,594	103	-	(566)	2,131
Motor vehicles	995	-	-	(191)	804
IT equipment	11,185	1,856	(38)	(6,909)	6,094
Leasehold improvements	1,663	112	-	(297)	1,478
Other equipment	6,615	541	(2)	(2,105)	5,049
	23,052	**2,612**	**(40)**	**(10,068)**	**15,556**

Notes to the Annual Financial Statements

4. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment - Company 2022 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,044	604	-	(482)	2,166
Motor vehicles	114	-	-	(37)	77
IT equipment	5,745	2,912	(35)	(5,126)	3,496
Leasehold improvements	1,478	386	-	(312)	1,552
Other equipment	5,036	292	(4)	(1,521)	3,803
	14,417	**4,194**	**(39)**	**(7,478)**	**11,094**

Reconciliation of property, plant and equipment - Company 2021 - N$'000

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,479	49	-	(484)	2,044
Motor vehicles	216	-	-	(102)	114
IT equipment	10,802	1,667	(32)	(6,692)	5,745
Leasehold improvements	1,663	112	-	(297)	1,478
Other equipment	6,600	535	(2)	(2,097)	5,036
	21,760	**2,363**	**(34)**	**(9,672)**	**14,417**

5. Right-of-use assets

Group - 2022

	Property **N$ '000**	Motor vehicles **N$ '000**	Total **N$ '000**
Cost			
Opening balance	17,415	52,409	69,824
Additions	3,407	4,062	7,469
Disposals / terminations	(5)	(50)	(55)
Balance at 30 September 2022	**20,817**	**56,421**	**77,238**
Accumulated depreciation			
Opening balance	(8,798)	(37,406)	(46,204)
Depreciation for the year	(4,501)	(10,038)	(14,539)
Balance at 30 September 2022	**(13,299)**	**(47,444)**	**(60,743)**
Net book value at 30 September 2022	**7,518**	**8,977**	**16,495**

Group - 2021

	Property **N$ '000**	Motor vehicles **N$ '000**	Total **N$ '000**
Cost			
Opening balance	16,074	45,537	61,611
Additions	1,462	6,872	8,334
Disposals / terminations	(121)	-	(121)
Balance at 30 September 2021	**17,415**	**52,409**	**69,824**
Accumulated depreciation			
Opening balance	(3,791)	(17,990)	(21,781)
Depreciation for the year	(5,007)	(19,416)	(24,423)
Balance at 30 September 2021	**(8,798)**	**(37,406)**	**(46,204)**
Net book value at 30 September 2021	**8,617**	**15,003**	**23,620**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

5. Right-of-use assets (Continued)

Company - 2022

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Opening balance	17,415	52,409	69,824
Additions	3,407	4,062	7,469
Disposals / terminations	(5)	(50)	(55)
Balance at 30 September 2022	**20,817**	**56,421**	**77,238**
Accumulated depreciation			
Opening balance	(8,798)	(37,406)	(46,204)
Depreciation for the year	(4,501)	(10,038)	(14,539)
Balance at 30 September 2022	**(13,299)**	**(47,444)**	**(60,743)**
Net book value at 30 September 2022	**7,518**	**8,977**	**16,495**

Company - 2021

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Opening balance	16,074	45,537	61,611
Additions	1,462	6,872	8,334
Disposals / terminations	(121)	-	(121)
Balance at 30 September 2021	**17,415**	**52,409**	**69,824**
Accumulated depreciation			
Opening balance	(3,791)	(17,990)	(21,781)
Depreciation for the year	(5,007)	(19,416)	(24,423)
Balance at 30 September 2021	**(8,798)**	**(37,406)**	**(46,204)**
Net book value at 30 September 2021	**8,617**	**15,003**	**23,620**

6. Intangible assets

Group	**2022 N$ '000**			**2021 N$ '000**		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	128,388	(80,604)	47,784	127,812	(71,547)	56,265
Work in progress (WIP)	6,973	-	6,973	1,868	-	1,868
Total	**135,361**	**(80,604)**	**54,757**	**129,680**	**(71,547)**	**58,133**

Company	**2022 N$ '000**			**2021 N$ '000**		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	126,716	(79,488)	47,228	126,140	(70,603)	55,537
Work in progress (WIP)	6,973	-	6,973	1,868	-	1,868
Total	**133,689**	**(79,488)**	**54,201**	**128,008**	**(70,603)**	**57,405**

6. Intangible assets (Continued)

Reconciliation of intangible - Group 2022 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	56,265	577	(9,058)	47,784
Work in progress (WIP)	1,868	5,105	-	6,973
Total	**58,133**	**5,682**	**(9,058)**	**54,757**

Reconciliation of intangible assets- Group 2021 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	64,929	510	(9,174)	56,265
Work in progress (WIP)	904	964	-	1,868
Total	**65,833**	**1,474**	**(9,174)**	**58,133**

Reconciliation of intangible assets - Company 2022 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	55,537	577	(8,886)	47,228
Work in progress (WIP)	1,868	5,105	-	6,973
Total	**57,405**	**5,682**	**(8,886)**	**54,201**

Reconciliation of intangible assets - Company 2021 - N$'000

	Opening balance	Additions	Amortisation	Total
Computer software	64,028	505	(8,996)	55,537
Work in progress (WIP)	904	964	-	1,868
Total	**64,932**	**1,469**	**(8,996)**	**57,405**

7. Investments in Subsidiary

The following table lists the entities which are controlled by the Group.

Name of company	**% holding 2022**	**% holding 2021**	**Carrying amount 2022 N$ '000**	**Carrying amount 2021 N$ '000**
NamPost Financial Brokers (Pty) Ltd	100	100	15,001	15,001

Nature of business of subsidiary

NamPost Financial Brokers (Pty) Ltd is engaged in micro-lending business activities and carries on the business of financial services broker.

Directors valuation:

The directors have valued the subsidiary at its net asset value of N$107,843,213 (2021: N$90,967,396).

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

8. Investment in Joint Ventures

Joint Venture - Hollard

NamPost entered into a joint venture with Hollard Life Namibia Ltd in 2016 on the credit life and funeral cover products and is entitled to dividend distributions as declared by Hollard directors. NamPost invested N$1 in the joint venture and this has been accounted for as a normal financial asset.

Joint Venture - SmartSwitch Namibia (Pty) Ltd

SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised during prior year, and is in the process of being legally wound down. A net investment write-down of N$ 2.3 million was recognised in the prior year.

9. Loans to Group companies

	Group		Company	
	2022	**2021**	**2022**	**2021**
	N$ '000	**N$ '000**	**N$ '000**	**N$ '000**
Subsidiary				
NamPost Financial Brokers (Pty) Ltd	-	-	12,290	18,374
This loan has fixed repayment terms, has a term of 10 years and interest payable on capital only every 6 months. The loan attracts interest at an effective rate of prime less 3% with a grace period of two years. Capital to be paid in December annually.				
NamPost Financial Brokers (Pty) Ltd	-	-	15,402	19,566
Prior to 1 October 2016, loan interest was charged at 5% with no repayment terms. Effective 1 October 2016, N$ 149 million of the total loan balance has a five year repayment period, carries an interest rate of Prime less 1% payable annually on 30 September, and a bullet payment of the capital payable in the 5th year. Total interest outstanding as at 30 September 2017 is repayable in 4 equal instalments commencing year 2020. The remaining N$ 10 million of the loan balance is a subordinated loan and attracts interest at 5% per annum with no fixed repayment terms.				
NamPost Financial Brokers (Pty) Ltd The loan amount of N$ 325 million bears interest at 7.3% and is repayable over 10 years, with 3 years grace period.	-	-	333,991	333,991
NamPost Financial Brokers (Pty) Ltd The loan is charged interest at 7.46% and is repayable over a period of 10 years, with the first 3 years being grace period.	-	-	235,720	235,720
	-	**-**	**597,403**	**607,651**
Non-current assets	-	-	499,171	587,237
Current assets	-	-	98,232	20,414
	-	**-**	**597,403**	**607,651**

Notes to the Annual Financial Statements

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
10. Other financial assets				
At fair value through other comprehensive income				
Unit trusts and Bonds*	3,941,726	4,379,278	3,941,726	4,379,278
	3,941,726	**4,379,278**	**3,941,726**	**4,379,278**
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,739,549	2,200,282	2,739,549	2,200,282
	2,739,549	**2,200,282**	**2,739,549**	**2,200,282**
At amortised cost				
Other financial assets	598,890	488,487	-	-
Total other financial assets	**7,280,165**	**7,068,047**	**6,681,275**	**6,579,560**

* Limited surety in the form of Internal Registered Stock GC027 to the nominal value of N$235 million (2021: 235 million) issued by the Republic of Namibia has been provided on the Agence Française de Développement (AFD) loan.

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Non-current assets				
At fair value through other comprehensive income	3,325,038	3,286,592	3,325,038	3,286,592
At fair value through profit or loss	140,000	308,932	140,000	308,932
Other financial assets - at amortised cost	359,243	307,951	-	-
	3,824,281	**3,903,475**	**3,465,038**	**3,595,524**
Current assets				
At fair value through other comprehensive income	616,688	1,092,686	616,688	1,092,686
At fair value through profit or loss	2,599,549	1,891,350	2,599,549	1,891,350
Other financial assets - at amortised cost	239,647	180,536	-	-
	3,455,884	**3,164,572**	**3,216,237**	**2,984,036**
	7,280,165	**7,068,047**	**6,681,275**	**6,579,560**

The fair values of the financial assets were determined as follows:

The fair values of investments under level 1 (listed or quoted investments) are based on the quoted market price.

The fair values on investments on level 2 are estimated using observable market data and the fair values of investments on level 3 is estimated using amortised cost, with the carrying amount deemed to be estimating the fair value.

Fair values are determined annually at the statement of financial position date.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

10. Other financial assets (continued)

Fair value hierarchy of financial assets at fair value through other comprehensive income

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets, currently there is none (2021: Nil).

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Level 2				
Unit trusts and Bonds	3,941,726	4,379,278	3,941,726	4,379,278
Fixed term deposits, call accounts and money market instruments	2,739,549	2,200,282	2,739,549	2,200,282
	6,681,275	**6,579,560**	**6,681,275**	**6,579,560**
Level 3				
Other instruments	598,890	488,487	-	-
	598,890	**488,487**	**-**	**-**
	7,280,165	**7,068,047**	**6,681,275**	**6,579,560**
Financial assets				
Opening balance	7,068,047	6,862,476	6,579,560	6,465,215
Additions	16,686,108	23,465,948	16,575,705	23,374,722
Disposals	(16,419,096)	(23,272,654)	(16,419,096)	(23,272,654)
Interest	95,172	95,492	95,172	95,492
Fair value adjustments	(150,066)	(83,215)	(150,066)	(83,215)
	7,280,165	**7,068,047**	**6,681,275**	**6,579,560**

The fair value adjustments relates to IFRS 9 revaluations of financial assets at year end.

Credit quality of other financial assets - At fair value through other comprehensive income and fair value through profit or loss

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

10. Other financial assets (continued)

Credit rating

Bank Windhoek Limited AA (Global credit rating)	688,630	774,132	688,630	774,132
Standard Bank Namibia Limited AA+ (Fitch credit rating)	411,694	425,435	411,694	425,435
Namibian Government bond Baa1 (Moody's credit rating)	3,381,960	3,082,143	3,381,960	3,082,143
NamWater bond BB (Fitch credit rating)	-	25,373	-	25,373
South African Government bond BB (Moody's credit rating)	270,198	208,813	270,198	208,813
Entities with no external credit rating*	1,550,752	1,907,060	1,550,752	1,907,060
Nedbank Namibia Limited F1+	108,569	76,673	108,569	76,673
Sanlam Namibia AA (National credit rating)	29,446	29,905	29,446	29,905
First National Bank Ba3 (Moody's credit rating)	240,026	50,026	240,026	50,026
	6,681,275	**6,579,560**	**6,681,275**	**6,579,560**

* The counterparties without credit ratings comprise Arysteq, Pointbreak, IJG, Momentum and also Ninety One).
The risk of defaulting is minimal due to internal credit risk control measures.

Credit quality of other financial assets - at amortised cost

Loans and advances are issued to individuals with no external credit ratings. ITC check is done on each applicant before the loan is issued.
The credit quality of loans and advances can be assessed by reference to historical information about counterparty default rates.

Loans and advances

Gross	617,869	504,087	-	-
Less provision for impairment	(18,979)	(15,600)	-	-
	598,890	**488,487**	-	-

Impairment allowance on loans and advances

Opening balance	15,600	14,596	-	-
Additional provision raised during the current year	4,878	2,759	-	-
Interest in suspense	(1,499)	(1,755)	-	-
	18,979	**15,600**	-	-

Refer to note 3 for detailed information on credit risk management, credit quality, assumptions and estimates

The Group performed a detailed assessment of impairment allowance during the year. Actual historic write-off losses and wider credit risk associated with lending to pensioners, corporate employees and other smart-card holders were considered and impairment allowance was adjusted accordingly.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
At amortised cost				
Loans to Group companies	-	-	597,403	607,651
Other instruments	598,890	488,487	-	-
Trade and other receivables (excluding VAT and prepayments)	42,607	46,456	42,533	46,382
	641,497	**534,943**	**639,936**	**654,033**
At fair value through other comprehensive income				
Unit trusts and Bonds	3,941,726	4,379,278	3,941,726	4,379,278
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,739,549	2,200,282	2,739,549	2,200,282
	6,681,275	**6,579,560**	**6,681,275**	**6,579,560**
At amortised cost				
Loans and receivables	598,890	488,487	-	-
Cash and cash equivalents	215,766	49,130	210,029	44,373
Total other financial assets	**814,656**	**537,617**	**210,029**	**44,373**

12. Inventories

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Goods for resale	1,365	1,027	1,365	1,027
Stamps	3,954	3,727	3,954	3,727
Stationery	6,277	6,408	6,277	6,408
Other inventories (Smartcards, philately new range)	1,961	3,034	1,961	3,034
	13,557	**14,196**	**13,557**	**14,196**

13. Trade and other receivables

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Trade receivables	30,722	23,866	30,722	23,866
Employee loans	2,683	2,295	2,683	2,295
Prepayments (mobile products, licences and insurance fees)	28,618	21,965	28,197	21,788
Other receivables (Agency fees etc)	9,202	20,295	9,128	20,221
	71,225	**68,421**	**70,730**	**68,170**

The credit quality of trade and other receivables can be assessed by reference to external credit ratings (if available) and a combination of information of historical information about counterparty default rates and forward looking information available, as guided by IFRS 9.

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

13. Trade and other receivables (continued)

Trade receivables

Counterparties in their respective categories				
State owned entities	2,924	2,946	2,924	2,946
Government of the Republic of Namibia	9,739	19,825	9,739	19,825
Corporate clients	12,154	11,636	12,154	11,636
Private individuals	7,242	6,863	7,242	6,863
	32,059	**41,270**	**32,059**	**41,270**
Trade and other receivables				
Gross	104,676	115,935	104,181	115,684
Less provision for impairment	(33,451)	(47,514)	(33,451)	(47,514)
	71,225	**68,421**	**70,730**	**68,170**
Impairment allowance on trade and other receivables				
Opening balance	47,514	43,922	47,514	43,922
Impairment adjustment increase / (decrease) for the year	(14,063)	3,592	(14,063)	3,592
	33,451	**47,514**	**33,451**	**47,514**

Refer to note 3 for detailed information on credit risk management, credit quality, assumptions and estimates

The Group performed a detailed assessment of impairment allowance during the year. Provision matrix was reviewed based on actual write-offs and available forward looking information and impairment allowance was adjusted accordingly.

The carrying amount of trade and other receivables excluding VAT approximates their fair values because they are short term in nature.

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16,245	15,449	16,230	15,436
Bank balances	199,521	33,681	193,799	28,937
	215,766	**49,130**	**210,029**	**44,373**

The company has undrawn bank overdraft facilities of N$ 14 million (2021: N$ 54 million) applicable to all current accounts. The overdraft facilities are unsecured. There are specific covenants attached to the facility with which Namibia Post Limited needs to comply with.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank, excluding cash on hand can be assessed by reference to external credit ratings (if available) and to a combination of historical information about counterparty default rates and forward looking information available.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	2021 N$ '000	2022 N$ '000	2021 N$ '000
14. Cash and cash equivalents (Continued)				
Credit rating				
Bank Windhoek Limited (AA) Global credit rating	5,722	4,744	-	-
Standard Bank Namibia Limited (AA+)	192,616	28,176	192,616	28,176
First National Bank Namibia (AA+)	1,183	761	1,183	761
	199,521	**33,681**	**193,799**	**28,937**
15. Share capital				
Authorised				
50,000,000 Ordinary shares	50,000	50,000	50,000	50,000
Issued				
5,075,000 Ordinary shares, fully paid	5,075	5,075	5,075	5,075
16. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW)	391,065	390,062	391,065	390,062
This is made of three loans, KfW 1,KfW 2 & KfW 3. In 2006, KfW 1 amounting to EUR883,767 Euros, was issued to Government of the Republic of Namibia (GRN) and on lent to Namibia Post Limited in local currency, payable over 30 year period commencing 30 June 2015. In 2014, KfW 2, amounting to EUR3 million was received from KfW, with a 30 year term, at an interest rate of 2% p.a, with capital repayments starting from June 2023 to December 2042. KfW 3 amounting to N$ 325 million was received in December 2020, bearing interest of 7.3% and is repayable over 10 years ending in 2027, with a 3 year grace period for the capital portion. KfW 2 and KfW 3 are both guaranteed by the GRN.				
Agence Française de Développement (AFD)	235,720	235,720	235,720	235,720
The loan bears Interest at 7.46% and is repayable over a period of 10 years , with a 3 year grace period for the capital portion. The loan is secured with GC27 bonds.				
	626,785	625,782	626,785	625,782

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

16. Other financial liabilities (continued)

Held at amortised cost (Continued)

Non-current liabilities				
At amortised cost	538,331	615,688	538,331	615,688
Current liabilities				
At amortised cost	88,454	10,094	88,454	10,094
	626,785	**625,782**	**626,785**	**625,782**

Kreditanstalt Fur Wiederaufbau loan (KfW)

	Kreditanstalt fur Wieder aufbau 2022 N$ '000	**Kreditanstalt fur Wieder aufbau 2021 N$ '000**	**Kreditanstalt fur Wieder aufbau 2022 N$ '000**	**Kreditanstalt fur Wieder aufbau 2021 N$ '000**
Opening balance	390,062	396,834	390,062	396,834
Interest expense	25,596	24,613	25,596	24,613
Foreign exchange (gain) / loss	500	(6,702)	500	(6,702)
Payments	(25,093)	(24,683)	(25,093)	(24,683)
	391,065	**390,062**	**391,065**	**390,062**

Agence Française de Développement (AFD)

	Agence Française de Développem ent 2022 N$ '000	**Agence Française de Développem ent 2021 N$ '000**	**Agence Française de Développem ent 2022 N$ '000**	**Agence Française de Développem ent 2021 N$ '000**
Opening balance	235,720	235,720	235,720	235,720
Interest expense	17,529	17,529	17,529	17,529
Payments	(17,529)	(17,529)	(17,529)	(17,529)
	235,720	**235,720**	**235,720**	**235,720**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

17. Post employment benefits

Medical benefit - (defined benefit plan)

The company continues to pay two thirds of total contributions towards the medical scheme when qualifying employees retire or become incapacitated.

The plan is a final post employment medical benefit plan.

Carrying value

Present value of the defined benefit obligation - wholly unfunded	(13,361)	(12,485)	(13,361)	(12,485)

Movements for the year

Opening balance	(12,485)	(10,732)	(12,485)	(10,732)
Benefits paid	1,433	1,184	1,433	1,184
Actuarial gain/ (loss)	(785)	(1,556)	(785)	(1,556)
Net expense recognised in profit or loss	(1,524)	(1,381)	(1,524)	(1,381)
	(13,361)	**(12,485)**	**(13,361)**	**(12,485)**

Net expense recognised in the statement of profit or loss and other comprehensive income

Current service cost	(102)	(68)	(102)	(68)
Interest cost	(1,422)	(1,313)	(1,422)	(1,313)
Actuarial gain	(785)	(1,556)	(785)	(1,556)
	(2,309)	**(2,937)**	**(2,309)**	**(2,937)**

Key assumptions used

Assumptions used on last valuation on 30 September 2022.

Average retirement age	60	60	60	60
Discount rates used	12.7%	11.80%	12.7%	11.80%
Health care cost inflation	8.5%	8.20%	8.5%	8.20%

Pension Fund - (defined contribution)

At the financial year end, all the permanent employees of the company were members of the Napotel Pension Fund, a defined contribution fund, governed by the Pension Fund Act no 24 of 1956. Employees' contributions amount to 7% of basic salary and the company's contributions amounts to 16% of basic salary.

The Napotel Pension Fund converted from a defined benefit plan to defined contribution plan with effect from 1 October 1997. A statutory actuarial valuation was carried out as at 30 September 2022, which indicate that the fund was in a sound financial position.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	N$ '000	N$ '000	N$ '000	N$ '000

17. Post employment benefits (Continued)

Pension Fund - (defined contribution) (Continued)

Sensitivity Analysis

The valuation above is only an estimate of the cost of providing post - employment medical aid benefits. The actual cost to the organisation will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:
Demographics of heavier/ no withdrawals in the assumed level of mortality;
1 % increase/ decrease in the Medical Aid inflation

Mortality

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the company. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the company in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates on total accrued liability by applying demographics of heavier mortality or no withdrawals. The effect is as follows:

Balance of liability with change in assumption:

Pre-retirement withdrawals are ignored	13,410	12,537	13,410	12,537
Valuation assumption	13,361	12,485	13,361	12,485
Heavier mortality	12,677	11,832	12,677	11,832

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a change in the medical aid inflation assumption. The effect is as follows:

Balance of liability with change in assumption:

1% decrease in medical aid inflation	14,531	13,658	14,531	13,658
Valuation assumption	13,361	12,485	13,361	12,485
1% increase in valuation assumption	12,352	11,480	12,352	11,480

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000

18. Savings bank investors

Composition of savings bank investors

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Savings accounts	658,611	626,651	658,614	626,686
Save as you earn	49,032	36,423	49,032	36,423
Fixed term deposits	5,541,848	5,207,380	5,648,789	5,419,060
Call and notice accounts	318,399	251,030	318,399	251,030
Mychoice accounts	10,213	10,280	10,213	10,280
	6,578,103	**6,131,764**	**6,685,047**	**6,343,479**

The current and long term portions of the portfolio is split as follows:

	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Non current portion	262,700	673,389	262,700	673,389
Current portion	6,315,403	5,458,375	6,422,347	5,670,090
	6,578,103	**6,131,764**	**6,685,047**	**6,343,479**

19. Lease Liabilities

Group - 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2022
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
Total	**27,194**	**7,469**	**2,086**	**(17,827)**	**18,922**

Group 2021

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2021
Property	12,917	1,462	1,166	(5,593)	9,952
Motor vehicles	30,386	6,872	1,919	(21,935)	17,242
Total	**43,303**	**8,334**	**3,085**	**(27,528)**	**27,194**

Company 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2022
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
Total	**27,194**	**7,469**	**2,086**	**(17,827)**	**18,922**

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

19. Lease Liabilities (Continued)

Company 2021

	Opening Balance	Current year Additions	Interest expense	Cash payments	Balance at 30 September 2021
Property	12,917	1,462	1,166	(5,593)	9,952
Motor vehicles	30,386	6,872	1,919	(21,935)	17,242
Total	**43,303**	**8,334**	**3,085**	**(27,528)**	**27,194**

Maturity analysis of lease liabilities

	Group 2022	Group 2021	Company 2022	Company 2021
Within 1 year	9,533	15,216	9,533	15,216
From 1 to 5 years	9,389	11,978	9,389	11,978
Total	**18,922**	**27,194**	**18,922**	**27,194**

Amounts recognised in the income statement relating to leases

The following are the amounts recognised in the profit or loss:

	Group 2022	Group 2021	Company 2022	Company 2021
Property	4,501	5,007	4,501	5,007
Motor vehicles	10,038	19,416	10,038	19,416
Total depreciation charge for the right-of-use assets	14,539	24,423	14,539	24,423
Interest expense on lease liabilities (included in finance cost)	2,086	3,085	2,086	3,085
Expense relating to short-term leases (included in cost of sales)	8,616	447	8,616	447
Expense relating to short-term leases (included in operating expenses)	38,371	36,379	37,089	35,034
Total expenses related to leases	**63,612**	**64,334**	**62,330**	**62,989**

20. Trade and other payables

	Group 2022	Group 2021	Company 2022	Company 2021
Trade payables	34,520	32,581	28,598	27,043
Amounts received in advance	5,198	9,175	4,440	8,606
VAT	4,403	4,479	4,100	4,130
Telecom- telephone payments	265	247	265	247
Provisions and Accruals	42,504	33,296	42,504	33,296
Third party funds payable	98,174	103,298	98,174	103,298
Other payables	14,769	13,538	9,881	8,627
	199,833	**196,614**	**187,962**	**185,247**

The carrying amount of trade and other payables excluding VAT and amounts received in advance approximates their fair values because they are short term in nature.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

21. Financial liabilities

The accounting policies for financial instruments have been applied at amortised cost to the following line items:

Financial liabilities at amortised cost				
Other financial liabilities	626,785	625,782	626,785	625,782
Trade and other payables (excluding VAT payable)	195,430	192,136	183,862	181,117
Savings bank investors	6,578,103	6,131,764	6,685,047	6,343,479
Lease liabilities	18,922	27,194	18,922	27,194
	7,419,240	**6,976,876**	**7,514,616**	**7,177,572**

22. Deferred tax

Deferred tax asset (liability)				
Property plant and equipment	(22,728)	(29,076)	(21,876)	(27,955)
Fair value adjustments	49,610	(2,356)	49,610	(2,356)
Terminal dues	(1,937)	(1,538)	(1,937)	(1,538)
Stock - Consumables	(1,645)	(1,783)	(1,645)	(1,783)
Prepayments and other deferred tax liabilities	1,042	(618)	1,178	(561)
Total deferred tax liability	**24,342**	**(35,371)**	**25,330**	**(34,193)**
Deferred tax asset				
Retirement benefit obligation	4,276	3,995	4,276	3,995
Provisions	24,584	26,563	19,277	22,049
Deferred tax balance from temporary differences other than unused tax losses	28,860	30,558	23,553	26,044
Income received in advance	1,420	3,871	1,420	3,871
	30,280	34,429	24,973	29,915
Other deferred tax (unrealised foreign) exchange, loans etc.	11,933	31,465	11,432	30,765
Total deferred tax asset, net of valuation allowance recognised	**42,213**	**65,894**	**36,405**	**60,680**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset (liability)	**24,342**	**(35,371)**	**25,330**	**(34,193)**
Deferred taxation liability to be recovered after more than 12 months	24,342	(35,371)	25,330	(34,193)
Deferred tax asset	**42,213**	**65,894**	**36,405**	**60,680**
Deferred taxation asset to be recovered after more than 12 months	42,213	65,894	36,405	60,680
Total net deferred tax asset	**66,555**	**30,523**	**61,735**	**26,487**

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

22. Deferred tax (Continued)

Reconciliation of deferred tax asset / (liability)

	Group 2022	Group 2021	Company 2022	Company 2021
At the beginning of year	30,523	3,148	26,487	6,614
Temporary differences on terminal dues and parcel credits	(1,937)	(1,538)	(1,937)	(1,538)
Temporary differences on income received in advance	1,420	3,870	1,420	3,870
Originating temporary differences on tangible fixed assets	(22,729)	(28,448)	(21,877)	(27,955)
Originating / (Reversing) temporary differences on Post retirement obligation	4,276	3,995	4,276	3,995
Temporary differences on fair value adjustments	49,610	(2,356)	49,610	(2,356)
Originating temporary differences on provisions	28,534	25,501	23,227	20,987
Originating temporary differences on stock - consumables	(1,645)	(1,840)	(1,645)	(1,783)
Temporary differences on prepayments	(2,180)	(561)	(2,045)	(561)
Other deferred tax (unrealised forex, workmen compensation, etc.)	(19,317)	28,752	(15,781)	25,214
	66,555	**30,523**	**61,735**	**26,487**

23. Current tax receivable

Current tax receivable

	Group 2022	Group 2021	Company 2022	Company 2021
Current tax receivable	12,822	15,826	14,315	16,854

Reconciliation for current tax receivable / (payable):

	Group 2022	Group 2021	Company 2022	Company 2021
Opening balance	15,826	15,161	16,854	14,936
Other prior year minor adjustments	234	(32)	455	(33)
Current tax for the year	(22,686)	(6,798)	(15,442)	-
Provisional tax payment - 2022	19,448	7,495	12,448	1,951
	12,822	**15,826**	**14,315**	**16,854**

Balance of provision for taxation consists of:

	Group 2022	Group 2021	Company 2022	Company 2021
2018	-	5,882	-	13,470
2019	-	1,433	-	1,433
2020	-	1,016	-	-
2021	(6,626)	7,495	1,867	1,951
2022	19,448	-	12,448	-
	12,822	**15,826**	**14,315**	**16,854**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000
24. Revenue				
Revenue from contracts with customers				
Philately stamps revenue	935	810	935	810
Mail revenue	99,355	111,567	99,355	111,567
Agency commission	26,606	29,800	26,606	29,800
Logistics services	128,287	129,203	128,287	129,203
Savings bank fees	104,755	70,351	104,755	70,351
Other	3,473	2,435	3,473	2,435
Total revenue recognised at a point in time	**363,411**	**344,166**	**363,411**	**344,166**
Interest and similar income				
Interest and similar income on investments	512,141	516,838	512,141	516,838
Interest and similar charges on loan advances	104,967	84,370	-	-
Total Interest	**617,108**	**601,208**	**512,141**	**516,838**
Total revenue	**980,519**	**945,374**	**875,552**	**861,004**

There are no unsatisfied or partially unsatisfied performance obligations at the end of the reporting date.

25. Cost of sales

Cost of sales	374,059	374,428	382,397	391,903

26. Other income

Profit on sale of assets and liabilities	28	39	27	39
Recoveries	2,512	3,452	-	-
Other income	5,329	1,084	5,318	1,063
Profit (loss) on exchange differences	276	4,651	276	4,651
	8,145	**9,226**	**5,621**	**5,753**

27. Investment Income

Dividends received	11,080	11,902	11,080	13,902
Interest received	1,070	1,664	43,501	44,241
	12,150	**13,566**	**54,581**	**58,143**

28. Operating profit

Operating profit / loss for the year is stated after charging the following, amongst others:

Auditor's remuneration - external				
Audit fees	2,344	2,235	1,909	1,758
	2,344	**2,235**	**1,909**	**1,758**
Remuneration, other than to employees				
Consulting and professional services	13,684	13,326	8,939	8,549

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000
28. Operating profit (Continued)				
Leases				
Short-term lease charges				
Premises	46,538	36,373	45,704	35,482
Depreciation and amortisation (note 29)				
Depreciation of property, plant and equipment	7,858	10,068	7,478	9,672
Depreciation - right-of-use assets	14,539	24,423	14,539	24,423
Amortisation of intangible assets	9,058	9,174	8,886	8,996
Total depreciation and amortisation	**31,455**	**43,665**	**30,903**	**43,091**
Expenses by nature				
Employee costs	282,173	275,256	261,949	256,698
Short-term lease charges	37,740	35,608	37,089	35,034
Depreciation, amortisation and impairment	31,455	43,665	30,903	43,091
Advertising	5,612	5,205	4,861	4,386
Subscriptions	19,140	19,291	19,140	19,291
IT expenses	15,266	12,763	15,266	12,763
Security	9,343	9,943	9,343	9,943
Municipal expenses	2,450	2,546	2,450	2,546
Consulting and professional fees	13,684	13,326	8,939	8,549
Bad debts	(5,097)	4,414	(5,097)	4,414
Telephone and fax	12,242	13,469	12,094	13,335
Commission paid	11,003	8,348	7,370	5,015
Other expenses	57,739	47,882	39,863	33,812
	492,750	**491,716**	**444,170**	**448,877**
29. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment (PPE)	7,858	10,068	7,478	9,672
Depreciation				
Right-of-use assets	14,539	24,423	14,539	24,423
Amortisation				
Intangible assets	9,058	9,174	8,886	8,996
Total depreciation, amortisation and impairment				
Depreciation (PPE)	7,858	10,068	7,478	9,672
Depreciation - Right-of-use assets	14,539	24,423	14,539	24,423
Amortisation	9,058	9,174	8,886	8,996
	31,455	**43,665**	**30,903**	**43,091**

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000
30. Finance costs				
Long-term borrowings	43,287	42,600	43,287	42,600
Interest on lease liabilities	2,086	3,085	2,086	3,085
Total finance costs	**45,373**	**45,685**	**45,373**	**45,685**
31. Income tax expense				
Major components of the income tax expense				
Current				
Local income tax - current year	8,726	6,798	-	-
Deferred				
Current year	12,923	6,866	13,707	7,296
Arising from prior year adjustments	(683)	(9)	(683)	(9)
	12,240	**6,857**	**13,024**	**7,287**
	20,966	**13,655**	**13,024**	**7,287**
Reconciliation of the income tax expense				
Accounting profit	88,632	54,036	63,814	38,435
Tax at the applicable tax rate of 32% (2021: 32%)	28,362	17,291	20,420	12,299
Tax effect of adjustments on taxable income				
Net Permanent differences	(6,713)	(3,627)	(6,713)	(5,003)
Prior year adjustments	(683)	(9)	(683)	(9)
	20,966	**13,655**	**13,024**	**7,287**
32. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current tax relating to other comprehensive income				
Local income tax - current year	-	-	-	-
Deferred tax relating to other comprehensive income / (loss)				
Current year	(48,272)	(27,127)	(48,272)	(27,127)
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense				
Other comprehensive income / (loss)	(150,851)	(84,771)	(150,851)	(84,771)
Tax at the applicable tax rate of 32% (2021: 32%)	(48,272)	(27,127)	(48,272)	(27,127)
Tax effect of adjustments on taxable other comprehensive income	**(48,272)**	**(27,127)**	**(48,272)**	**(27,127)**

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000

33. Tax (paid) refunded

Balance at the beginning of the year	15,826	15,161	16,854	14,936
Prior year adjustment	235	(32)	232	(33)
Current tax for the year recognised in profit or (loss)	(8,726)	(6,798)	-	-
Balance at end of the year	(12,822)	(15,826)	(14,315)	(16,854)
	(5,487)	**(7,495)**	**2,771**	**(1,951)**

34. Cash generated from operations

Profit (loss) before taxation and fair value	87,847	52,480	63,029	36,879
Adjustments for:				
Depreciation and amortisation	31,455	43,665	30,903	43,091
Dividend income	(11,080)	(11,902)	(11,080)	(13,902)
Interest received - investment	(1,070)	(1,599)	(43,501)	(44,240)
Finance costs	45,373	45,685	45,373	45,685
Foreign exchange differences	(255)	(4,269)	(255)	(4,269)
Movements in retirement benefit assets and liabilities	876	1,753	876	1,753
Equity accounting	-	6,301	-	-
Changes in working capital:				
Inventories	639	(2,094)	639	(2,094)
Trade and other receivables	(1,860)	37,626	(1,616)	37,671
Trade and other payables	345	(8,367)	(160)	(8,710)
	152,270	**159,279**	**84,208**	**91,864**

35. Reclassification : Equity

For the financial year 2022, a component of unrealised fair value adjustment for financial assets measured at fair value through other comprehensive income (FVOCI) has been separately presented from the retained earnings to give a clear distinction between distributable and undistributable reserves, which was not the case before and the comparative retained earnings balance have been adjusted with this split. The adjustment is a mere reclassification within equity,hence has an overall zero effect on equity at both company and group level.

Equity	**2021** N$'000	**2020** N$'000
Reduction in retained earnings	(25,433)	(82,019)
Increase in mark to market reserves	25,433	82,019
Effect on equity balance	-	-

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021** N$ '000	**2022** N$ '000	**2021** N$ '000
36. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
Commitments in respect of contracts placed	2,692	1,351	2,692	1,351
Not yet contracted for and authorised by directors	16,623	25,495	16,623	25,495
Guarantees				
Ministry of Finance	20	20	20	20
Avon and Justine	1,500	1,500	1,500	1,500
Puma Energy	2,000	1,500	2,000	1,500

37. Related parties

Relationships

Ultimate shareholder	Government of the Republic of Namibia
Holding company	Namibia Post and Telecom Holdings Limited
Subsidiary	NamPost Financial Brokers (Pty) Ltd, Refer to note 7
Joint arrangements	SmartSwitch Namibia (Pty)Ltd, Refer to note 8
NamPost directors	Refer to directors' report on page 82
Directors (NamPost Financial Brokers (Pty) Ltd)	Festus F Hangula James A Cumming Erastus Hoveka Sonia Bergh
Fellow Subsidiaries	Telecom Namibia Limited Mobile Telecommunications Limited
Key members of management	Festus Hangula (Chief Executive Officer: Namibia Post Limited) Patrick Gardiner (Chief Executive Officer: NamPost Financial Brokers (Pty) Ltd) Willem Mouton (Chief Operating Officer) Batsirai Pfigirai (Executive: Finance) Jorn Schnoor (Executive: Information Technology) Ekonia Mudjanima (Executive: Human Resources) Mbo Luvindao (Executive: Financial Services) Berlindi van Eck (Executive: Marketing) Eldorette Harmse (Executive: Legal, Compliance and Governance) Bennie Jakobs (Executive: Retail Channels) Deon Claasen (Executive: Enterprise Risk Management) Michael Feldmann (Executive: Mail and Logistics) Komao Mbuende (Executive: Internal Audit)

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Notes to the Annual Financial Statements

	Group		Company	
	2022 N$ '000	**2021 N$ '000**	**2022 N$ '000**	**2021 N$ '000**
37. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	1,126	905	1,126	905
Telecom Namibia Limited	1,118	1,089	1,118	1,089
NamPost Financial Brokers (Pty) Ltd	-	-	74	76
Payable to related parties				
Mobile Telecommunications Limited	8,177	6,335	8,177	6,335
Telecom Namibia Limited	-	590	-	590
Hollard	1,498	2,097	1,498	2,097
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	597,403	607,561
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	6,829	8,730	6,829	8,730
Namibia Post and Telecom Holdings Limited	7	3	7	3
Mobile Telecommunications Limited	4,498	4,215	4,498	4,215
NamPost Financial Brokers (Pty) Ltd	-	-	43,373	766
SmartSwitch Namibia (Pty) Ltd	-	4,000	-	4,000
Hollard Life Namibia Ltd	16,124	8,916	16,124	8,916
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	33,090	30,259	33,090	30,259
Mobile Telecommunications Limited	328,947	284,207	328,947	284,207
Telecom Namibia Limited	6,498	6,506	6,498	6,506
SmartSwitch Namibia (Pty) Ltd	-	11,106	-	11,106
Directors' emoluments				
Evangelina N Hamunyela	-	104	-	104
Perien J Boer	-	89	-	89
Muronga Haingura	-	41	-	41
Israel U D Kalenga	-	71	-	71
James A Cumming	319	221	201	126
Simeon Amunkete	221	32	221	32
Leezhel Mouton	194	32	194	32
Martha Shingenge	193	29	193	29
Ndangi Katoma	169	27	169	27
Festus F Hangula	88	16	-	-
Erastus Hoveka	88	71	-	-
Sonia Bergh	88	16	-	-
Compensation: Key management				
Short -term employee benefits	**25,981**	**21,072**	**19,548**	**18,445**

Detailed Statement of Profit or Loss

	Notes	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Revenue					
Philately stamps revenue		935	810	935	810
Mail revenue		99,355	111,567	99,355	111,567
Agency commission		26,606	29,800	26,606	29,800
Courier services		128,287	129,203	128,287	129,203
Interest on loan advances		104,967	84,370	-	-
Savings bank investments		512,141	516,838	512,141	516,838
Savings bank fees		104,755	70,351	104,755	70,351
Other revenue		3,473	2,435	3,473	2,435
		980,519	**945,374**	**875,552**	**861,004**
Cost of sales					
Opening stock		(14,196)	(12,102)	(14,196)	(12,102)
Purchases		(373,420)	(376,522)	(381,758)	(393,997)
Closing stock		13,557	14,196	13,557	14,196
	25	**(374,059)**	**(374,428)**	**(382,397)**	**(391,903)**
Gross profit		**606,460**	**570,946**	**493,155**	**469,101**
Other operating income					
Bad debts recovered		2,512	3,452	-	-
Other income		5,329	1,084	5,318	1,063
Profit / (loss) on exchange differences		276	4,651	276	4,651
Profit / (loss) on sale of assets and liabilities		28	39	27	39
Other operating income	26	**8,145**	**9,226**	**5,621**	**5,753**
Expenses (Refer to page 70)		**(492,750)**	**(491,716)**	**(444,170)**	**(448,877)**
Operating profit	28	**121,855**	**88,456**	**54,606**	**25,977**
Investment income	27	12,150	13,566	54,581	58,143
Finance costs	30	(45,373)	(45,685)	(45,373)	(45,685)
Income from equity accounted investments		-	(2,301)	-	-
Profit before taxation		**88,632**	**54,036**	**63,814**	**38,435**
Taxation		(20,966)	(13,655)	(13,024)	(7,287)
Profit for the year		**67,666**	**40,381**	**50,790**	**31,148**

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2022

Detailed Statement of Profit or Loss

	Notes	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Other operating expenses					
Selling and distribution expenses					
Commission paid		(11,003)	(8,348)	(7,370)	(5,015)
Motor vehicle expenses		(1,641)	(199)	(1,586)	(177)
Postage		(714)	(692)	(156)	(225)
		(13,358)	(9,239)	(9,112)	(5,417)
Marketing expenses					
Advertising		(5,612)	(5,205)	(4,861)	(4,386)
General and administrative expenses					
Auditors remuneration - external auditors	28	(2,344)	(2,235)	(1,909)	(1,758)
Bank charges		(3,884)	(3,605)	(3,853)	(3,572)
Computer expenses		(2,292)	(2,364)	-	-
Depreciation		(7,858)	(10,068)	(7,478)	(9,672)
Employee costs		(282,173)	(275,256)	(261,949)	(256,698)
Insurance		(4,393)	(3,858)	(4,327)	(3,797)
IT expenses		(15,266)	(12,763)	(15,266)	(12,763)
Lease rentals on operating lease		(37,740)	(35,608)	(37,089)	(35,034)
Municipal expenses		(2,450)	(2,546)	(2,450)	(2,546)
Printing and stationery		(3,499)	(1,253)	(3,312)	(1,081)
Telephone and fax		(12,242)	(13,469)	(12,094)	(13,335)
		(374,141)	(363,025)	(349,727)	(340,256)
Maintenance expenses					
Repairs and maintenance		(2,712)	(2,348)	(2,712)	(2,348)

The supplementary information presented does not form part of the annual financial statements and is unaudited.

Detailed Statement of Profit or Loss

	Notes	Group 2022 N$ '000	Group 2021 N$ '000	Company 2022 N$ '000	Company 2021 N$ '000
Other operating expenses					
Amortisation		(9,058)	(9,174)	(8,886)	(8,996)
Depreciation - right-of-use assets		(14,539)	(24,423)	(14,539)	(24,423)
Bad debts		5,097	(4,414)	5,097	(4,414)
Cleaning		(1,820)	(1,920)	(1,776)	(1,874)
Consulting and professional fees		(13,684)	(13,326)	(8,939)	(8,549)
Legal fees		(897)	(497)	(299)	(175)
Entertainment		(1,094)	(743)	(1,066)	(737)
Recruitment fees		(359)	(215)	(359)	(215)
Impairment of loans		(11,803)	(8,320)	-	-
Mass distance charges		(437)	(431)	(437)	(431)
Corporate communication		(32)	(329)	(32)	(329)
Safe custody fees		(419)	(386)	(419)	(386)
Fines and penalties		(1,115)	(4)	(1,115)	(4)
Security		(9,343)	(9,943)	(9,343)	(9,943)
Staff welfare		(361)	60	(282)	144
Subscriptions		(19,140)	(19,291)	(19,140)	(19,291)
Training		(924)	(1,117)	(788)	(905)
Travel - local		(310)	(117)	(241)	(117)
Travel - overseas		(2)	-	(2)	-
Other expenses		(16,687)	(17,309)	(15,192)	(15,825)
		(96,927)	(111,899)	(77,758)	(96,470)
		(492,750)	**(491,716)**	**(444,170)**	**(448,877)**

The supplementary information presented does not form part of the annual financial statements and is unaudited.

GLOSSARY

AFD	Agence Française de Développement
AGM	Annual general meeting
ALCO	Asset and Liability Management Committee
ATM	automated teller machine
BARC	Board Audit and Risk Committee
BIPA	Business and Intellectual Property Authority
BIC	Board Investment Committee
CDS	Customs Declaration System
CEO	Chief Executive Officer
CRAN	Communications Regulatory Authority of Namibia
ERM	Enterprise Risk Management
GDP	Gross domestic product
GIPF	Government Institutions Pension Fund
HRCC	Human Resources and Compensation Committee
I-ACT	Integrity, Accountability, Caring, Teamwork (NamPost Values)
ICT	Information and Communications Technology
IPS	International Postal System
ITIL	Information Technology Infrastructure Library
KfW	Kreditanstalt für Wiederaufbau
King III	King III Report on Corporate Governance for South Africa 2009
King IV	King Report on Corporate Governance™ for South Africa, 2016
NAMFISA	Namibia Financial Institutions Supervisory Authority
NamPost	Namibia Post Ltd
NPTH	Namibia Post and Telecom Holdings Ltd
PAT	profit after tax
PBT	profit before tax
PCI-DSS	Payment Card Industry Data Security Standards
PO boxes	post office boxes
PMO	Project Management Office
PostFin	NamPost Financial Brokers (Pty) Ltd
ROE	return on equity
ROI	return on investment
SSN	SmartSwitch Namibia (Pty) Ltd
TMS	Transport Management Software
TRG	Technology Risk Governance
VAT	Value-added tax

NOTES

NOTES

HERE'S TO THE NEXT **30 YEARS OF DELIVERING MORE**

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