2021

INTEGRATED ANNUAL REPORT

nampost®

Welcome to our **2021** integrated annual report

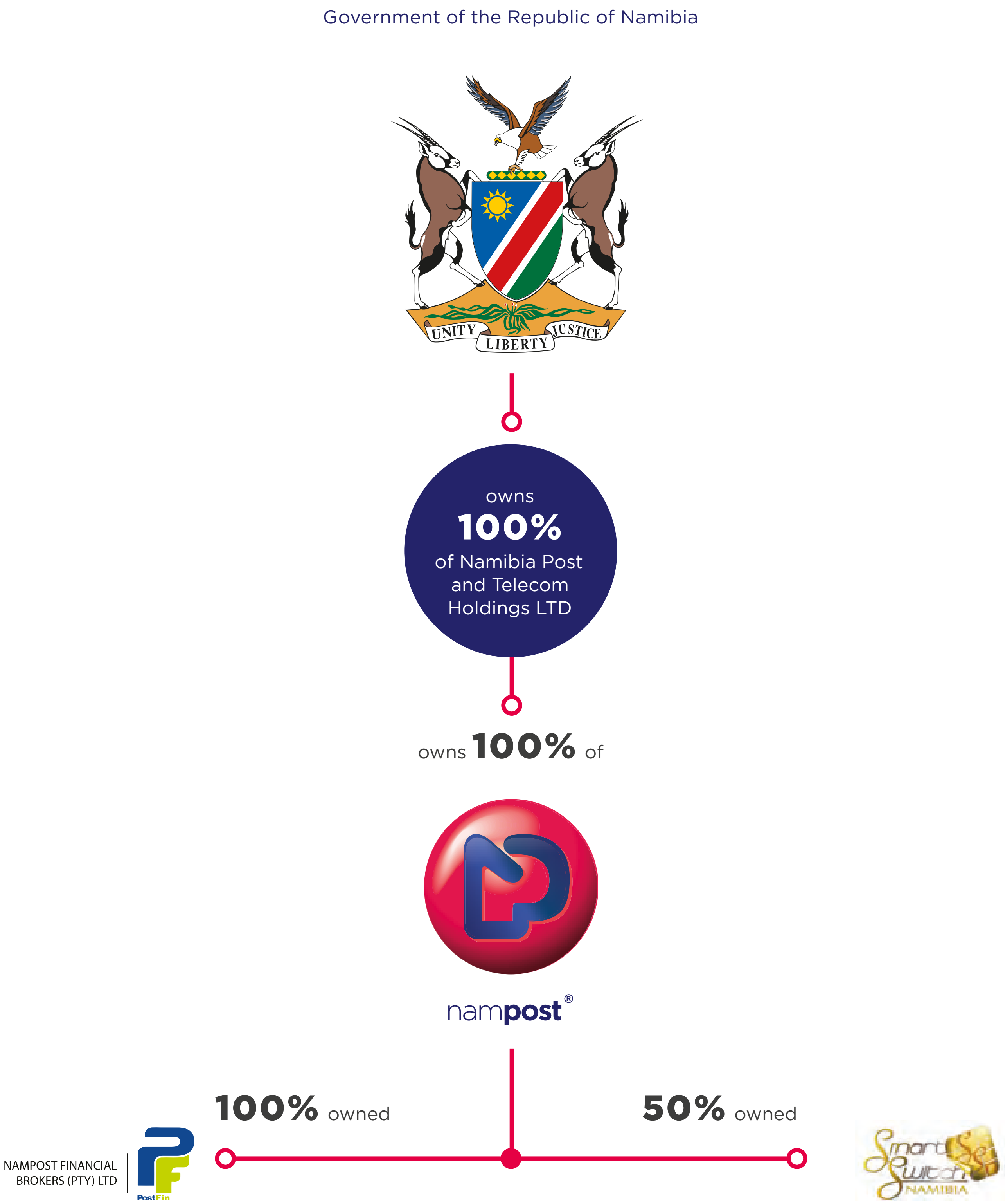
We are proud to present the 2021 integrated annual report for the NamPost Group. This report covers the financial year from 1 October 2020 to 30 September 2021 (the year).

Signed on behalf of the Board

Festus F Hangula **Dr Simeon Amunkete**

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); and its 50% share in SmartSwitch Namibia (Pty) Ltd (SSN), which is a joint venture with Net1. Namibia Post and Telecom Holdings Ltd (NPTH) is our sole shareholder. NamPost, PostFin and SSN are consolidated in the Group annual financial statements as required by International Financial Reporting Standards.



Connecting Namibia in more ways than one

As Namibia's national postal operator, NamPost provides social cohesion by connecting customers, businesses and communities through affordable financial, mail, courier and retail services.

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 for almost three decades

1992
Established with 92 post offices

1995
Launch: Counter automation project

2003
Launch: Treasury Services for public investment

2006
Launch: Biometric SmartCard

2010
Launch: Automated mail sorting

2013
Launch: Prepaid Courier Products

2015
Launch: NamPost offers international courier

2017
Launch: Insurance products

2019
Launch: New, interoperable VISA SmartCard

2021
Develop e-commerce platform

2022
NamPost will be celebrating 30 years since commercialisation in 1992

Delivering on our mandate

NamPost's mandate is to "conduct postal services and supplementary services," with supplementary services 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

NamPost is a community-focused commercial entity providing financial, mail, logistics and retail services to all Namibians.

NamPost is Namibia's designated postal provider, operating under the Communications Regulatory Authority of Namibia (CRAN) licence. Our primary objective is to create value for our shareholder and other stakeholders while delivering social impact and return, including the universal service obligation as per the postal license granted by CRAN.

We create value for communities and businesses by ensuring the availability and affordability of services that foster interaction and improve the quality of life for all Namibians. We aim to make certain that no one is left behind in social and economic progression.

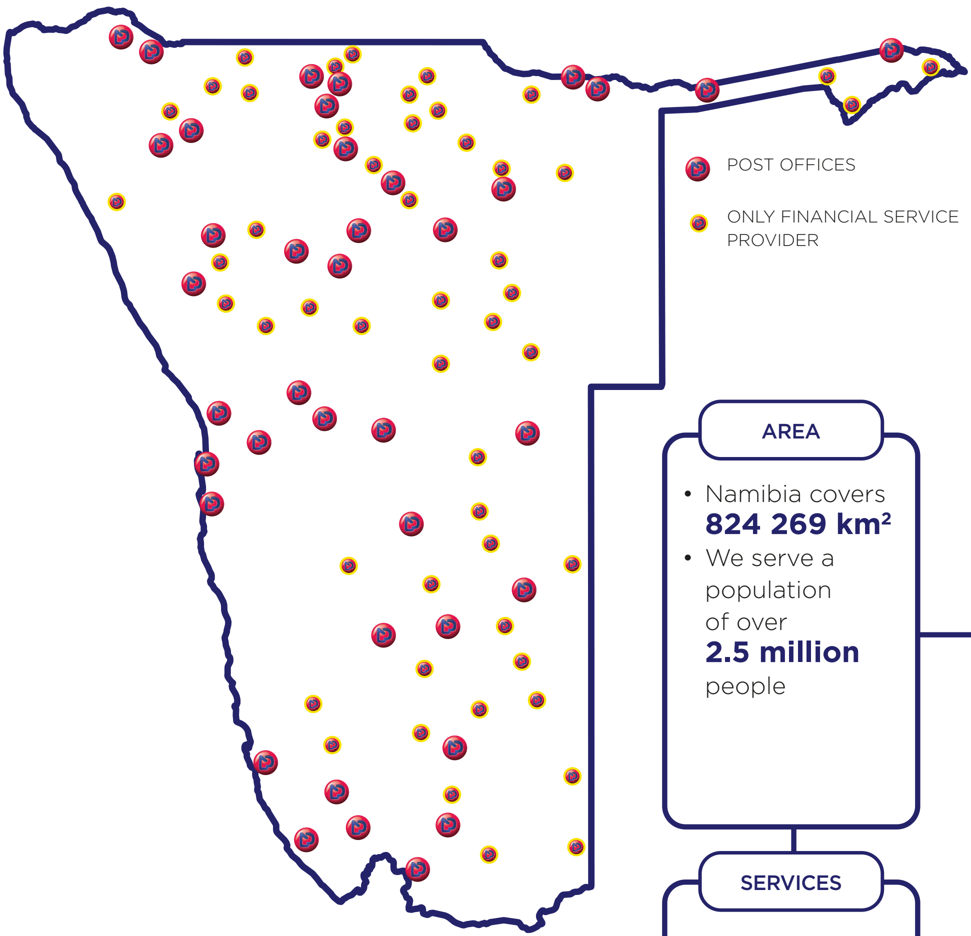
Please read Delivering social value on page 6.

A vital community hub

NamPost helps Namibians access essential services in a convenient space. We keep communities connected and help other businesses extend their reach.

NamPost's footprint provides a key point of contact in many communities across all regions of Namibia, covering cities as well as remote towns, villages and settlements.

Considering NamPost's reach and wide portfolio of products and services, every Namibian will likely be a customer at a point in time.



AREA

- Namibia covers **824 269 km²**
- We serve a population of over **2.5 million** people

CONTACT

- **133** post offices spread over Namibia's vast geography
- **18 950** Namibians served per post office on average

SERVICES

- **291 486** Namibians using our VISA SmartCard
- **124 160** Post Office Boxes
- **11 769 000 million** mail items handled annually

DELIVERY

- **118** vehicles, including vans, cars, line-haul trucks and trailers
- Nearly **1.5 million** parcels delivered annually

Our value-creating services

NamPost is a complex organisation supporting a vast range of customer and business needs.

We strive to ensure the best customer experience across all our products and service offerings and we are constantly analysing areas for improvement and innovation. NamPost offerings include digital, while still ensuring that traditional postal services are accessible. We have three business units, namely Financial Services, Mail and Logistics and Retail Channel, through which we deliver a diversified portfolio of products and service offerings. These business units are organised for maximum operational efficiency and customer centricity.

Total revenue of N$945 million was achieved for the period under review

Financial Services

Banking accessibility across the country

The core objective of Financial Services is to provide access to savings facilities primarily serving low-income Namibian residents, the unbanked and the underbanked. The services consist of retail banking through NamPost Savings Bank and wholesale deposit taking through the Treasury operations.

In addition, we manage the smart partnership with Hollard Insurance to provide tailor-made insurance coverage to NamPost customers. All these financial services are woven together for seamless service delivery.

Mail and Logistics Services

The logistics operations are complemented by transportation and NamPost is the biggest domestic overnight courier company in Namibia. Notable products are pre-paid products such as EasyPack and EasyBox as well as the international service of Express Mail Services (EMS).

As the national postal operator, NamPost receives, sorts and distributes mail and parcels to and from domestic and international destinations.

Retail Channel

Providing points of contact for local customer convenience

In addition to our nationwide postal infrastructure being used as a delivery channel for our Financial Services and Mail and Logistics products, we optimise Post Office utilisation and enable customer convenience by providing third-party agency services to businesses that require a national reach but find it inefficient or costly to establish their own national network. These services among others include bill payments, airtime sales, payment collections and sale of electronic devices.

DELIVERING SOCIAL VALUE

NamPost is a trusted service provider in regional and remote communities. We are committed to maintaining our standing as a leader in ethical behaviour and social responsibility.

NamPost supports the objectives of the **Harambee Prosperity Plan II,** which is the action plan of the Namibian Government towards economic recovery and inclusive growth. The plan covers the period 2021 to 2025 and builds on the foundation established in the inaugural plan in 2016. It continues to prioritise the implementation of targeted policy programmes to enhance service delivery, contribute to economic recovery and engender inclusive growth.

Harambee Prosperity Plan II

The first three pillars of the Namibian Government's plan are set out as follows:

Pillar 1
Effective governance

This is a critical component for **socio-economic development** and **social cohesion.**

Pillar 2
Economic progression

Striking a balance between pursuing inclusive **socio-economic growth** and requisite **economic transformation.**

Pillar 3
Social Progression

Taking people centred approach to development that aims to ensure **improved quality of life for all Namibians,** especially the most vulnerable members of our society.

NamPost contributes to social and financial inclusion

NamPost contributes to the Harambee Prosperity Plan II through its commitment to social and financial inclusion. This is evident in the stable employment of our workforce; the accessibility and affordability of our financial services for all Namibian citizens; and through our Post Office infrastructure that reaches those who might otherwise not have access to basic financial services. Some of our unprofitable outlets provide an essential service in remote areas, while our profitable services subsidizes them and contribute to our company growth and tax contribution accordingly.

Stable workforce and productive contributors

810

people employed by NamPost Group, with no salary cuts or retrenchments.

N$275 million

paid in **salaries and benefits** to NamPost employees.

N$64 million

in **taxes paid** to government during the year.

133

post offices across Namibia's vast geography.

Providing access to socio-economic growth

291 486

NamPost VISA SmartCard holders with access to affordable payment services on the back of **secure savings** facilities.

99 768

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

N$504 million

in **micro-loans** empowers pensioners and small businesses, particularly those run by women.

77%

of Savings Bank SmartCard Customers were onboarded to the **VISA SmartCard** in 2021.

Balancing profitability with social return

51

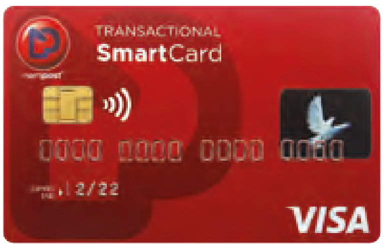
of our post offices are the only access points for **financial services** in remote communities.

89

post offices supporting social inclusion via **unprofitable outlets** in remote communities.

34%

of our post offices are **profitable**.



Supporting the nation through the COVID-19 pandemic

NamPost was designated an essential services provider under the national COVID-19 regulations.

Since the onset of the pandemic, the virus has spread across all continents, infecting many people in countries around the world. Minimising the impact on business, communities and employees are all main issues of concern for every organisation. The impact on NamPost's strategy, performance and business units is discussed throughout the report.

NamPost continued to mobilise support and equipment for our communities, focused on the safety of our front-line employees, office employees and customers, and have successfully implemented a Business Continuity Plan to provide customer access to our essential services under altered circumstances.

> We were entrusted by the laboratories all over the country with the overnight delivery of COVID-19 samples for testing purposes and in 2021 NamPost was appointed by the Central Medical Stores (as part of the Ministry of Health and Social Services) **to distribute and deliver vaccines** as part of their national vaccine rollout plan.

Supporting our communities and our people

In what has been one of the most challenging times in NamPost's almost 30-year history, today we remain as relevant as ever to Namibian communities.

NamPost continued to provide sanitisers and masks, as well as the creation and distribution of Information, Education and Communication (IEC) related posters and materials to all our retail outlets across the nation to combat misinformation.

NamPost employees experienced the effects of the pandemic on colleagues, family members and their communities. To help minimise the negative effects of uncertainty, we communicated and ensured that no jobs were at risk and assisted employees who had been working remotely to integrate back into the workplace.

1

Supporting employee mental health

Providing additional support and boosting morale in difficult times.

2

Community and employee safety measures

Split teams, shift work and all employees working from home upgraded to Microsoft Office 365, with fast connections and secure firewalls.

3

Job security

100% of NamPost jobs protected and all NamPost Group employees received full pay.

CHAIRPERSON'S REVIEW

*NamPost is a dynamic and complex organisation that makes a **significant contribution** to Namibian communities. I am impressed with the dedication and endurance of its people who go the extra mile to deliver what people need during these difficult times.*

DR SIMEON AMUNKETE
Board Chairperson

Following the initial introduction of measures such as the closure of borders and the suspension of gatherings due to COVID-19 in 2020, the country had anticipated a relative recovery this year. But, as has been experienced worldwide, subsequent waves continued to necessitate lockdown measures and we all felt the impact in various ways. During what were difficult times for many citizens, our post offices remained open to sustain communities and ensure that all Namibians had access to our services.

NamPost has delivered some impressive results amid many challenges

The new Board, appointed in May 2021, is cognisant of the macro-economic challenges the organisation is facing. Namibia is entering the fourth year of an economic recession that was prolonged due to the pandemic, and unemployment is high. NamPost's focus was to protect our people with regards to physical and mental health, serve our regional communities and safeguard our business and jobs for the long term. Given these circumstances, the fact that NamPost was able to recover to the extent that it has bounced back into profitability this year is a testament to the foresight and planning of leadership and the resilience of its people.

Poised for the challenges and opportunities of our future

A decade ago, the organisation was geared for mail services, which accounted for more than 80% of the business. NamPost leadership had already anticipated the decline in paper mail and aligned its new strategy and structure to diversify services accordingly. NamPost has made great strides in reducing financial exclusion through its innovative financial service offerings.

The new Board reviewed the key strategies that were put in place and monitored the implementation thereof. We are satisfied with the progress on the existing strategy. The financial results indicate that we remain a relevant and sustainable service provider in the Namibian landscape. Each year, our operations make a direct contribution to national GDP and we continue to play a critical role in terms of social and financial inclusion for all citizens.

Our broad objective to support our customers, help our communities to thrive, and create products that people value and trust through reliable delivery remains unwavering.

In a post-pandemic environment, the Board anticipates that management will implement measures to adapt to the "new normal", both in the workplace and in customer engagement. Primary trends indicate an increasing dependence on digital and online communication. The way that people utilise mail is changing, but it is not dead. Parcel delivery is of increasing importance in a connected world of e-commerce and NamPost will be placed to operate in a more digital future with our related plans in progress.

Appointment of new directors and good governance

The new Board was appointed by NPTH and our induction process was thorough. New Board members had the opportunity to visit sites to sense the nature and culture of NamPost. This instilled an acute awareness of the organisation we have to steer and embedded a sense of belonging despite the apparent complexity of the operations.

We recognise the importance of good governance and aim to uphold the values of high ethical standards, robust review and deliberation and sound decision making that the outgoing Board members demonstrated.

The Board is guided by the corporate governance principles of our predecessors and we are committed to enhancing our role in creating value as a responsible business.

The Board is satisfied that our combined assurance model is robust and compliance regarding our CRAN licence, financial services, tax regimes and labour is on track and ongoing.

Dividends and investments

Our dividend policy is guided by the profitability and liquidity of the Group. NamPost is in an investment and growth phase of the business and requires additional capital for new projects and the successful implementation of its strategy. Given the many projects currently underway (with some in the pipeline across all our business units and shared services), combined with the business limitations still being imposed by the prolonged economic recession and the persisting COVID-19 pandemic, the Board of Directors did not declare a dividend during the 2021 Financial Year.

Chairperson's review *continued*

Looking ahead

The country's economy still faces substantial challenges in the short to medium term. High unemployment levels, exacerbated by the pandemic, will need to be addressed before meaningful recovery is achieved. Nevertheless, NamPost remains steady within this context and is hopeful that the national vaccination rollout plan will enhance resilience. Our emphasis moving forward will be on continuing to improve our customer centricity and further developing a company-wide digital strategy to stay abreast of consumer preferences. The new Board will have oversight of the development of the next strategy cycle that commences in 2023.

Appreciation

I would like to thank the outgoing Board for their excellent handover. I welcome my colleagues to our new Board and thank them for their commitment to steering the way ahead. I am grateful to Management for their meticulous preparation of our Board matters and their implementation of key initiatives. I am most especially heartened by the courage and endurance of our employees as they worked hard to serve our communities in the face of the pandemic. I thank NamPost Telecommunication Holdings (NPTH) and the Ministry of Public Enterprise for their guidance and look forward to serving my term as the new Chairperson on this journey.

Dr Simeon Amunkete
Board Chairperson


POST OFFICE
nampost®
HEAD OFFICE
POST OFFICE
COURIER
SAVINGS BANK
POSTFIN LOANS

CHIEF EXECUTIVE OFFICER'S REVIEW

*A **moderate recovery is evident** in the Namibian GDP, following a pandemic-induced contraction of 8.51% in 2020. NamPost experienced a relative bounce-back off a low base and **proved resilient,** although we remain cautious about the sustainability of this growth trajectory in a subdued economy.*

FESTUS F HANGULA
Chief Executive Officer

Performance

NamPost's customers across Namibia remain under financial pressure due to the prolonged pandemic and recession, despite a moderate GDP recovery over the previous financial year. Three of the four quarters in the NamPost financial year experienced negative growth making it the worst consecutive quarters in the company's history. Moderate growth was only observed in the second quarter of the calendar year. The economic performance for the financial year was worse than the preceding year. The national vaccine rollout is slow, while the pandemic-related disruptions to local and international trade and reduced retail activity continue to place pressure on our Mail and Logistics and Retail Channel business units.

Nevertheless, NamPost is proud to report an overall bounce-back into profitability, supported primarily by our cost control efforts and portfolio gains in a low-interest environment.

Group revenue decreased to N$945 million (2020: N$953 million). Operating expenses increased by 2.8% to N$492 million (2020: N$478 million) and profit before tax (PBT) increased by 736% to N$54.0 million (2020: N$6.5 million).

Best performers for 2021
Treasury, Hybrid Mail, and Shared Services

Challenged areas for 2021
Mail products and domestic courier business

Please see the Financial review, page 32.

This ability to bounce back after a challenging year is evident throughout NamPost's history, and we proved this resilience again with our latest performance, despite the economic downturn lasting longer than most cycles due to COVID-19. The ongoing pandemic tested our business continuity plans, with many Post Offices operating on skeleton staff during waves of lockdown. We emerged with the ability to remain standing while planning for further future diversification possibilities.

NamPost continues to focus on the low-end of the market to support financial inclusion. We are also committed to our social imperative to provide access to essential products and services in remote areas, thus some of our Group revenue supports the currently non-profitable post offices, although we have plans to re-ignite our retail channel under more normal operating conditions.

Through the storm, we have seen clear rays of hope and recognise our role as a key network and economic pillar of transportation in the country. NamPost could step in and continue bearing courier loads when other service providers ceased operating due to low volumes.

We will continue to build on our customer-centric and business efficiency model.

Although we made progress implementing our customer experience strategy, pandemic restrictions reduced our capacity to interact internally and implement training. We will continue to build on this foundation moving forward. NamPost is now licensed and regulated by CRAN. Besides payment of license fees, more time and resources are being invested in reporting to the regulator. The first CRAN report was submitted in April 2021 and the second one in August 2021 — we await feedback.

The **re-alignment of our business operations** in 2020 into the three new business units aimed to streamline processes and allow for an increased focus on sales in all units. We are seeing the benefits of synergy in many areas, although the prolonged economic downturn prevents us from fully realising and assessing the results at this stage. We are poised and ready to leverage our restructured organisation and customer focus as the situation stabilises and we can renew our sales efforts.

Chief Executive Officer's review *continued*

Financial Services

NamPost's Financial Services reported a particularly good performance, buoyed by savings in the cost of funds and realised gains from the fixed income instruments switches. The cumulative 275 basis points (bps) drop in interest rates by the Bank of Namibia between February and September 2020 last year contributed significantly to the savings realised in cost of funding in the Treasury operations, as more significant matured deposits re-priced at lower rates and new deposits raised at a lower cost. As a result, net interest margin increased and by extension profit for our Financial Services business.

We have completed the VISA SmartCard migration process and we're pleased with the uptake, especially among pensioners and other social grant recipients. 2021 was also marked by significant achievements such as the roll-out of the SMS notifications for all Smartcard holders and Bank of Namibia's approval of the soon to be rolled out Send Money USSD functionality. These services will significantly change the way our customers bank and drive us further toward the achievement of our digital transformation agenda. Financial Services represents a substantial contribution to Group profit in 2021.

Please see Financial Services, page 48.

Mail and Logistics

The bulk of our mail and courier business customers are negatively impacted by the weak economy and prolonged economic impact of the pandemic, resulting in lower than expected growth in this area. Overall paper mail is declining much faster than originally anticipated, although Hybrid Mail (including digital) performed above expectations. Both incoming and outgoing International mail dropped significantly due to international and local lockdowns. It is highly unlikely that the mail services business will return to the pre-pandemic levels. Balancing this, our courier services are likely to pick up again in the medium term but is uncertain given the current economic situation.

Please see Mail and Logistics, page 54.

Retail Channel

We are heartened by the resilience of our Retail Channel, which although not profitable, continues to provide essential support to the communities they serve across rural areas. High unemployment levels in the country are detrimental to the number of walk-in customers for agency services. Our focus on serving the lower end of the market means unemployment levels have a more prevalent impact.

Fee negotiations with the Ministry of Poverty Eradication and Social Welfare resulted in the non-renewal of the contract for cash pension pay-outs, further reducing presence in post offices. Nevertheless, in difficult times we pride ourselves on the social return we provide for our wider stakeholder group. We aim to keep outlying communities connected and help other businesses extend their reach, with future plans in place to derive more value from our postal infrastructure, which represents a high proportion of our fixed costs.

Please see Retail Channel, page 58.

Continuing shift to digital

Consumer behaviour trends in Namibia, such as embracing e-commerce and electronic money transfers will ultimately impact NamPost's business model, although data affordability remains an issue for the lower income brackets, resulting in a slower rate of adoption for many of our customers. At a high level, we aim to continue with a digital focus to enhance revenue generation, improve our customer experience and ensure that internal processes benefit from more dynamic and efficient technology-related solutions.

We have been digitising our tools and processes for the past few years, with pockets of both internal and external efficiency realised. Our Project Management Office is now fully established within NamPost, helping to centralise, prioritise and formalise our plans for innovation. This also allows us to highlight areas of excellence and to focus limited resources on areas that require development.

Our primary focus areas are on rolling out Enhanced Electronic Fund Transfer (EEFT), internet banking and USSD send money capability to the market. From a card data security perspective, NamPost has been re-certified as PCI-DSS compliant.

Progress against our strategy

Enhance shareholder value

To ensure that we create value for our shareholder, NPTH, we implemented stringent cost management measures while also focusing on opportunities in the market. The turnaround from last year's loss was supported by leveraging lower interest rate opportunities and implementing strict cost management measures.

Journey towards customer centricity

Our customer experience strategy is in place and we are implementing our customer experience plan. We engage with key stakeholders and introduced the Mystery Shopper initiative to assess how customers experience the products and services we offer at a retail level. This also stimulates competition on the ground among post offices.

Achieve operational effectiveness

We are seeing some results and have made progress on improving supervision and reducing fraud, although some areas require ongoing attention, particularly on our front-end systems. We are evaluating the segregation of duties at post offices and will prioritise this in the next financial year. Our intent is to ensure fit-for-purpose systems.

Measure and manage business risks

Our Risk and Internal Audit Departments are now fully operational and embedded in our culture, complemented by our Compliance capability. This achieved a higher awareness of risk management across the organisation. We are moving in the right direction and aim to enhance this further.

Enhance human capital and culture effectiveness

The changing letter mail landscape and digital disruption in Namibia require our business to adapt. NamPost offers various services over a wide range of different activities and as such, we continue developing skills and fostering ethical behaviour in the different business units. We also started rewarding customer centricity to incentivise high performance.

Outlook and future focus areas

Stakeholders can expect that our focus in the short-term will remain on ensuring that we can weather the storm of the prolonged recession and pandemic-related disruption. Where we initially expected greater economic growth in the country following the contraction last year, this may materialize only as a small increment of 1.4%. As a result, our recovery is not as robust as we had anticipated and NamPost will continue to intensify our austerity measures to maintain sustainability in this weak economic climate.

ExCo's key areas of focus in the 2022 financial year will be to explore how we can stabilise the mail aspect of our business, combined with efforts to stimulate our parcel business.

We are evaluating our operating model in a dynamic environment to be better positioned to capture long-term opportunities in the shift to digital.

Appreciation

Our executive team has experienced significant changes over the past five years, but our new leaders are bringing fresh perspectives to the organisation, without losing the deep institutional experience embedded in our teams. I am confident that we have a strong team that can take us through the next stage of our business.

I would like to extend my heartfelt appreciation to all our employees for their resilience through trying times. Despite some employees experiencing personal family losses over the pandemic, everyone has rallied to ensure mutual support and cooperation.

I further thank our customers for placing trust in our brand and to our shareholder, NPTH, for ongoing support. Finally, I welcome the new Board and express gratitude for their fresh insight and support throughout a challenging year.

Festus F Hangula
Chief Executive Officer

OUR BUSINESS MODEL

Our pools of value

Our financial capital

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

Our people and expertise

Our experience includes successfully operating in our market since 1992 and the combined knowledge of our diverse leadership teams and dedication and skills of our employees.

Our infrastructure

Our network of 133 Post Offices, our IT infrastructure and logistics fleet allow us to reach communities throughout Namibia.

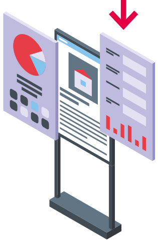
Our relationships

Interacting, understanding and engaging with our broad customer base, shareholder and communities.

Connecting Namibians to our products and services

What we do

We meet our social and commercial obligations and connect Namibians through the activities of our three business units (supported by Shared Services) and their respective products and services.



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 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.

Creating current and future value

- A large and stable group **providing employment** to 810 Namibians, who in turn contribute to the economies of their communities.
- Creating a more prosperous Namibia through **enabling financial inclusion** for the underbanked.
- Providing **social inclusion** opportunities for residents in remote areas and connecting communities across the country.
- Delivering mail, parcels and digital services through our **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** in the broader Namibian landscape through innovative products and services in line with market trends.
- Investing in **digital** infrastructure, systems and learning for a sustainable business and skills
- **Diversifying** our products and services beyond physical mail.
- Supporting the **changing needs** of communities and customising services for both ageing customers and the new generation.

How we do it

An effective and stable workforce
Please see Our people, page 38.

Customer centricity
Understanding and serving our customers' needs

Understanding and serving our customers' needs
Please see Creating value for stakeholders, page 26

Operational effectiveness
Efficient business processes with fit-for-purpose Information and Communications Technology (ICT)
Please see Technology, page 44.

Rigorous risk management
Please see Risk management, page 76

Our business model *continued*

Inputs

Our financial capital

- Deposits that fund NamPost's goods
- Production and services provision
- Own capital and proceeds from product and service sales

Outcomes

N$6.1 billion deposits ↑ (2020: N$5.9 billion) (3% increase)
1.2% asset ↑ (2020: 11%)
2.8% expense ↑ (2020: 12%)
0.8% revenue ↓ (2020: 10%)
15% return on equity (ROE) ↑ (2020: 2%)
1 065% return on investment (ROI) before tax ↑ (2020: 127%)
N$54.0 million PBT ↑ (2020: N$6.5 million)
388% profit after tax (PAT) ↑ (2020: -38%)
51% operating expenses to income ratio ↑ (2020: 49%)

NamPost continues to enforce stringent cost control measures, ensuring sufficient liquidity is preserved for future sustainability and value creation for all our stakeholders.

Please see the Finance Executive's review on page 32.

Our people and expertise

The dedication and skills of our employees are critical for delivering our services and we are invested in their development

- **810** employees.

N$275 million spent on remuneration (2020: N$263 million)
N$3.6 million (2020: N$1.5 million) invested in training

NamPost maintained our full workforce and upskilled our people to better serve customers and increase our intellectual capital. Financial capital was eroded in favour of preserving jobs and growing talent.

Please see Our people on page 38.

Our infrastructure

This includes manufactured capital – which consists of our network of post offices that reaches communities throughout Namibia

- **133** post offices.
- Properties owned, leased from NPTH and other landlords.

10 225 255 mail items handled, consisting of **10 213 456** letters [2020: 71 million] and **8 186** parcels
73% PO Boxes rented out (2020: 75%)
N$112 million mail revenue (2020: N$130 million)
133 post offices (2020: 135)

Financial capital erosion is balanced with creating social value through serving remote areas. We also maintain our infrastructure to unlock future value through the diversification of services.

Please see Mail and Logistics on page 54, and Retail Channel on page 58.

Our relationships

This forms our social and relational capital and our commitment to enhancing all Namibians' quality of life

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

- A total of **291 486** VISA SmartCards rolled out (2020: 140 000).
- **21229** new insurance policies (2020: 10 862).
- **N$63.7 million** tax paid (2020: N$62.3 million).
- **82%** Customer Satisfaction Rating

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 Creating value for stakeholders on page 26.


nampost

STRATEGY

NamPost has a five-year strategy cycle. We are in the final year of the current five-year strategy and are preparing for a major strategic review in 2022 for implementation in 2023. There were no changes to our current strategy and the new Board was inducted accordingly.

Progress on our strategic objectives

Despite our focus on operating during the altered circumstances of the pandemic, and providing essential services within those limitations, NamPost continued with our strategic objectives as listed below:

Strategic objective	Route to deliver strategy	Progress during 2021	Future focus
Enhance Shareholder Value	• Increase net profit. • Increase social return.	• Group profit bounced back by 736% to N$54 million. • Better utilisation of our banking assets and enhancing our financial products resulted in an increase in net interest margin in the Financial Services business unit. • All post offices remained open during COVID-19 lockdown periods.	• Stimulate e-commerce • Enrich postal agency services. • Acquiring a PSD7 licence for Electronic Fund Transfer (EFT).
Journey towards Customer Centricity	• Increase net profit. • Implement the Customer Experience Plan in a phased approach. • Achieve 80% customer rating.	• Building on the foundation of customer centricity. • Pockets of digitisation implemented . • 82% Customer Rating Score.	• Implement company-wide customer experience strategy. • Develop and implement company-wide digital strategy.
Achieve operational effectiveness (get the basics right)	• Enhance all business processes. • Ensure fit-for-purpose ICT. • Improve management information.	• As-Is Assessment of company-wide digital maturity in progress. • Adjust ICT infrastructure by applying sound and approved business requirements. • Blind-balance system for enhanced separation of duties at post offices in place. • Increased customer satisfaction due to improved business services.	• Assess current business processes against a risk-based approach. • Assess current postal capacity against NamPost strategic objectives and align accordingly. • Continue to enhance business processes. • Ensure fit-for-purpose ICT in accordance with approved business requirements. • Re-prioritise post office inspections.

Strategic objective	Route to deliver strategy	Progress during 2021	Future focus
Measure and manage business risks	• Introduce and implement ERM Framework.	• Framework in place • 83% ERM plan complete. • Risk management principles embedded in NamPost culture. • Instil a risk-averse culture.	• Continue rolling out ERM plan. • Ongoing CRAN licence compliance. • Ongoing Financial Intelligence Act and Bank of Namibia compliance.
Enhance human capital and culture effectiveness	• Recruit, develop and retain skilled employees. • Create and embed aspects of a high-performance culture.	• Group training slowed down due to COVID-19 gathering restrictions. • Personal development plans for senior management in progress. • A sense of job security during the pandemic consolidated loyalty.	• Implement the new e-learning initiative. • Continue embedding a customer centric culture company-wide.

BUSINESS DRIVERS OVERVIEW

NamPost is a vital element in the national infrastructure, delivering financial value for our shareholders and social value for the people of Namibia. Within a dynamic operating context, external factors are often out of our control. We have to 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 of the key global and local impacts on our business. We respond to these through our strategic objectives.

COVID-19

The pandemic continues to impact the flow of goods and people around the world. Supply chains have been severely disrupted. According to the Harvard Business Review, a series of supply and demand shocks exposed vulnerabilities due to lockdown restrictions, and limited the movement of critical goods, while some organisations had to simultaneously deal with labour shortages due to travel restrictions and infections. Some supply chains have proven to be a vital lifeline to support communities, keeping essential medical supplies, food and other key necessities flowing where they're needed most. For companies such as NamPost, the responsibility to continue delivering an essential service puts a heavy burden on a management team, and highlights the importance of risk management.

Read more about NamPost's response in the chapter on risk management from page 76.

Enhance shareholder value

Measure and manage business risks

Economy

Although many parts of the world have shown vigorous economic recovery after initial COVID-19 impacts, the levels of growth in southern Africa are muted. Even disregarding COVID-19, Namibia had been struggling to overcome dragging recessionary conditions since 2016. Rising government debt, increasing inequality, unemployment and low growth are lead indicators for lower mail volumes, lower post box demand and a consumer shift toward more affordable digital and e-commerce options outside of the traditional post office offerings. The country's medium-term growth potential remains subdued with structural constraints such as high transport and labour cost, lack of skilled labour, and development challenges arising from the country's low population density. These factors, combined with the needs associated with a more digital economy, will require NamPost to make dynamic and innovative changes to ensure sustainability.

Read more about NamPost's response in the Chief Executive Officer's review from page 14.

Enhance shareholder value

Regulation

Globally, payments systems are evolving rapidly. In Namibia, this is evident from the launch of NamPay, the adoption of international payments security standards and programmes, as well as regulatory advancements and new guidelines. All participants in the payments system recognise the importance of integrating solutions to achieve interoperability.

The success of the national payments system in Namibia relies on collaboration from all stakeholders. This will ensure that the country makes progress towards financial inclusion, and can develop the most appropriate infrastructure to support an efficient and secure payments system.

Although NamPost remains a non-bank financial institution, it is increasingly subject to regulation and oversight by the Bank of Namibia as its products and services expand, for example through the launch of the VISA SmartCard. It has to consider Universal Postal Union (UPU) regulations and meet the CRAN licensing conditions related to its status as a Designated Postal Operator.

Read more about NamPost's response in the Chief Executive Officer's review from page 14 and the compliance section from page 75.

Measure and manage business risks

Technology

New technology and data analysis tools bring more business efficiency, but also more security risk. 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. The rapid shift to working from home also meant that employees were moved off-site at short notice when lockdowns were introduced, taking them outside the control environment of centralised IT systems.

According to a report by Liquid Intelligent Technologies on cyber security in Africa, the safety, security, and protection of data is the highest common cyber security issue identified by their research. 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 in the chapter on information technology from page 86.

Achieve operational effectiveness

Competition

Vast physical networks and sound customer relationships are typical competitive strengths for postal service providers. With a vast branch infrastructure and logistics network servicing these branches, postal operators have started offering a wider portfolio of financial and retail options.

In many countries, public postal operators have entered into joint ventures with financial institutions. They also provide agency services to telecommunications companies and government departments, enabling customers of agency partners to access their services at post offices.

These initiatives build on a common customer base and the perception that postal operators can offer 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. The local post office has the potential to become a one-stop shop for area residents.

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.

Read more about NamPost's long term strategy, competitive positioning and progress on page 22.

Journey towards customer centricity

Skills

According to Deloitte research on tomorrow's workforce, many employers around the world are struggling with the mismatch between youth skills and employer needs, which is threatening to become even wider as Industry 4.0 transforms business and jobs faster than workers can adapt. They predict that in 15 years, two-thirds of people will be employed in jobs that don't exist today. And these jobs won't necessarily be located where the job seekers live.

With a slowing population growth rate, low population density and increasing urbanisation, Namibia is already challenged by skills shortages.

According to the Namibian National Planning Commission (NPC), the Namibian dream is for all people to have employment opportunities and for the unemployment rate to be less than 5% of the labour force. In its 2019 Namibia Labour Market Outlook report, the NPC highlights the skills gap that the economy is likely to experience over the next five years towards 2023. It expects a huge supply in elementary occupations, which will have to be offset through skills development.

NamPost has traditionally absorbed a portion of available elementary skills. However, as it expands and changes its operating model, the skills level of its employees determine the quality of its workforce and the level of productivity. Due to the remote nature of many post offices that rely on single operators, a variety of skills are often also demanded from one person.

Enhance human capital and culture effectiveness

CREATING VALUE FOR STAKEHOLDERS

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

BERLINDI VAN ECK
Executive: Corporate Marketing, Communication 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.
- Recovery, teamwork and a positive "can do" attitude despite the department being affected by the COVID-19 virus.

Challenges

- Conducting customer events and participating in annual events such as Regional Trade Fairs was limited due to pandemic restrictions.

Branding and marketing focus areas

The overall, combined NamPost brand campaign implemented in 2020 served to raise awareness of NamPost and keep our brand top-of-mind in the marketplace. The campaign laid the foundation for this financial year, in which we were able to implement our annual marketing plans for each business unit.

Our primary communication efforts were focused on migrating our customers to the VISA SmartCard by March 2021. We are pleased to report that our initial concerns that the older demographic may not embrace the new technology were unfounded and transactional activity is good. From May 2021, our focus shifted to educational messages relating to the use of the 'swipe' functionality on the SmartCard.

Business results indicate marketing effectiveness, with an increased uptake of our **courier pre-paid products and basket of funeral products** following the respective campaigns. Our communication channels for marketing represent a good mix of digital, such as the web and social media, and traditional media such as newspapers and print, as well as in-store promotions to reach all segments of our existing and potential customers based on their preferences.

Our in-house COVID-19 communication is ongoing and adjusted as necessary to the country's pandemic and response levels. The campaign aims to provide informed information and encourage vaccination of all employees and family members.

To energise team spirit at post offices and ignite customer excitement, we conduct a weekly **Friday Bonanza** promotion across the network every Friday of each month. Sales are going well and the promotions serve to create awareness of all the products and services on offer at the retail outlets. It further energises employees to conduct cross-selling.

Creating value for stakeholders *continued*

Awards and Recognition

PMR Diamond Award for the 10th consecutive time:

NamPost Courier.

PMR Diamond Award for the 3rd consecutive time:

Company/institution doing the most to accommodate and enhance the interest of elderly/senior citizens.

IPPR Public Enterprises Governance rating 2021:

NamPost in joint first place with NamPower and MTC with a rating of 98 vs 94 in 2020. Improvement of 4 basis points.

Making a difference to communities in need

Through its Corporate and Social Responsibility (CSR) investments, NamPost provides further positive social value. We supported those in need due to retrenchments or financial difficulty as a result of the pandemic by taking part in the following initiatives:

Total donations and Sponsorships: N$166 000

- Transportation of COVID-19 sanitation products and masks.
- Education-related sponsorships.
- Winternights Round Table of Namibia.
- Food parcels for pensioners in need.
- Firefighter and marchall's assistance.

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 eliminate any that are obsolete. This reduces company-wide risk and ensures newly introduced products are profitable and in line with market demand. This will become one of our focus areas moving forward.

Customer experience engagement

NamPost conducted an Annual Customer Perception Survey for the current Financial Year and the overall performance measured revealed an overall mean score of 82%.

To further benchmark the customer experience in our retail stores, we launched the **Mystery Shopper** initiative, wherein specific questions are asked by a mystery shopper to evaluate the customer experience. The results from the exercise guides business on the implementation of corrective actions and strategies to increase the customer satisfaction experience.

We continue to build on the foundation of our customer experience plan. To this end, we strengthened our Financial Services call centre with additional staff to support SmartCard migration enquiries. We also introduced a telesales function for courier products. We plan to implement a dedicated customer complaint line in 2022 to contribute to our CRAN license reporting. All of these points of contact provide insight into our customers' experience and further inform our customer-facing training.

Our **NamPost Customer Experience Charter** was **developed and approved by Business Unit Executives** and details our commitment to our customers and ensures their data confidentiality, our responsiveness and accessibility options and includes points of contact for customer queries or complaints.

Stakeholder engagement

NamPost's stakeholder engagement plan was approved in 2020 and maps NamPost's stakeholders, sets the framework for dealing with different stakeholder segments and identifies the manner and frequency of engagement. We follow the principles of mutual involvement, openness, relevance, learning and action.

Below are NamPost's key stakeholders and their expectations.

How we create value	Engagement, expectations and concerns	Responses
Customers		
NamPost serves various customer segments with bespoke solutions based on their respective needs. Our services connect communities, keep people and businesses in touch, and ultimately serve the aim of financial and social inclusion for all Namibians through affordable and accessible products and services. For further information, please read: • *Financial Services, page 48.* • *Mail and Logistics, page 54.* • *Retail Channel, page 58.* • *Information and Communication Technology (ICT), page 44.*	NamPost conducts public and direct one-on-one communication aimed at opening a dialogue to connect with customers, offer solutions and listen to their needs. The younger demographic demonstrates a desire for more digital and e-commerce platforms, while certain segments prefer face-to-face communication or shopping at many of our retail outlets. Our customers seek value-for-money, user-friendly products and services that are up-to-date with market trends and easy to access.	NamPost responds promptly to customer enquiries and conducts quarterly Mystery Shopper surveys to benchmark the customer experience in retail outlets. Our offerings are increasingly digital, while still serving the needs of traditional postal requirements. We have migrated 77% of our Savings Bank customers, including pensioners, to the VISA SmartCard allowing them to swipe at any institution. Plans for a centralised call centre, online banking and e-commerce platform are in place for launch in 2022.
Shareholder		
NPTH is our sole shareholder, to whom we are accountable for strong, sustainable financial performance and long-term shareholder value. *Please read the Finance Executive's Review on page 32.*	NamPost engages directly with NPTH at quarterly management and Board meetings, as well as producing an integrated report. Our mutual expectation is for long-term sustainability, financial return and growth through careful capital management, planning and foresight.	NamPost continues to investigate innovation in our products and services, implementing new projects in a phased approach to minimise disruption. Risk management is embedded in our organisation and we maintain our liquidity at acceptable levels for business continuity.
Government		
NamPost is an upstanding corporate citizen that supports Government and promotes social inclusion. Government is a regulator and customer that utilises our products and services. *Please read Delivering social value on page 6.*	We engage directly with Government representatives who make use of our bulk mail services to ensure customer satisfaction. We also seek further opportunities to add value to Government with our mailing solutions via networking opportunities.	NamPost supports and contributes to the Government's Harambee Prosperity Plan II, and we are compliant with the Affirmative Action (Employment) Act. To address the decline in paper mail, we also offer digital mail solutions that government clients are increasingly utilising.
Employees		
Our employees are the backbone of NamPost. We employ a large workforce and provide personal development opportunities. NamPost recognises loyalty with long-term service awards. *For further information, please read Our people on page 38.*	Employees seek job security and personal development. Our employee engagement is ongoing through daily mentoring and on-the-job skills development as well as training sessions. Regular company newsletters, events and functions boost morale. Information sessions are conducted with management.	Job security during the COVID-19 lockdowns was communicated to all employees, creating a sense of stability during difficult times. Plans for personal development are in place and we are aiming to extend skills development based on an e-learning platform in 2022, which will provide customised and paced learning.

Creating value for stakeholders *continued*

How we create value	Engagement, expectations and concerns	Responses
Regulators/Legislators		
We comply with regulations and legislation, which uphold the rule of law in Namibia. For further information, please read: • *Risk management on page 76.* • *Internal audit on page 82.* • *Compliance on page 75.*	Direct engagement with CRAN is ongoing. The postal licence requires compliance and NamPost regularly reports accordingly. Our SmartCard banking system is certified by the Bank of Namibia in accordance with strict compliance requirements.	NamPost ensures that compliance awareness is raised across the organisation and we work on a combined assurance model with the Risk Management and Internal Audit departments. We are in the process of compliance with PSD7, which will extend our EFT banking services into full internet banking.
Suppliers and communities		
We contribute towards improved quality of life through our financial and social inclusion products. We connect communities and help businesses and individuals stay in touch. Our continued success benefits our supply chain.	NamPost is active in our communities, supporting those in need over and above our products and services. We engage with our suppliers through meetings and formal written communication.	NamPost delivered sanitisers and promoted COVID-19 education throughout our network. We offer favourable payment terms to our suppliers and this ensured timeous delivery of service.
Subsidiary and joint venture		
Through our subsidiary PostFin, we provide access to micro-loans with a specific focus on aiding pensioners and small business initiatives. *For more information, please read PostFin on page 51 of the Financial Services review.*	PostFin engages with the Board in one-on-one direct communication and via quarterly Board meetings. There is a mutual expectation of steady growth through responsible lending.	PostFin maintains a low-risk profile through risk management and a robust credit policy. To offset the loss in lowered interest rates, we increased focus on our marketing efforts. Plans for online loan applications will assist customers in accessing affordable funding.
Labour Unions		
Fostering a supportive relationship within the constraints of the economy. Namibia Public Worker's Union (NAPWU) represents 66.4% (46% in 2020) of our employees.	NamPost engages in annual wage negotiations with NAPWU. The expectation is a living wage and good living standards for all employees.	To support employees in the current economy, there were zero retrenchments or salary cuts. Despite the challenges of COVID-19, NamPost managed to grant a salary increase of 3% to the bargaining unit employees.

Outlook and Future Focus

In 2022, NamPost will be celebrating our 30-year milestone as an independent, commercial entity since our founding in 1992. Stakeholders can expect increased brand visibility around this, together with an enhancement of our product offerings as our business develops and pandemic disruptions wane. We will continue with our shift towards digital, and grow our community on social media, which is generating positive results.

Specific future communication focus areas include:

- Promoting online shopping via e-commerce.
- Investigating partner marketing strategies for more comprehensive product offerings.
- Launching a dedicated customer complaints line.


FRAGILE
Vorsicht Glas !

FINANCIAL REVIEW

"*Globally, the COVID-19 pandemic continued to cause businesses to sneeze, **suffocating the value chain** in which we operate and predictably making the economic resuscitation and recovery a long and arduous process.*"

BATSIRAI PFIGIRAI
Executive: Finance

NamPost's financial priority areas were:

Cost Containment

Where possible, to preserve cash flow amid the ongoing negative impact of the pandemic and prolonged economic recession

Strict working capital management.

Digital Transformation Assessment

To determine areas of high risk due to budget constraint delays and priority areas for future investment

Moreover, the domestic economy remains structurally weak, accentuated by the fault line of the prolonged recession, thereby stretching our resilience further. Nevertheless, our business performed fairly well and our liquidity remains relatively stable given the circumstances, placing us in good stead to fuel our journey and to realise future opportunities.

The contraction of the Namibian GDP last year and into the current financial year reduced spending power across all NamPost's customer segments. The economy rebounded by 1.6% after the second quarter of 2021, which is little comfort to businesses in the country given that the GDP contracted by almost 8% in 2020 and recovery is slow.

Against the backdrop of a prolonged economic recession and persisting COVID-19 pandemic, we continued with the measures that were put in place in 2020 at the height of the pandemic, such as the strict control of any new recruitment, ensuring that we did not incur additional costs in a tough economy. We expected to fill some of the positions left vacant this year, but the current economic challenges resulted in the deferring of the recruitment plan to 2022.

Our fit-for-purpose (FFP) committee is still in action and ensures that we strictly contain spending. **Cost and liquidity management** remains a primary focus and we achieved a good overall result in this regard.

Highlights

- Successful liquidity management under the tough operating environment.
- Consistently serviced our long-term debt and honoured our obligations.
- Due to savings in costs, we achieved significant profit growth year-on-year, even though revenue declined.

Challenges

- Mail and Logistics account customers' payment delays, which kept our trade receivables credit risk high.
- Dwindling volumes for domestic Courier business.
- Low interest rates posed limitations in the anticipated growth of the micro-lending interest income.
- Rapid decline in demand for paper mail.
- Slow macroeconomic recovery.

Challenges in collections from Mail and Logistics account holders persisted for the greater part of the year, although there was a significant improvement in comparison with the previous financial year when the impact of COVID-19 was devastating on many businesses and government institutions.

Positive cash flow is essential in times of crisis. As such, our investment in NamPost's digital transformation, which has been our aim for several years, remains a challenge in the current economic environment. To best utilise limited funds, we have gone out on tender for an assessment of digital transformation company-wide and the results will indicate where to prioritise investment.

Performance overview

Group revenue declined by 0.8% to N$945 million (2020: N$953 million) and PBT increased by 736% to N$54 million (2020: N$6.5 million). Our operating expenses-to-income ratio was at 51% (2020: 49%) owing primarily to the decline in revenue.

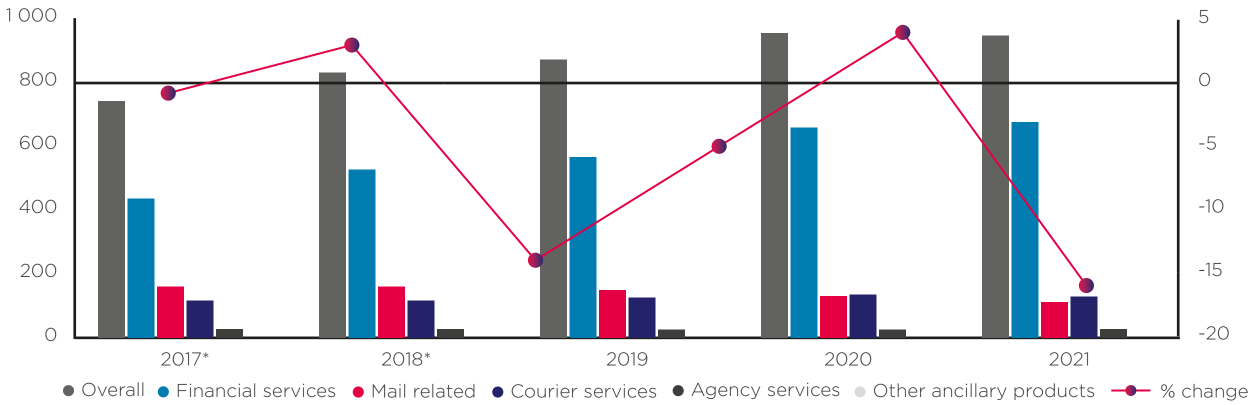
Financial review *continued*

NamPost's product and service offerings were affected by the prolonged economic recession, the pandemic and lockdown restrictions in different ways. Nonetheless, NamPost at company level reported N$38.4 million profit before tax (2020: N$14.7 million loss) and PostFin reported a profit of N$20 million (2020: N$21 million).

NamPost continues to deliver social value through our use of local suppliers and payment of taxes to government. During the year, the Group contributed value-added tax (VAT), income tax, import VAT, and pay-as-you-earn to the government of N$64 million (2020: N$62 million). N$609 million (2020: N$600 million) was paid to local suppliers for goods and services.

We continue to enhance our collection strategies for account customers. Despite the progress made, credit risk on Mail and Logistics account customers remains inherently high given the current economic situation. As such, our collection strategies will continue to be balanced against the need to keep business open.

Group revenue (N$ million)



* *Revenue amounts for 2017 and 2018 restated to reflect the subsequent change in accounting policy on airtime revenue, hence the amounts do not relate to the financial statements for these respective years*

As outlined above, revenue is 0.8% lower than last year due to continued declining mail volumes, a slump in domestic courier business volumes and lower interest rates in the market. Despite these challenges, positive contributions to the revenue reduced the extent of the decline and these were from unexpected realised gains from fixed income switched in the Treasury segment; Hybrid Mail jobs from the Ministry of Finance for tax filing; and micro-lending income, which increased by 3% as PostFin leveraged volumes of new loans issued against the backdrop of low-interest rates in the market.

Group expenditure

Total expenditure was 5.3% below last year. The decline is due to savings of 16.8% realised in cost of sales as a result of lower cost of funds on the Savings Bank deposits, which re-priced at lower interest costs, with new deposits raised at lower rates due to the interest cuts by the Bank of Namibia in 2020. Operating expenses were slightly up by 2.8% in 2020, which was primarily due to:

- performance bonuses provision made for 2021 (no bonus payout was done in 2020).
- an increase in professional and subscription fees to VISA, Payment Association of Namibia (PAN), Namclear and Standard Bank interchange fees as volumes in automated teller machines (ATMs) and point of sale (POS) increased.

Although no new loans were raised, finance charges picked up due to the full-year impact of the interest on loans. In the previous financial year, during which the KfW and AFD loans were raised, the interest impact represented only a portion of the year.

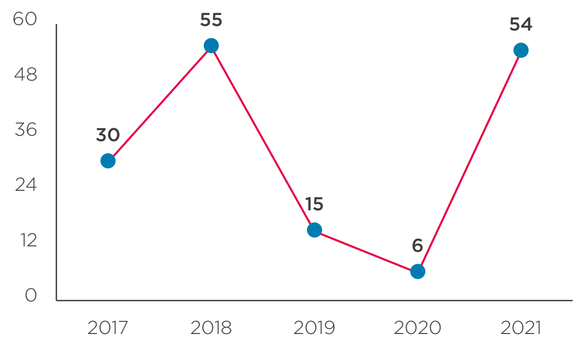
Revenue growth remains stunted in the current weak economic environment, and the Group will remain focused on implementing cost management measures to ensure profitability and liquidity preservation.

Group performance

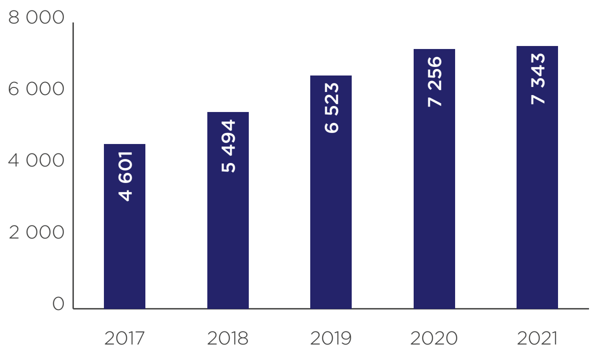
The Group reported a profit of N$54.0 million (2020: N$6.5 million). Contributing to this is NamPost, which reported a profit before tax of N$38.4 (2020: N$14.9 million loss) and PostFin reported a profit of N$20 million (2020: N$21 million). This performance was underpinned by significant savings in the cost of funds on Savings Bank deposits, revenue inflows that were not planned, such as the realised gains on fixed income instruments switches and job orders in the Hybrid Mail segment.

Trade receivables credit risk improved significantly, which is also reflected in the reduced debtors' days. We made a difficult decision to close many accounts in arrears and enhanced our collection strategies. Despite this progress, trade receivables credit risk remains inherently high given the current economic situation, and we will continue to sharpen our collection strategies.

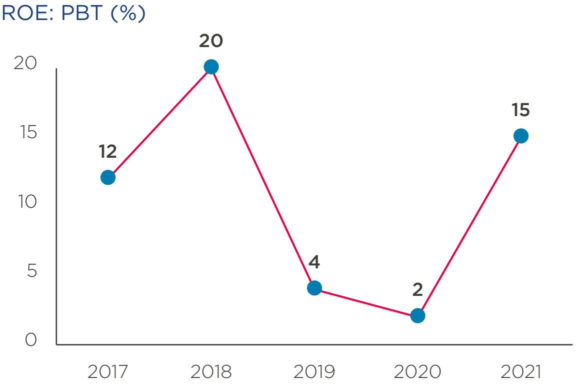
Profit before tax (N$ million)



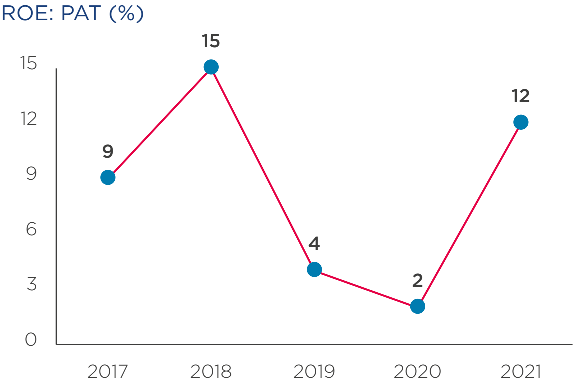
Total assets (N$ million)



ROE: PBT (%)



ROE: PAT (%)

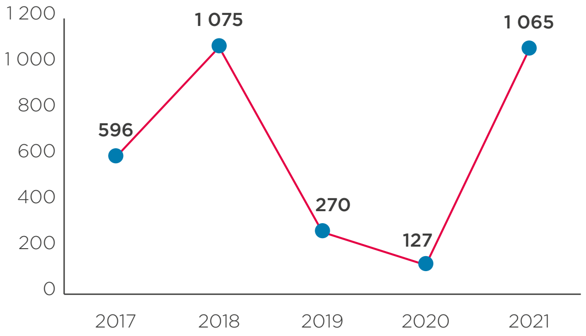


This metric is dependent on profitability levels. The ROE on PBT was 15% (2020: 2%)

This metric is dependent on profitability levels. The ROE on PAT was 12% (2020: 2%)

Financial review *continued*

ROI: PBT (%)



The return on the shareholder's initial investment increased to 1 065% (2020: 127%)

Financial Services

The stimulus provided by the Bank of Namibia in reducing interest rates affects our Treasury business in two ways: on one hand, we are deposit-taking at a lower cost, and on the other hand, we are investing at lower interest returns. Overall, we achieved a net saving that contributed to our bottom line because the cost of funding declined at a faster rate than the decline in interest income. Likely, this saving will gradually dissipate over the next year.

We anticipated a greater growth in non-interest income, but the environment is demonstrating declining transactional volumes, both at post offices and ATM touch points. Our pricing model on transactions is kept at the lower end to ensure customer affordability. Growth in this regard will therefore be dependent on the greater Namibian economic recovery and gainful employment of citizens.

Interest and similar income

increased by 1.7% to N$516.8 million (2020: N$508.4 million)

PostFin

increased by 2.6% to N$84.4 million (2020: N$81.6 million)

Bancassurance

increased by 19% to N$2.9 million (2020: N$2.4 million)

Transactional

(non-interest) income increased by 7.9% to N$70.4 million (2020: N$65.2 million)

Dividend income

increased by 6.6% to N$11.9 million (2020: N$11.2 million)

Mail

Total mail-related revenue decreased by 14% to N$112 million (2020: N$130 million). Most mail product components declined, reflecting the natural decline of paper mail. There was notable stability in Hybrid Mail and Government mail, due to additional mail jobs from the Ministry of Finance for tax filing. Reduction in flights resulted in a decrease in incoming mail, which continues to have a significant negative impact on international dues, and recovery going forward remains uncertain.

Mail-related revenue (N$ million)

Year (N$ million)	2017	2018	2019	2020	2021
Government mail revenue	22	23	17	21	**21**
Business and bulk mail revenue	40	39	37	35	**27**
Hybrid Mail revenue	19	16	16	15	**14**
PO Box rentals	33	35	34	35	**30**
Other mail products	48	47	44	25	**21**
Total mail-related revenue	157	160	149	130	**112**

Courier

Courier revenue declined by 5% to N$129 million (2020: N$136 million) due to the current economic challenges, which has seen volumes dropping, not least in the domestic courier business as customers are reducing frequency and quantity of shipment to manage costs. Prepaid products (EasyPack and EasyBoxes) increased by 27% as demand saw volumes picking up. International courier remains relatively stable and presents a growth opportunity, which is the premise for the e-commerce project currently in progress.

Courier-related revenue (N$ million)

Year (N$ million)	2017	2018	2019	2020	2021
Pre-paid products (EasyPack and EasyBox)	9	12	7	11	**14**
Domestic courier services	106	102	117	123	**113**
International courier services	2	2	2	2	**2**

Agency services

Agency services revenue increased by 4% to N$27 million (2020: N$26 million). Main revenue drivers are prepaid airtime, revenue stamps, and Namibia pensions with pre-paid airtime having the bigger proportion.

All third-party agency services

Year	2017	2018	2019	2020	2021
Revenue (N$ million)	27	27	26	26	**27**

Other

On a minor scale, the Group leverages its physical reach to sell other ancillary products like electronic gadgets and other retail products at a small margin. The current contribution is N$2 million (2020: N$2 million) to the Group's revenue, which is relatively small.

Outlook and future focus

The business terrain, both domestic and global, is likely to remain rugged for the foreseeable future. Moving forward, the journey to the full implementation of our strategy will not be easy. Uncertainty regarding the aftermath of the current economic storm will continue to choke the growth prospects of some of our business segments. We have witnessed the volatility in the global oil market, which has seen substantial fuel price increases for the greater part of the year, negatively affecting our Courier business. Despite these challenges, we will continue to leverage opportunities as they arise.

From a Finance perspective, our primary focus will be on the following:

- Successful implementation of the prioritised strategic projects in the Financial Services and Mail and Logistics space such as EEFT, USSD send money and e-commerce. We aim to finalise these projects within the next financial year.
- Continued focus on working capital balance and cost containment in the context of the prolonged recession. We aim to strike a balance between the needs of the business and preserving stable liquidity for future sustainability.
- The current and predicted economic trends place a high risk on trade receivables credit management. We will continue to implement measures to expedite collections while maintaining good client relationships.
- The long-term funding strategy is essential for Group sustainability. As such, we will focus on the strategic direction of our Financial Services business segment, including PostFin.

OUR PEOPLE

"*The Human Resources Department educates, enables and engages our people for a* ***motivated and inclusive workforce,*** *geared for adapting to change and delivering more for our customers.*"

SONIA BERGH
Executive: Human Resources

The Human Resources Department **educates, enables** and **engages** our people.

HR Educates

Our people through ongoing training; organisational and skills development; health and safety; and assessments.

HR Enables

An inclusive and connected workforce; maintains industrial and employee relations; union relationships and stability through policies and procedures.

HR Engages

Our people to develop a flexible, adaptable and supportive culture; retains and attracts talent; and provides the tools for our business units to successfully manage their teams.

Highlights

- Retaining our full workforce, which is a remarkable achievement given the ongoing economic impact of COVID-19 on business countrywide.
- Witnessing the fortitude of our people through challenging times.

Challenges

- Providing additional HR support for families and colleagues affected by the pandemic, over and above our Service Level Agreements (SLAs), despite staff shortages and cost-cutting measures.

Our people deliver more

Caring for our customers begins with caring for our people

The communication landscape is changing across Namibia as customer demand shifts towards more customised and digital solutions. At the same time, NamPost is committed to delivering the essential services that our older and more rural citizens need and expect. HR remains key to supporting all the business units in managing this gradual change without significant disruption to the stability of the workforce. As such, we continue to enable our existing employees to adapt accordingly, promoting a culture of customer-centricity without losing sight of our need to attract new talent. We carefully monitor the evolving situation and HR requirements, ensuring that our people receive the support they need to transition to a more digital future.

In terms of COVID-19 disruption, our primary focus was to protect our people and ensure that suitable arrangements are made for business continuity. As a complex organisation comprising a range of services, including customer-facing employees, this is necessarily an intensive exercise in terms of planning and redeployment where necessary.

HR also assisted in sustaining the mental wellbeing of employees, allaying fears related to the pandemic and supporting those affected. Communication is essential during times of uncertainty and our efforts include assurance of job stability, dispelling misinformation and encouraging our employees to receive vaccinations.

We are heartened by the resilience and strength displayed by our people in working to overcome challenges and emerge stronger, together.

Some of our planned initiatives, such as roadshows to engage our employees on our values and related behaviours, were deferred due to travel restrictions. Our efforts were instead focused on providing encouragement and motivation during difficult times.

We are pleased to report that there were no retrenchments or salary cuts, thanks to the combined efforts of HR and the executive team. With our employee complement reduced due to natural attrition (resignations and retirement), we are currently conducting focused recruitment to fill these positions.

Diversity and inclusion

98.13%
Previously disadvantaged employees (2020: 97.88%)

54.87%
Female employees (2020: 55.23%)

1
Employee with disabilities (2020: three employees)

Our people *continued*

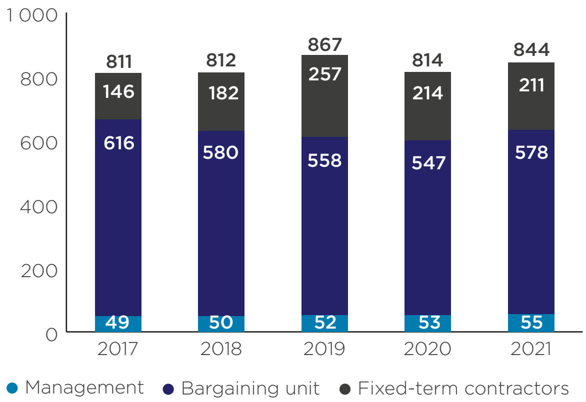
Retention and productivity

97.83%
Retention rate (2020: 97.73%)

0.81%
Absenteeism (2020: 3.63%)

13.23 years
Average length of service (2020: 9.80 Years)

Total Nampost Group Employee complement at Year-end



Focus areas

Digitisation and online learning facility

The advent of COVID-19 accelerated the need for digital solutions. However, the full automation of our leave and overtime, and e-learning platforms can only be implemented in a phased approach according to available funding as a full rollout would require fully digitally enabled infrastructure and equipment.

Requirements for an online e-learning platform are being scoped and we are testing various vendor solutions. The e-learning facility will support cost containment through reduced travel and accommodation expenditure and improved productivity with less time away from the office. It will also enhance learner outcomes with customised pacing and measurements.

Online recruitment, application and selection processes will also save time and resources.

Performance management

HR is an enabler for each NamPost business unit to meet their respective deliverable and targets. As such, we have specific SLAs in place with each business unit, and provide supporting tools for their successful team management.

The **NamPost Performance Management System** includes policy, processes, procedures and rewards. A newly combined performance management and rewards policy was approved by the Board in March 2021. We conduct annual strategic workshops to determine the HR balanced scorecard KPIs against a five-year plan. These are based on the following four perspectives:

- **Financial** – efficient and effective delivery of services (growing revenue and management costs).
- **Stakeholders/customers** – customer and stakeholder satisfaction.
- **Internal business processes** – best practice and customer-focused.
- **People learning and growth** – processes and structures to achieve high performance.

Companywide efficiency evaluation

NamPost launched an efficiency evaluation to determine areas for improvement and future skills requirements. The **productivity analysis** follows the restructuring that began last year and uses departmental self-analysis. At this stage, HR is providing diagnostic guidelines for the departments to identify possible bottlenecks and shortcomings that can be presented to the executive team.

Ultimately a plan will be developed detailing retraining, redeploying, upskilling and outsourcing requirements, including recommendations for developing our tech talent and core digital skills.

Wage negotiations

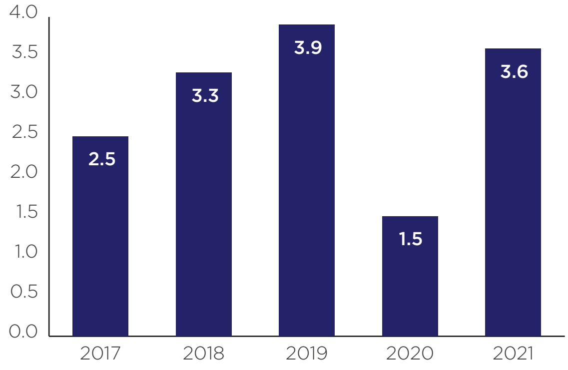
NamPost engages in annual wage negotiations with Namibia Public Workers Union (NAPWU). NAPWU membership represents 66.4% of our staff complement, and a union representative sits on our Tender Committee. We have successfully averted industrial action over the past 30 years and aim to maintain this relationship to avoid the risk of consequences to the company and employees. An agreement of 3% salary increase for the bargaining unit was concluded between the parties.

Training

We follow a combined approach in developing and presenting training material. 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 and works with the Namibia Qualifications Authority where relevant. For other training, we contract external service providers.

Three of our training programmes were cancelled due to operational commitments: selling skills, customer service and FreightWare.

Training spend (N$ million)



Programmes	Number of people trained 2021	2020
Anti-money laundering	**392**	46
Product knowledge	**11**	55
System training	**13**	50
Management development	**45**	50
Other training programmes	**17**	28

National pandemic lockdowns seriously disrupted the continuity of classroom training. While we have made progress on exploring online learning alternatives, this platform is not yet available. We will continue to explore e-learning opportunities to ensure future skills development is in line with our company strategy, which will be reviewed in 2022.

Health and safety

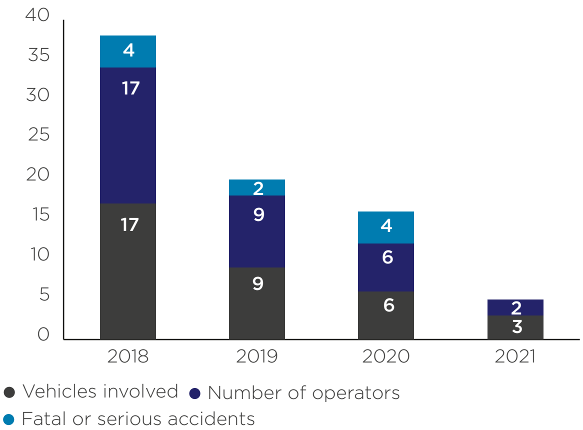
The COVID-19 prevention and mitigation activities set in place last year continued to ensure all national health and safety requirements were met and communicated to all employees. NamPost reported a total of 149 cases and four fatalities.

NamPost signed a five-year memorandum of understanding (MOU) on road safety with the Motor Vehicle Accident Fund of Namibia. The purpose is to inculcate and promote road safety amongst employees.

Post office health and safety inspections were limited to Windhoek due to COVID-19 health protocols. The following training needs, identified in 2020, remain to be addressed once pandemic restrictions are lifted:

- Legal liability, incident and accident investigation training for management and supervisors.
- Refresher training for first aiders, health and safety representatives and fire marshals.

Road accidents (number)



Our people *continued*

Employee value proposition

NamPost recognises that our people drive our business. We are invested in the continual development, empowerment and care of our workforce.

Benefits

Permanent employees receive medical aid, pension and continuous engagement and support.

Learning and development

NamPost provides study loans and development programmes that support the company strategy, and we provide skills training that employees can use beyond NamPost.

Culture

NamPost engages with employees to see how to best instil its values. We address employee concerns and feedback.

Compensation

Employees' compensation is based on comparative analysis against the market.

Job Security

NamPost has never retrenched employees thanks to stringent HR cost management. Wherever possible, we redeploy existing employees rather than engaging new hires.

Outlook and future focus areas

HR continues to align with NamPost's overall strategy and we will embrace digitisation at each stage of the process towards a customer-centric culture while ensuring the optimal skills, training and talent are in place. We aim to minimise the disruptive impact on our people and ensure workforce stability, balancing this with re-training for future needs.

Specific future focus areas include:

- Productivity analysis and digital skills requirements.
- Further developing the online e-learning facility.
- Initiatives to immerse employees in a customer-centric culture.
- Continued focus on health and safety and employee wellness.

Sonia Bergh has been NamPost's HR Executive for the past 16 years. Over her time with NamPost, Sonia has built a dynamic and responsible HR team, driven by sound systems and processes to enable efficiency in an empathetic and supportive environment. Her retirement on 31st August 2021 is well deserved and we wish her all the best in this new chapter of her life to spend time with her grandchildren. The HR team remains in place to ensure a smooth and uninterrupted transition for the new executive who will be appointed during the 2022 Financial Year.


INTERNATIONAL
COLLECTIONS

INFORMATION AND COMMUNICATION TECHNOLOGY

The ICT Department supports and enables NamPost's business operations with streamlined and stable functionality, ***ensuring business continuity*** *within a secure and compliant infrastructure.*

JÖRN SCHNOOR
Executive: Technology

NamPost's Technology Department provides optimal first, second- and third-line support via stable and consistent telecommunication and server infrastructure 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.
- Development and implementation of agreed products and services.
- Provision of business continuity for support and business units.
- Structured business and Shared Services support.

ICT builds, acquires and integrates the organisational architecture to support operational efficiencies in the complex NamPost environment of different divisions, products, services and increasing compliance requirements. To this end, we regularly interact and present technology options to the business and support units and Exco.

ICT supports the overall NamPost goal of **digital transformation** and already has some of the necessary technology in place for further development. The ICT strategy has been presented to Exco who supported the motivation for an external **As-Is Assessment** to understand the current business operational challenges and inform a company-wide business **digital strategy** detailing the way forward. This will help to prioritise projects and allow the Group to gear for implementation.

Performance and 2021 focus areas

Despite the prolonged pandemic and subsequent lockdown measures, ICT enabled collaboration throughout the organisation from remote locations, replaced old workstations and employees are now converted to Office 365. The working-from-home policy was established in support of the remote working requirements for business and support units. Our cyber security perimeters were audited several times throughout the last financial year. All audits confirmed current measures to be intact with zero breaches reported to date. In the context of this, cyber security awareness training is ongoing throughout the company, including Exco.

Please refer to page 86, ICT Governance for details on how we approach formal cyber security frameworks, policies and training.

Highlights

- Successfully designed, developed and implemented the new online biometric-based instant issuing banking system.
- Successfully completed the migration of over 250 000 customers from the legacy offline biometric banking system to the new online instant issuing banking system. This was done on the agreed deadline set by the Bank of Namibia at no additional cost and with existing limited internal resources.
- Migration of over 223 million customer records onto the new banking platform.
- Developed and implemented complete back-office customer support portal.
- Developed and implemented customer sanctions screening portal for Post-and Back-Offices.
- Successfully migrated Courier, PostFin and Postal Workstations to Windows 10.
- Awarded re-certification of Payment Card Industry Data Security Standards (PCI-DSS) for the Payment Service Provider (PSP) banking services.
- Implementation of the customer card transaction SMS notification system.
- Made significant improvements on biometric functionality.
- Received Bank of Namibia approval for the Money Transfer Product.
- Implemented an SMS aggregation service for NamPost Savings Bank and its products.
- Received Board approval for direct integration into NamClear for enhanced electronic funds transfers (EEFT).
- Tightly controlled Technology risk and compliance environment.
- Successful implementation of NamPost online store.

Challenges

- Budget constraints on hiring additional tech talent to support the growing ICT function and evolving business requirements and needs in NamPost's journey to customer centricity.

Information and Communication Technology *continued*

New VISA SmartCard banking system

Our primary focus was on the migration of data and subsequent closure of the expensive and outdated legacy systems. This involved the smooth migration of over 20 years of customer data and over 250,000 customers from the old to the new architecture, which was built by the ICT team over December 2020.

The data migration was signed off by Internal Audit and the old system switched off on 31 March 2021. Subsequent external audits by Deloitte have confirmed full integrity of the migration process within post offices, NamPost Savings Bank back-office of the data/ICT architecture and migration structures. We are proud of this extensive integration exercise that was achieved in-house by a small and dedicated team. The result represents a substantial cost saving in terms of infrastructure maintenance and licence fees for the old system.

The new system is an integral part of the compliance requirements by the Bank of Namibia and we were re-certified PCI-DSS 3.2 for the PSP banking services, representing one of only a selected few of such certified institutions in Namibia.

Digitising and automating internal support processes

Efficiency improvements via automation are ongoing across the organisation. Specific projects implemented in 2021 include:

- Automation and centralisation of the movement of stock and cash between post offices and regions.
- Automatic sending of monthly investment statements.
- Automatic capture of courier parcel scanning on the payment system.
- Automated Anti-Money Laundering (AML) sanction screening.
- Automation of the Management Information System (MIS) is in testing for implementation by December 2021.
- Enterprise Resource Planning (ERP) architecture upgrade is in progress for launch in March 2022 and will include features such as leave and payslip automation, including mobile access to staff on HR services.

Digital and online channels for NamPost customers

The roadmap for banking digital channels transformation from an architecture principle and perspective was approved in 2015. To ensure the inclusion of other departments digital transformation journey crystalises, a companywide assessment of the organisation's digital readiness to embrace and utilise various channels was approved and is in progress. This initiative will ultimately inform and formulate the digital strategy for the company and provide a roadmap for immediate product or business service gains.

Project	Status
EEFT digital payments	The direct integration into the national clearing house for the enhanced electronic funds transfer project was approved by the Board in September 2021. NamPost's EEFT transaction costs should be significantly more affordable due to the efficacy of the chosen technology.
Internet banking	The core functionality is available for customisation based on the relevant business requirements. These will be set out in the digital strategy during 2022.
Mobile App – Banking	The new banking platform allows for the development of a banking mobile app. This digital platform is already in prototype or in a proof-of-concept. Once the business requirements are signed off, the teams will enhance the existing functionality. This project should go live in the first quarter of 2022.

Project	Status
USSD	USSD has been approved and will form part of the Money Transfer Project and is likely to be launched in early 2022. This allows NamPost customers to access their transactional and savings account via their mobile phones, checking balances and statements, buying VAS and more.
Send-Money	This project allows any NamPost customer to send money from their mobile or any post office in Namibia to any/all Namibian cell phone numbers. The recipient simply redeems his/her cash at any SBN (Standard Bank Namibia) ATM or Post Office. Money can also be sent via the above USSD.
Mail and Logistics e-commerce	We are in the process of signing the legal contracts and are optimistic about the possibilities for this international service. Legal contracts should be concluded during the 2022 Financial Year.
Retail e-commerce	The platform for an online store was launched in 2021, the first online presence for postal products. Further developments are anticipated during 2022.
Online payments for all NamPost customers	We are developing the integration for online e-commerce payments onto the website for completion during the 2022 Financial Year. This will allow NamPost customers to pay directly on the NamPost online shop.
PABX replacement – Companywide telephone and customer call centre upgrade	ICT is in the process of launching a companywide PABX tender on behalf of the business. The intention is to digitise its PABX and the way NamPost deals with customer queries. This aligns with the customer centric strategic objective for the organisation.
Automation – Stock and cash-on-hand	ICT concluded the development of stock and cash-on-hand automation by removing some of the current legacy manual steps, reducing some of the documented risks.

Outlook and future focus areas

The immediate aim is to complete the functionality for all NamPost customers' online payments by December 2021. E-commerce will remain an ongoing project into 2022, as will internet banking as an enhancement to EEFT payments. The banking mobile application forms part of the previously mentioned digital roadmap for NamPost Financial Services and should also be available in the first quarter of 2022.

ICT is developing a prototype for a **NamPost Digital Ecosystem** that aims to contain all NamPost services on an open platform for collaborative value creation. This moves away from the siloed model and releases a more agile approach to cross-pollination across the various business units and departments. Due to the size and complexity of NamPost's business, this exercise is likely to run into the latter part of 2022.

The primary future focus area lies in receiving an approved **digital strategy and roadmap from Exco and the Board** detailing the respective business unit's requirements, allowing ICT to gear its resources accordingly and identify the necessary tech talent to implement it.

For more information, please read ICT governance on page 86.

FINANCIAL SERVICES

As a non-banking financial service provider, NamPost promotes financial inclusion through ***accessible and affordable*** *savings facilities, secure card transactions and insurance coverage for individual Namibian customers. Financial Services also encompasses wholesale deposit-taking through our Treasury division.*

MBO LUVINDAO
Executive: Financial Services

The Financial Services business unit comprises the two divisions of Retail Banking and Treasury, and manages a subsidiary relationship with PostFin and SmartSwitch Namibia:

Retail Banking

Includes transactions linked to customers' savings account; bancassurance through our joint venture with Hollard; individual retail investment accounts; and payments

Treasury Caters

To corporate clients' investment needs

PostFin

Is a wholly-owned subsidiary of NamPost, providing micro-lending and financial brokering services

SmartSwitch

Enabled NamPost to offer payment services on their SmartCard prior to the migration to the new VISA SmartCard, which was completed by 31st March 2021 and resulted in the discontinuation of the SSN joint venture.

The broader economic operating environment remains challenging. The Bank of Namibia kept its benchmark interest rate unchanged at a record low of 3.75% in August 2021, providing some relief in the form of stimulating activity in the economy and representing a positive movement for NamPost in terms of reduced cost of funding, but at the same time negatively affects our Treasury division where revenue is derived from interest income. Despite these circumstances, we have performed well on balance sheet and income statement levels, weathered the storm due to an agile and dedicated team, and an increased focus on non-interest income and cross-selling our bancassurance products.

Financial Services successfully completed the migration of existing customers to our new interoperable banking system by 31st March and we are seeing growth in the uptake of our new VISA SmartCard. To promote the safe use of the card, we continue to educate consumers on card security and launched the SMS notification service to all smartcard holders. The service notifies customers of each transaction on their account and enables them to keep track of any activity on their bank accounts.

Highlights

- Appointment of new Executive: Financial Services.
- Exceeding our performance targets.
- Completion of migration from previous to new interoperable VISA SmartCard system.
- Growth in uptake of the new VISA SmartCard.
- Drop in cost of funding due to reduced interest rates.
- Launch of our customer SMS notification system.
- Bank of Namibia approval granted for USSD send money functionality.

Challenges

- Navigating change in the external and internal environment, including the impact of the pandemic on our people as well as the broader economy.
- Managing the intense regulatory and compliance environment in the new interoperable system to mitigate fraud risk.
- Impact of reduced interest rates on Treasury division.

Structurally, our move into the interoperable space placed increased focus on regulatory compliance. We increased capacity around compliance by creating a dedicated business risk and compliance function within our business unit.

NamPost received approval from the Bank of Namibia to proceed with our plans for the USSD send money functionality, which will be implemented early in the coming year. We are also actively pursuing the implementation of internet banking as an enhancement to our EEFT facility, which will become a primary focus area over the next financial year.

Performance

Financial Services performed relatively well, and contributed significantly to the Group's profitability, thanks to the savings in cost of funds, fortuitous gains that were realised on the switching of fixed income instruments (bonds) and improved

Financial services *continued*

transaction business, not least the withdrawals on ATMs and POS. However, growth was minimal due to the low interest rates in the market, although this was compensated by lower cost of funds relating to customer deposits.

Savings Bank

The Savings Bank serves individual retail customers with its transactional VISA SmartCard, offers insurance through its joint venture with Hollard, delivers competitive retail investment products, and provides the infrastructure for payments to and from other participants.

Transactional business

There is an evident behavioural shift away from physical towards digital touchpoints. While this reduces footfall into the post office retail outlets, which carry higher transactional fees, it also stimulates the frequency of ATM and POS transactions through added convenience to our customers. NamPost ensures that its transaction fees are lower than commercial banks to serve and retain our lower-income customers. These represent a significant portion of all digital transactions in Namibia.

Bank insurance

Our insurance products predominantly target the lower-income market. In November 2020, we introduced a range of bancassurance products as variations to the current offerings, which have been well received by account holders. These include SmartLife products that provide cost-effective life cover to our customers and extended funeral cover that gives the insured the option of covering the extended family. Although our claims increased due to pandemic-related claims, premium collection increased by 44% and a total dividend of N$12 million (2020: N$11 million) was received from the joint venture with Hollard Namibia.

Retail investments

Our range of retail investment accounts includes fixed-term deposits, notice and group-save accounts. Our performance was positive in terms of fixed-term products, although overall performance is a reflection of the economy, with many people suffering job losses. We have several new corporates for our group-save accounts, which have encouraged employers to foster a savings culture.

Payments

We anticipated that switching pensioners over to the new payment system would represent a challenge, but the process has proved smooth and successful, with over 90,000 pensioners embracing the new ATM centre points to receive pension payments. We are embarking on a measured drive to continue educating and promoting awareness around card security.

Treasury

Treasury caters for corporate clients' investments by offering call and short notice deposits, and fixed-term deposits.

The ongoing pandemic coupled with lower interest rates continues to impact Treasury performance, notably on interest income. Year-on-year the costs of funds declined and significantly supported the profitability of the Group. Interest rates are expected to remain low but may potentially increase during the first quarter of 2022. Long-term deposits that are maturing will continue to re-price to the lower prevailing rates, which continues to present an opportunity we can leverage.

PostFin

PostFin provides access to affordable micro-lending and financial brokering services throughout Namibia. We are a responsible lender in this environment

Patrick Gardiner
Chief Executive Officer
PostFin

PostFin is a wholly-owned subsidiary of NamPost. It is registered as a financial broker and term lender regulated by Namibia Financial Institutions Supervisory Authority (NAMFISA).

PostFin is a reputable lender and our loan criteria are limited to small amounts, with a robust credit policy to ensure prudent allocation of loans. These services are available to customers who are permanently employed, have VISA SmartCards, and to pensioners who may experience difficulties in 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 for bettering their children's or grandchildren's lives. We treat all our customers with equal respect and have created an excellent reputation based on our existing customer referrals for new business.

The 275bps drop in the banking prime rate since February 2020 translated into a 5.5% loss for PostFin. Because the funding from the German Development Bank – KreditVerwaltung für Wiederaufbau (KfW) and the French Development Bank – Agence Française de Développement (AFD) was received at fixed interest, this implied a reduction in the net interest income margin. To counteract this loss, we implemented measures to contain costs wherever possible, although a pre-requisite of our funding is to serve pensioners, which is cost-intensive in terms of administration.

We also increased our focus on marketing efforts aimed at growing our customer base to offset the shortfall. Our marketing costs are favourable in comparison to the results generated. PostFin appointed seven additional employees to handle the growing volumes, with total employees now at 54. There are also 37 commission-based sales agents stationed at various post offices throughout Namibia who communicate with customers in their vernacular language to offer personalised and customised attention.

PostFin loan products are offered to pensioners over 65, War Veterans, Government Employees, Maternity or Salary employees for a term of between one and five years and to a maximum value of a third of their income to avoid over-indebtedness. Competition is increasing in the micro-lending environment, but we offer competitive interest rates compared to other banking institutions. We are focused on customer service and have a good rapport with our clients.

The company improved its net impairment rate after recoveries to 2.0% from 2.9% despite the worsened economic conditions. PostFin issued a similar number of loans but more in terms of the value of loans disbursed in 2020/21 versus the previous year due to the prolonged lockdown conditions during the pandemic, and the fact that pensioner loans are smaller in size. PostFin nevertheless grew the loan book by over 22%.

As a risk intense industry, we update our risk profile management system regularly and report to the Board every quarter to maintain a high level of risk awareness and mitigation. In this way, we maintain a low-risk profile. There were no changes to the legislation by NAMFISA on reporting and compliance.

Hollard remains the insurance underwriter of the Credit Life cover offered by PostFin. PostFin contributed over N$40 million in insurance premiums (nett of commission) over the past financial year to the NamPost/Hollard joint venture.

PostFin's PBT decreased slightly by 4.8% to N$20 million (2020: N$21 million). The ROI for PostFin was 110.8%, with a ROE of 14.9% (based on PAT). The expenses-to-income ratio was 63.9%, with human resources costs reflecting a ratio of 39.6% of total income.

Financial services *continued*

Looking forward

PostFin has a long-term strategy and we don't intend to deviate from our core objectives, but we constantly seek more innovative ways to serve our customers and streamline our internal processes. We have the digital functionality in place and intend to roll out online loan applications in the next financial year. We are researching options to further customise our products and offer value packs to meet the granular needs of individual customers. Overall, we are starting to see green shoots of recovery in the economy, although margins will remain tight in the short-term.

SmartSwitch

SSN was a payment switch technology company that enabled NamPost to offer payment services on our Smartcard. NamPost completed building its advanced banking system, which now enables it to provide payment services in-house. The customer data migration project from the SSN system was successfully completed on 31 March 2021 and as a result, the SSN joint venture was discontinued on 31 March 2021 and is in the process of being wound up.

Jan Engelbrecht
Acting Chief Executive Officer
SSN

Contribution to strategy

Enhance shareholder value

Financial Services revenue represents a significant and growing contribution to NamPost profitability, and further new developments will strengthen this position, helping to offset losses in traditional postal services.

Journey towards customer centricity

All developments on our products and services are geared towards customer convenience and utilising digital channels where possible to ensure affordability.

Achieve operational effectiveness

A degree of disruption was experienced until the migration to the new system was completed. This has now stabilised and we are making progress.

Measure and manage business risks

The interoperable environment requires intense regulatory scrutiny and we have brought a dedicated risk and compliance function into our business unit to manage this.

Enhance human capital and culture effectiveness

Our teams are agile, adaptable and geared for change. The values of I-ACT are well entrenched in our business unit.

Outlook and future focus

The weak macroeconomic environment presents further challenges for growth. The recent policy implementations to support small businesses may enable recovery, if it is supplemented with government expenditure to stimulate the economy, despite fiscal constraints.

The retail market is highly squeezed and may take a long time to recover to levels observed pre-COVID-19. High levels of unemployment remain a challenge in Namibia, and this has started to filter through to our retail banking customers as depositors struggle to earn income. This will impact NamPost's investment and transactional business activity.

NamPost continuously reviews its value proposition to remain relevant in its niche market through the best possible product offering, which is tailored to our customers' financial needs.

Future focus areas

Our primary focus area is to ensure that our payment systems are efficient as per PSD 7 regulation. Other priorities for the 2022 financial year include:

- Formalisation of our planned customer contact centre.
- Increasing human resource capacity in our payments department.
- Rolling out further insurance products.
- Continuing sales drive on retail investment products.
- Launch of the USSD send money functionality.

MAIL AND LOGISTICS

"Mail and Logistics includes ***Courier and Mail services (including Hybrid Mail)*** *within the NamPost Group and the Namibian marketplace. We sort and distribute mail and shipments/parcels to domestic and international destinations."*

MICHAEL FELDMANN
Executive: Mail and Logistics

The consolidated Mail and Logistics business unit comprises of:

Mail services

Both domestic and international, including the sorting and distribution of letters, parcels, Government mail, business and bulk mail and Hybrid Mail, which includes digital

Courier services

Including domestic and international collection and door-to-door delivery, express parcels and pre-paid products such as EasyPack and EasyBox

The primary influencer on Mail and Logistics this year was the lack of international mail and domestic courier business due to pandemic-related border restrictions and lack of shipments and flights into Namibia. This has impacted our overall performance in various ways.

From a mail perspective, our **domestic mail** (including the sending of statements from Windhoek to individuals throughout Namibia) is relatively stable. We have maintained 90% of our domestic volumes. This also means, however, that we have to maintain the associated resources to do so and therefore cannot realise any cost savings to offset the lack of international mail.

The greater impact on our mail services was felt in the loss of inbound and outbound international mail revenue. While this component only represents 10% of our overall mail volume, it represents the greater portion of our revenue income. Ultimately, recovery will be dependent on the lifting of air and shipment restrictions as the pandemic abates.

From a **courier** perspective, there was an overall decrease in business throughout the Namibian marketplace (outside of Windhoek) as businesses strive towards cost containment in a weak economy. This was offset to some extent by our ability to continue delivery due to our designation as an essential services provider, allowing NamPost to gain volume from other courier services when they weren't able to operate countrywide.

The reduced activity in the retail sector is a reflection of the national economy and as such, our courier growth trajectory was lower than had been anticipated, although we did realise a profit.

Although NamPost is geared to offer **e-commerce** and other **digital mail solutions** from an ICT perspective, market maturity in terms of embracing digitisation is not yet fully realised. FreightWare Online and the further roll-out of our TMS system is a continuous and evolving process.

Highlights

- **Courier:** were awarded three new tenders, including vaccine distribution for the Namibian Government.
- **Mail:** continued our initiative to send monthly trucks to South Africa to collect mail from South African post offices via road due to lack of flights.
- **Additional** Ministry of Finance business for Hybrid Mail.

Challenges

- **Courier:** cash sales with prepaid products pose a challenge in a recessive retail economy.
- **Mail:** international mail, representing a greater income generator for this division, was hamstrung by the lack of international flights and shipments due to COVID-19 and the closure of Namibia's national airline.
- Faster than expected decline in paper mail.

Projects such as International Postal System (IPS) and Customs Declaration System (CDS), as required by Universal Postal Union (UPU) for Namibia, have been granted a further extension until 2022 due to pandemic restrictions. We have made progress on the development of all of these projects but the delivery time to market is slower than we had anticipated due to the factors mentioned above.

We are in the process of conducting several small efficiency-gain projects as part of our culture of constant adaptation and improvement. We initiated a telesales function aimed at our existing customers and this is proceeding well.

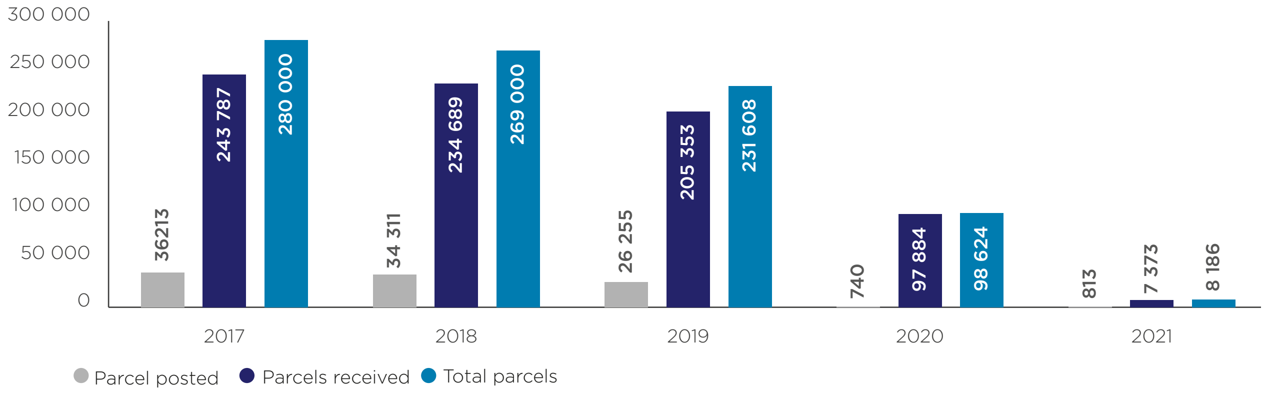
Performance

Courier services

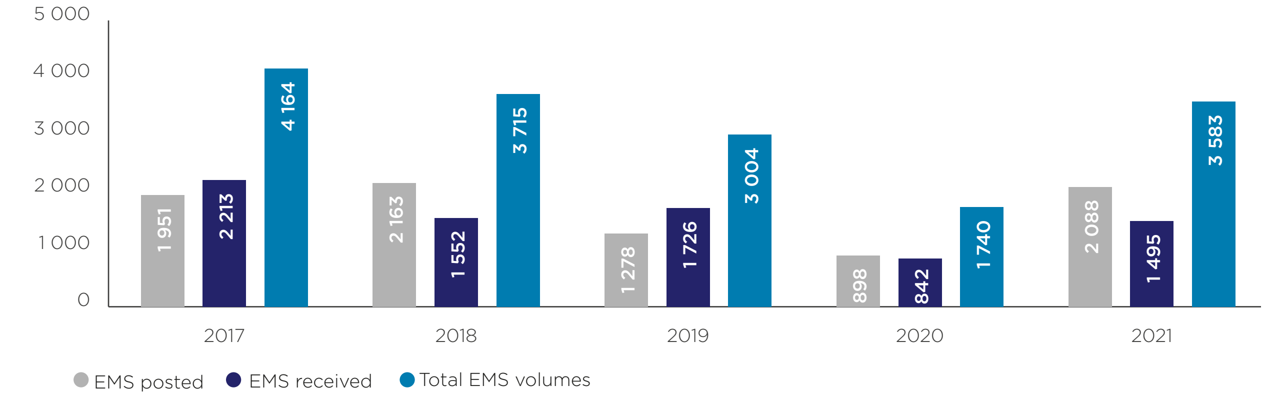
Mail and logistics *continued*

Mail services

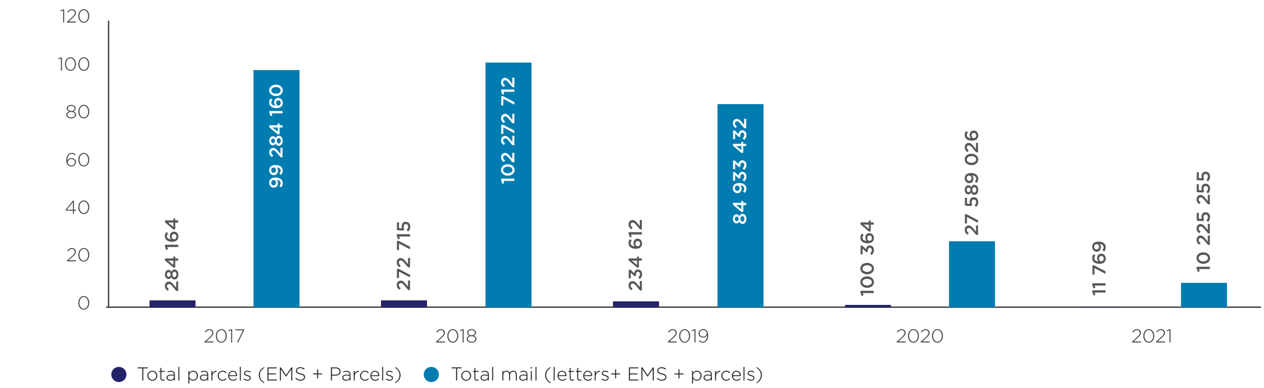
Parcels handled (thousands)



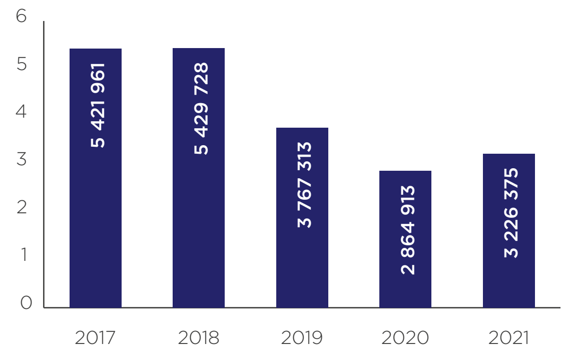
EMS parcels handled (thousands)



Total mail-related volumes handled (millions)



Government mail volume (million)



Fleet and emissions management

We consider the impact on the environment through regular service and choose vehicles with low emission results and high technology. All vehicles are leased under full maintenance contracts, ensuring safe and efficient transport. As such, the maintenance of our fleet and fuel for our trucks represent one of our primary cost drivers. We worked hard to realise small cost savings in terms of variables, such as fuel, but our service obligations require us to operate regardless of volumes. Further, the rising cost of fuel impacts our expenses.

Outlook and future focus

The closure of borders impacted inbound and outbound mail and courier delivery. The situation is expected to normalise slowly although mail may not return to previous levels. The campaign to create awareness of EasyPacks and EasyBoxes continues through direct marketing and telesales. Competition in the courier environment is increasing and we are hopeful that by increasing our services and capabilities, we can defend our market share. Even though there is a reduction in physical mail globally, regionally and domestically, a significant increase in parcels (e-commerce) is expected.

Future focus areas

- Driving courier cash sales with pre-paid products.
- Implementation of e-commerce platform to grow the existing international e-commerce shipping volumes.
- Grow domestic courier volumes through postal and non-postal e-commerce services.

Contribution to strategy

Enhance shareholder value

Under normal business operating conditions (without border, flight and cargo restrictions), Mail and Logistics represents a strong profit-driver for NamPost.

Journey towards customer centricity

We are constantly evolving, adapting and gearing for digitisation to ensure readiness once the market more fully embraces digital solutions.

Achieve operational effectiveness

Our cost drivers in terms of HR, security and fleet maintenance remain fixed, but we strive for smaller efficiency gain projects where possible.

Measure and manage business risks

We continue to minimise business disruption due to COVID-19 with shift work to reduce exposure.

Enhance human capital and culture effectiveness

We maintained our employee complement with no salary cuts or retrenchments, despite an overall reduction in revenue. Our culture is one of constant adaptation and improvement.

RETAIL CHANNEL

NamPost's Retail Channel continues to support social inclusion by connecting communities throughout the country to our ***affordable products and services,*** *as well as other agency services they may need, such as airtime. Post office boxes are an essential form of contact for Namibians in rural areas.*

BENJAMIN JAKOBS
Executive: Retail Channel

Our post office infrastructure serves as a conduit:

Mail and Logistics

Moves stock and mail from their central hub to each retail outlet. Retail Channel also performs property maintenance at the depots for the Mail and Logistics fleet

Financial Services

Ensures delivery of its products and services (such as SmartCards) through the retail outlets

Third-Party Agencies

Offer products such as airtime or services such as utility payments via our retail outlets

PO Box Rental

Is the Retail Channel's core product and primary revenue driver

The Retail Channel was hard-hit by the COVID-19 pandemic, with the closure of borders drastically reducing the flow of mail into our post offices. Our greatest efforts were exerted in ensuring that we met all pandemic-related protocols with our front-end employees and customers to continue to deliver basic postal services across the country, as required by our CRAN licence.

Our infrastructure supports our social imperative to provide services for outlying areas across the country, but the loss of revenue threatens the sustainability of the business unit. To mitigate this reality, we have several projects in the pipeline for revenue-generating activities; provision of pre-paid electricity and water tokens, bill payments infrastructure sharing, and e-shop.

On a more positive note, we grew the business of one key customer, which now represents our second largest third-party agent. In addition, our losses were somewhat mitigated by the stability of third-party airtime sales and growth in mobile handset sales due to customers' increased need for communication during pandemic lockdown periods.

Highlights

- Introduction of the Mystery Shopper initiative in support of the customer experience strategy.
- Successfully implemented COVID-19 protocols and ensured the continuation of basic postal services with few Post Office closures.
- Growing third-party agency business.
- Grew sales of mobile handsets.
- Kick-started the Blind Balance system.

Challenges

- Mail related revenue drivers such as bulk mail and international dues remained under pressure due to the decline in the use of physical mail and clients moving from the retail channel to Mail and Logistics to make use of new technologies.
- Pandemic-related restrictions also significantly reduced mail and footfall into our post offices.
- Social grant cash payments no longer supported, due to the non-renewal of the contract with the Ministry of Poverty Eradication and Social Welfare, reducing pensioner presence in store.

Customer experience

As the primary customer-facing arm of NamPost, the Retail Channel represents an important benchmark for customer satisfaction. In addition to the bi-annual customer satisfaction survey, we aimed to explore this in more depth quarterly. As such, we launched the Mystery Shopper initiative, wherein specific questions are asked at selected post offices by a mystery shopper to determine product knowledge and evaluate the customer's experience of the retail outlet. These efforts are also supportive of the customer service standards that are required to maintain our CRAN licence.

The results have generally supported and validated the good customer satisfaction scores achieved in the national survey. More importantly, the results invigorated respective retail outlets' ability to cross-sell products and services and ignited competition to achieve best-performance recognition.

To further stimulate the customer experience and sales, we held bi-weekly in-store promotions that boosted morale in otherwise challenging times. Sales can be tracked and we offer instant rewards for best-selling agents.

Performance

With our 133 points of presence across the country, Retail Channel continues to be the delivery channel for NamPost products and third parties. Through our third-party agency services, we can provide

Retail channel *continued*

airtime products, revenue stamps, social grants pay-outs and bill payments for various third parties.

Our post office box occupancy rate target was 80%, and we achieved a relatively stable 73% (2020: 76%) for the 123 850 installed post boxes. Fee increases were waivered to support retention.

Operational effectiveness

We are pleased to report that our Blind Balance system to mitigate the risk of segregation of duties at one-person and agency post offices was approved and is proceeding successfully in reducing teller discrepancies. Out of our 133 agency post offices, 74 are one-person agencies, so this represented a risk that the Blind Balance system will now mitigate. In addition, we are investigating the possibility of availing our infrastructure to SME agents with mature business experience.

Post office inspections remain a crucial control element to ensue effectiveness and efficiency in the channel. This year, inspections were limited due to pandemic-related travel restrictions. Efforts are underway to increase the frequency of post office inspections in the coming year.

Only one post office was closed this year. The post office was situated within a resort and the closure was therefore a direct result of the impact of the pandemic on the tourism industry. We have a consolidation plan in place to investigate possible areas of over service in terms of our infrastructure and buildings, while maintaining cognisance of our imperative of social inclusion to serve outlying areas. We will also explore further revenue-generating opportunities.

Outlook and future focus

Given the country's subdued economic prospects, our short term outlook remains challenging, but we are confident that further revenue-generating opportunities will bear fruit in the medium term and drive feet into retail outlets.

The CRAN licence, acquired last year, requires our ongoing attention to compliance, which we monitor weekly. As such we are strengthening our operations in terms of supervision and control, and will bring in practical aspects of the licence requirements for customer service standards into our training material for upskilling and refresher courses.

Future focus areas

- CRAN licence compliance.
- Identifying training requirements and upskilling employees.
- Pursuing planned, new revenue-generating opportunities.

Contribution to strategy

Enhance shareholder value

We are investigating the potential of availing our physical infrastructure to further revenue-generating activities.

Journey towards customer centricity

Direct, face-to-face customer engagement through our Retail Channel is enhanced with benchmarking initiatives such as Mystery Shopper.

Achieve operational effectiveness

Retail Channel maintains monthly meetings with each business unit and department to highlight system issues and ensure operations are effective and efficient.

Measure and manage business risks

The launch of the Blind Balance system mitigated fraud and theft. We are investigating further options to reduce risk in our agency model.

Enhance human capital and culture effectiveness

Our Rewards system has been approved by Exco and is stimulating sales and morale. We aim to re-introduce team building post-pandemic and upgrade skills via the planned e-learning platform.

OUR LEADERSHIP TEAMS

Our Newly Appointed Board (from May 2021)

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

1 **DR SIMEON AMUNKETE [56]**
Non-executive Chairperson

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

Appointed to the Board in May 2021

2 **LEEZHEL MOUTON [51]**
Non-executive Deputy Chairperson

- BA LLB LLM (Law)

Appointed to the Board in May 2021

3 **MARTHA SHINGENGE [46]**
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

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

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 2021.

Our leadership teams *continued*

Our outgoing Board (up until May 2021)

NamPost wishes to thank the outgoing Board for their excellent leadership, passion and hard work. We are grateful for the service of our Board members over their time with NamPost.

1

2

3

4

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

1

EVANGELINA N HAMUNYELA [58]

Non-executive Chairperson

- MBA (UNAM/Maastricht School of Management)
- Senior Management Programme, University of Stellenbosch
- B.Com, University of the North

Appointed to the Board in 2013 – 30 April 2021
Tenure as director: 8 years

2

MURONGA HAINGURA [59]

Non-executive Deputy Chairperson

- MBA, UNAM/Maastricht School of Management
- Dip (State Finance and Auditing), University of Zululand

Appointed to the Board in 2016 – 30 April 2021
Tenure as director: 5 years

3

DR PERIEN BOER [54]

Non-executive director

- PGDip (African Leadership in ICTs), Dublin University/ Global e-Schools Alliance, Ireland
- DEd (Instructional Technology and Media/Educational Technology), Teachers College, Columbia University, New York
- MEd (Instructional Technology and Media), Teachers College, Columbia University, New York
- MEd (Media and Computers), University of Arizona HDE (secondary with teaching methodology in General Science and Biology), University of Cape Town
- BSc (Botany and Zoology), University of the Western Cape

Appointed to the Board in 2013 – 30 April 2021
Tenure as director: 8 years

4

ISRAEL UD KALENGA [73]

Non-executive director

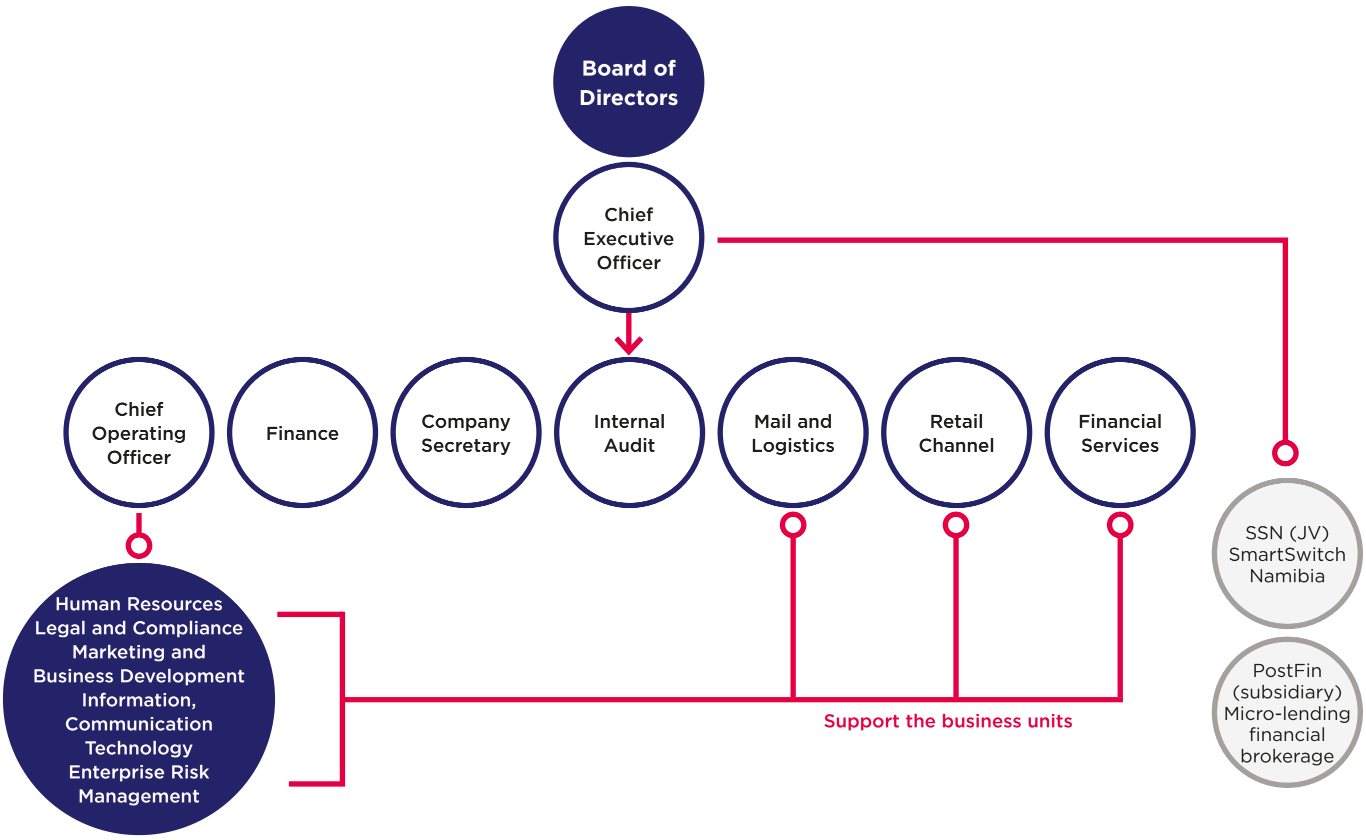
- Cert (Road Transport), Rand Afrikaans University
- Cert (Safety Management), National Occupation Safety Association
- Dip (Supervisory Development Programme), AngloAmerican CTU and Technikon Witwatersrand

Appointed to the Board in 2016 – 30 April 2021
Tenure as director: 5 years

Note: Biographical details are correct as at 30 September 2021.

Our leadership teams *continued*

Our Exco team



1 **FESTUS F HANGULA**
Chief Executive Officer

- MBA (Finance)
- MEFMI Fellow
- BAdmin

Appointed to Exco in January 2010

2 **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

3 **ELDORETTE HARMSE**
Executive Legal Services, Compliance and Governance

- BProc
- LLB
- Admitted Legal Practitioner

Appointed to Exco in May 2006

4 **BATSIRAI PFIGIRAI**
Executive Finance

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

Appointed to Exco in March 2017

5 **DEON CLAASEN**
Executive Enterprise Risk Management

- Dip (Accounting and Finance)

Appointed to Exco in May 2017

6 **KGOMOTSO HOCHOBEB**
Executive Internal Audit

- BCompt
- Member of Institute of Internal Auditors
- SA Member of Institute of Risk Management SA

Appointed to Exco in March 2016
Resigned September 2021

7 **JORN SCHNOOR**
Executive Technology

- BSc (Information Technology and Computing)

Appointed to Exco in December 2015

8 **SONIA BERGH**
Executive Human Resources

- BA (Health Science and Social Services)
- PGDip (Masters) (HR)

Appointed to Exco in January 2005
Retired September 2021

9 **BENJAMIN JAKOBS**
Executive Retail Channel

- MSc. Economics (International Trade and Finance)

Appointed to Exco in March 2020

10 **MICHAEL FELDMANN**
Executive Mail and Logistics

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

Appointed to Exco in February 2020

11 **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 2021.

Executive gender diversity
78% male
22% female

Average executive tenure
7 years

Formerly disadvantaged
67%

AGE
Average age
46 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 and Group Executive aim 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 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, held in September 2021, 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. NamPost is entering the final year of our five-year strategic plan, with a major review due in 2022.

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.

Governance *continued*

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

Previous Chairperson
Evangelina N Hamunyela

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

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.

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

Previous Independent non-executive directors
Muronga Haingura, Israel UD Kalenga, Dr Perien Boer

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.

Executive Committee
Sonia Bergh, Deon Claasen, Berlindi van Eck, Michael Feldmann, Eldorette Harmse, Kgomotso Hochobeb, 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 three female directors and two 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 years

The Board's skills and experience

The Board skill ranges 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.

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.

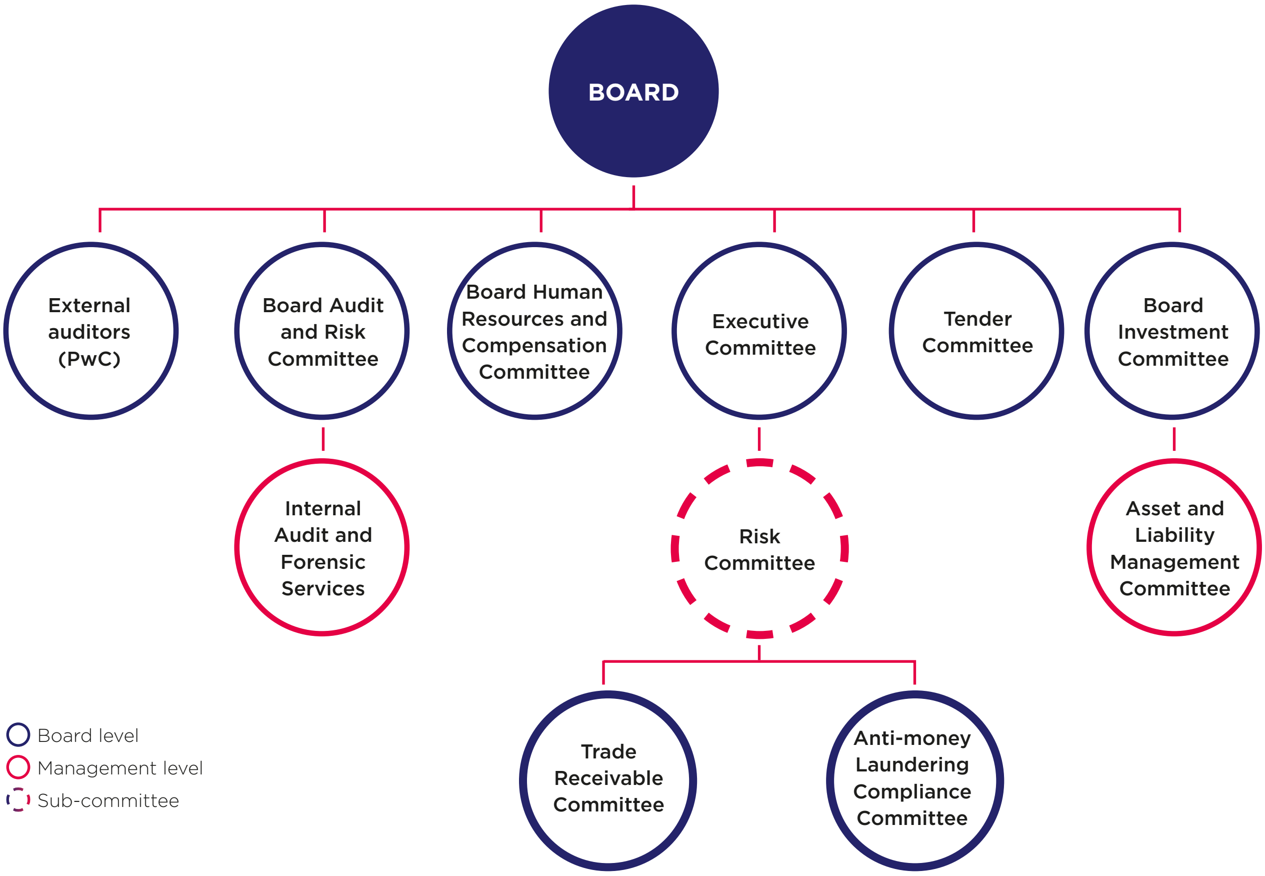
Governance *continued*

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 73.

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	2	4
Dr Simeon Amunkete (incoming Chairperson)**	2		1	
EN Hamunyela (outgoing Chairperson)*	2		1	2
Leezhel Mouton (incoming Deputy Chairperson)**	2		1	2
M Haingura (outgoing Deputy Chairperson)*	1	1		1
IUD Kalenga *	2		1	
Dr P Boer*	2	2	1	
Martha Shingenge**	1	2	1	
Ndangi Katoma**	2	2		2
JA Cumming***	4	4		4

* *Outgoing member*
** *Incoming member*
*** *Continuing member*

<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>• EN Hamunyela CC
• M Haingura DC
• Dr P Boer
• IUD Kalenga
• JA Cumming</td><td>• M Haingura CC
• Dr P Boer
• JA Cumming</td><td>• Dr P Boer CC
• M Haingura
• IUD Kalenga</td><td>• JA Cumming CC
• EN Hamunyela
• M Haingura</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>2021 focus areas:
• Drafting and implementation of required governance frameworks, i.e. PMO and compliance
• Compliance with all relevant accounting standards</td><td>2021 focus areas:
• Organisation-wide HR structure alignment with new operating model
• Review and amendment of HR policies in line with best practices</td><td>2021 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*

Governance *continued*

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 • S Bergh • J Schnoor • B van Eck • M Luvindao • K Hochobeb	• B Pfigirai CC • EC Harmse DC • J Mouton • S Bergh • R Knittle SI • C Kruger SI • M Feldmann	• FF Hangula CC • D Claasen • M Luvindao • B Pfigirai • C Klazen SI • J Mouton SI • O Musilika SI • M Ngaujake SI	• D Claasen CC • A Kauatuuapehi DC • J Mouton • R Muranda • M Ikanga • C Viljoen • G Christ • W Shikoto • G van Wyk • G Ihuhua
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*

UR *Union representative*

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. Employees are required to adhere to these standards and comply with all relevant laws, rules and standards when conducting NamPost's business. 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 2022, 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). This year, NamPost reviewed our governance and policy framework to ensure compliance to the legislation. NamPost is currently investigating how to further enhance systems to automate our current AML activities.

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, 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 is piloting a customer portal dedicated to complaints, queries and resolutions. Our efforts towards CRAN licence compliance are ongoing and will be audited accordingly.

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.
- Drafted and completed a company-wide compliance regulatory universe, and commenced with Compliance Risk Management Plans for high-rated legislation. This is reported monthly to EXCO and quarterly to the Board Audit and Risk Committee as well as the Board.

RISK MANAGEMENT

NamPost's Risk Management Department ***identifies, assesses and communicates risks*** *that impact NamPost's environment, thereby releasing control efficiencies for current and potential innovation projects.*

DEON CLAASEN
Executive: Enterprise Risk Management

NamPost's ERM process:

- Risk registers are presented at the monthly risk management committee with updated risk mitigation action plans.
- A summary of these risks are reported to the ERM Department for consolidation for monthly Exco reporting.
- 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 and operational events, including significant errors and omissions..
- 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 weekly COVID-19 Response Team meetings to identify risks to mission-critical processes and maintain stringent cost containment efforts.

Challenges

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

Our **Risk Management Committee** and **Credit Risk Management Committee** are fully operational within NamPost's culture and the reporting governance structures have been announced. The Risk 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 under the Risk Committee continues to focus on the regulatory requirements for the Financial Intelligence Act (FIA Act) and a new **Trade Receivables** subcommittee has been formed to focus on debt recoveries due to increased credit risk in the weak macro-economic environment. Where previously we have 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 together to ensure additional controls are in place. 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 Key Risk Register.

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

The **ExCo** is supported by two risk-related committees: the Risk Management Committee, and the Credit Risk Management Committee. These in turn are supported by the AML Compliance subcommittee and the Trade Receivables 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.

Risk management *continued*

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 83% 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 all 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 2022.

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/Executive ERM Facilities. 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, especially in terms of government services.	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 shareholder value**
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**

Risk management *continued*

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**

Nature of the risk/ opportunity	Context and sources	How we mitigate risk or use opportunity	Residual risk rating	Related strategic objective
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 future focus areas

NamPost experienced the effects of COVID-19 on our people more severely this year, with the full impact on productivity not yet measured. We aim to return to our operating stability pre-pandemic and evaluate possible post-pandemic changes in the light of future sustainability and relevance.

We are evaluating the possibility of bringing the Compliance Department within the realm of Risk Management. The fit-for-purpose committee has approved our intention to appoint an additional manager to assist the Executive ERM.

Specific future focus areas include:

- Implement risk appetite thresholds for all principal risks.
- 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 effectiveness to assist the Board and management in* ***ensuring the appropriate risk mitigation controls,*** *regulation compliance and business asset safeguards are in place.*"

KGOMOTSO HOCHOBEB
Executive: Internal Audit

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

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

- Annual risk-based internal audit plan approved by BARC

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

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

> NamPost is in the process of gearing for change to embrace digital transformation. The advent of the COVID-19 pandemic brought some of these transformations to the fore, while others are 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 on our processes and visibly adding value in 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 are planning to launch 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. 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.

Employee wellness

An assessment based on weekly COVID-19 update meetings reflected the need to integrate employees after exposure to the virus and provide supportive tools. In response, our HR department strengthened their initiatives to assist employees in terms of mental wellness.

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 split 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. One key audit was conducted on our banking system to ensure the integrity of post-migration legacy data to a new system on 31st March 2021. Assurance was given that the data was complete and accurately replicated.

Internal audit and forensic services *continued*

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

Mail and Logistics

UPU Mail regulations compliance audit:

- This was assessed against the standard and we are satisfied that sufficient controls are in place to ensure they are met.

Hybrid mail stock management audit:

- Shortages were identified and this has now been handed over to the Forensic Services division.

Financial Services

Financial Intelligence Act compliance audit:

- In the evaluation of the controls, limited assurance was provided. There is a need for significant improvement in compliance. The Audit report details control improvement action steps and we are tracking this.

Retail Channel

Retail channel inspection:

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

Forensic Services

The Forensic Services division is managed by the Manager 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, which was updated and approved by the Board on 30 March 2021.

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

Companywide fraud risk assessment

Fraud risk assessments were conducted for the revenue-generating business units and two of the five service units. In the current disrupted environment due to the pandemic, fraud risk is present and prevailing. When incidents increase, we conduct a 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.

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 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.

Human Resources

- Evaluate the return-to-work strategy and assess the corporate strategy implementation and monitoring.

Enterprise Risk Management

- Review business continuity and crisis response plans and assess governance around crisis decision making and the integrity of data and information reported to the crisis committee.
- Review the effective implementation of the Enterprise Risk Management Framework by evaluating the enterprise risk management maturity levels.

Mail & Logistics

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

Company-wide

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

We appointed Godfrey Ihuhua as the Acting Executive: Internal Audit. We are confident that Godfrey, with whom Kgomotso has worked closely, will ensure a smooth transition.

ICT GOVERNANCE

BARC oversees ICT governance within NamPost, and Executive Technology implements the approved security policies and procedures and is responsible for the banking technology operations support team. NamPost adheres to a Technology Risk Governance (TRG) Framework, approved by the Board in June 2018.

We have requested an ICT governance **Maturity Assessment** to be conducted by Deloitte, specifically a measurement of our frameworks and policies against the COVID-19 pandemic, cyber security and King IV principles. This will represent a measurement of our current level and allow us to identify any potential gaps.

ICT governance framework

Enhancements to the governance framework via the introduction of NIST-based guidelines have been drafted and the tender specifications will be posted in 2022.

NamPost's current ICT governance framework is based on COBIT 5, King IV, NamCode, Information Technology Infrastructure Library (ITIL) 3 and PCI-DSS certification. The TRG Framework is aligned to the ERM Framework. NamPost's policy determines the controls for the following, among others:

- Incident management
- User access control
- Security management
- Physical and environment control
- Change management
- ICT ITIL-based service continuity
- Other COBIT 5-based governance

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.

Cyber security framework

Our Cyber Security Framework aligned to King IV was approved and implemented. Executive Technology implements the approved security policies and procedures, in line with the Group's ERM Framework. NamPost ICT ran weekly cyber security awareness sessions on cyber threats and personal behaviour regarding cyber pitfalls. The Board, BARC, Exco and senior managers participate in regular cyber security risk reporting.

Assurance

BARC and Executive Technology ensure the effectiveness of the TRG Framework through internal and external assurance processes. In 2020, NamPost ICT underwent eight different assurances or audits from internal and external bodies, which were provided by Bank of Namibia and various local audit firms, among others. Internal audits further strengthen assurance within NamPost ICT by improving awareness, consistently informing management and executives about breaches and possible threats, and implementing improved cyber security measures. EDR, or endpoint detection and response measures, HTTPS inspection and various other trending cyber security measures/technologies were enhanced.

PCI-DSS re-certification confirmed no outstanding audit findings. Although a strenuous exercise, PCI-DSS certification confirms to the Namibian Payment System/Industry that NamPost's participation within the card stream can be trusted. This was successfully concluded in August 2021 and shared with industry stakeholders.

To achieve strategic objectives, based on sound governance and compliance/certification, the business units can enhance their product and service offerings to their customers. Other technical assurances and audits confirm that internal processes are in place and adequate, protecting NamPost assets.

Additional human resources are required to meet the increased reporting and monitoring obligations to various assurance bodies.

Current and future focus areas

Cyber security awareness

The 2021 cyber security risk workshop was held with the Executive Committee in June 2021. This formed part of the introduction of the framework and enhances the internal awareness and stakeholder inclusion on this topic. The session was informative and laid out the roles and responsibilities throughout the company. Additional information sessions were held to establish the cyber security formalised framework, built on the latest industry standards but aligned with NamPost capacity, in addition to the existing four-hundred PCI-DSS measures and controls.

Through significant efforts, improved security controls and ICT governance structures, NamPost was re-awarded the re-certification of PCI-DSS 3.1 during August 2021, one month ahead of the deadline. This award is for the second year running and a significant milestone of three months of stringent external and internal hacking audits, security control assessments and internal ICT software.

ICT together with Executive Enterprise Risk Management, continue to proactively manage the relevant risks and continue to align risks with the strategic objectives. These form part of the overall company strategic risk register. The overall risk ratings were reduced, as evidenced by the controls presented. NamPost will continue assessing and is confident that current measures have been greatly audited through the PCI-DSS audit process and are therefore adequate, for now.

A **Remote Working Policy** is in the process of approval and a **Principal Risk Owner Framework** was presented to Executive Enterprise Risk Management, detailing ICT responsibility for platforms and business unit responsibility for data and information risk.

Management information systems and controls

The SAP upgrade is progressing well and outcomes include functionality such as mobile access to leave automation, leave and payslip automation, improved segregation of duties and others. FreightWare integration is complete within the current scope. Phase 2 of the Management Information System involves gathering business requirements and this is progressing well.

The team identified all high-risk areas in stock movement and movement between post offices. The team has completed 98% of the automation for this scope. The SAP Hub will remain in place for some years with only SAP internal processes remaining. These do not pose a risk to the financial movements since SAP controls manage the different stages of internal financial postings.

Digital transformation

For the business to evolve, NamPost understands that it must convert some of its outstanding business products and services with digital offerings. The Exco approved scope for phase 1 of the digital transformation tender was sent out in September 2021. The evaluation team will assess all responses once these are available. The tender specifications cover a digital readiness assessment of all business and support units.

Growing the ICT department

Interviews for the Head: Business Support Units, Team Lead: Banking Enabling Services, Team Lead: Software Development and Team Lead: Application Integration and Architecture are in progress. All business Executives form part of the interview panel to ensure the best possible candidates are selected in support of their needs. The outcome of this exercise is critical since the business units rely on additional business input and not only that of technology.

Once these positions are filled, additional software developers and system analysts will be interviewed. This should strengthen support to the business support units specifically for new developments and application support once new members of staff are fully integrated.

NAMIBIA POST LIMITED AND ITS SUBSIDIARY

(Registration number 92/284)

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

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. In addition, the Group provides Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.
Directors	Refer to page 95, 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 Limited Standard Bank of Namibia Limited
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

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Contents

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 2022 and, in light of this review and the current financial position, they are satisfied that the Group has or had 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 92 to 94.

The annual financial statements set out on pages 95 to 156, 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

Independent auditor's report

To the Member 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 subsidiaries (together the Group) as at 30 September 2021, 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 95 to 156 comprise:

- the directors' report for the year ended 30 September 2021;
- the consolidated and separate statements of financial position as at 30 September 2021;
- the consolidated and separate statements of 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.

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 (Registration number 92/284) ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021". 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.

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Country Senior Partner: Chantell N Husselmann
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

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
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N. Ndahangwapo
Partner

Windhoek
Date: 07/12/2021

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 2021.

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. In addition, providing the Universal Electronic Payment System's applications, products and services to financial institutions, government organisations, retailers, employers and other service providers.

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, with the exception of IFRS 16 which became effective in the current 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

No dividends were paid during the year under review (2020: Nil).

5. Directorate

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

Directors	Date of initial Appointment	Appointed	Changes	Current Designation
E Nangula Hamunyela	20 November 2013	Chairperson	Resigned 30 April 2021	
Perien J Boer	26 August 2013	Non-executive	Resigned 30 April 2021	
Muronga Haingura	01 October 2016	Vice Chairperson	Resigned 07 January 2021	
Israel U D Kalenga	01 October 2016	Non-executive	Resigned 30 April 2021	
James A Cumming	01 October 2016	Non-executive	Re-appointed 01 May 2021	Non-executive
Simeon Amunkete			Appointed 01 May 2021	Chairperson
Leezhel Mouton			Appointed 01 May 2021	Vice Chairperson
Martha Shingenge			Appointed 01 May 2021	Non-executive
Ndangi Katoma			Appointed 01 May 2021	Non-executive

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

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

	2021 N$ '000	2020 N$ '000
NamPost Financial Brokers (Pty) Ltd		
Total profit after income tax	13,533	14,584
**SmartSwitch Namibia (Pty) Ltd*		
Total profit after income tax	1,435	5,414
	14,968	19,998

*There were no significant acquisitions or disposals during the year ended 30 September 2021, except for the dissolution of SmartSwitch Namibia. The joint venture is in the process of being wound-up, resulting in net investment write-down of N$ 2.3 million, which consist of N$ 0.7 million share of after tax profit, N$ 0.5 million share of the remaining reserves and the carrying amount write-down of N$ 2.5 million.

7. Holding company

The Group's (Namibia Post (Ltd) and NamPost Financial Brokers (Pty) Ltd) 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, it's subsidiary and joint venture for the 2021 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

Based on the 2022 business and financial plan for the Group, the Directors have not identified a going concern risk within the short to medium term period. The duration of the COVID-19 pandemic is however still uncertain and the overall impact it will continue to have on the economy remains unpredictable. However, there is a reasonable expectation that the Group will have adequate resources to continue in operational existence, and as a going concern for the foreseeable future.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Statements of Financial Position as at 30 September 2021

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Assets					
Non - Current Assets					
Property, plant and equipment	4	15,556	23,052	14,417	21,760
Right-of-use assets	5	23,620	39,830	23,620	39,830
Intangible assets	6	58,133	65,833	57,405	64,932
Investments in subsidiary	7	-	-	15,001	15,001
Investment in joint ventures	8	-	6,301	-	2,000
Loans to Group companies	9	-	-	587,237	598,777
Other financial assets	10	3,903,475	3,185,018	3,595,524	2,947,671
Deferred tax	22	30,523	10,168	26,487	6,614
		4,031,307	3,330,202	4,319,691	3,696,585
Current Assets					
Inventories	12	14,196	12,102	14,196	12,102
Loans to Group companies	9	-	-	20,414	21,088
Trade and other receivables	13	68,421	108,481	68,170	108,273
Other financial assets	10	3,164,572	3,677,458	2,984,036	3,517,544
Current tax receivable	23	15,826	15,161	16,854	14,936
Cash and cash equivalents	14	49,130	112,845	44,373	107,482
		3,312,145	3,926,047	3,148,043	3,781,425
Total Assets		7,343,452	7,256,249	7,467,734	7,478,010
Equity and Liabilities					
Equity					
Share capital	15	5,075	5,075	5,075	5,075
Retained income		344,538	361,802	268,472	294,968
		349,613	366,877	273,547	300,043
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	615,688	622,864	615,688	622,864
Retirement benefit obligation	17	12,485	10,732	12,485	10,732
Savings bank Investors	18	673,389	688,870	673,389	688,870
Lease Liabilities	19	11,978	37,892	11,978	37,892
		1,313,540	1,360,358	1,313,540	1,360,358
Current Liabilities					
Trade and other payables	20	196,614	230,290	185,247	219,266
Other financial liabilities	16	10,094	40,123	10,094	9,690
Savings bank Investors	18	5,458,375	5,253,190	5,670,090	5,583,242
Lease Liabilities	19	15,216	5,411	15,216	5,411
		5,680,299	5,529,014	5,880,647	5,817,609
Total Liabilities		6,993,839	6,889,372	7,194,187	7,177,967
Total Equity and Liabilities		7,343,452	7,256,249	7,467,734	7,478,010

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Statements of Profit or Loss and other Comprehensive Income

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Revenue	24	945,374	952,983	861,004	871,383
Cost of sales	25	(374,428)	(450,205)	(391,903)	(465,028)
Gross profit		570,946	502,778	469,101	406,355
Other operating income (loss)	26	9,226	337	5,753	(1,854)
Operating expenses		(491,716)	(478,427)	(448,877)	(437,894)
Operating profit (loss)	28	88,456	24,688	25,977	(33,393)
Investment income	27	13,566	12,899	58,143	52,534
Finance costs	30	(45,685)	(33,833)	(45,685)	(33,833)
Equity accounted investments	8	(2,301)	2,707	-	-
Profit (loss) before taxation		54,036	6,461	38,435	(14,692)
Taxation	31	(13,655)	1,820	(7,287)	8,683
Profit (loss) for the year		40,381	8,281	31,148	(6,009)
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	17	(1,556)	1,430	(1,556)	1,430
Fair value adjustments	10	(83,215)	49,260	(83,215)	49,260
Income tax relating to items that will not be reclassified	32	27,127	(16,221)	27,127	(16,221)
Total items that will not be reclassified to profit or (loss)		(57,644)	34,469	(57,644)	34,469
Other comprehensive income (loss) for the year net of taxation		(57,644)	34,469	(57,644)	34,469
Total comprehensive income (loss) for the year		(17,263)	42,750	(26,496)	28,460

Statements of Changes in Equity

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Group			
Balance at 01 October 2019	5,075	319,051	324,126
Profit for the year	-	8,281	8,281
Other comprehensive income	-	34,469	34,469
Total comprehensive income for the year	-	42,750	42,750
Balance at 01 October 2020	5,075	361,801	366,876
Profit for the year	-	40,381	40,381
Other comprehensive loss	-	(57,644)	(57,644)
Total comprehensive loss for the year	-	(17,263)	(17,263)
Balance at 30 September 2021	5,075	344,538	349,613

Refer to note 15 for details on share capital

	Share capital N$ '000	Retained income N$ '000	Total equity N$ '000
Company			
Balance at 01 October 2019	5,075	266,508	271,583
Loss for the year	-	(6,009)	(6,009)
Other comprehensive income	-	34,469	34,469
Total comprehensive loss for the year	-	28,460	28,460
Balance at 01 October 2020	5,075	294,968	300,043
Profit for the year	-	31,148	31,148
Other comprehensive loss	-	(57,644)	(57,644)
Total comprehensive loss for the year	-	(26,496)	(26,496)
Balance at 30 September 2021	5,075	268,472	273,547

Refer to note 15 for details on share capital

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Statements of Cash Flows

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Cash flows from operating activities					
Cash generated by operations	34	159,279	94,354	91,864	32,556
Interest received		1,599	1,683	49,424	33,359
Finance costs		(45,428)	(23,899)	(45,428)	(23,899)
Dividend received	27	11,902	11,161	13,902	14,161
Tax paid	33	(7,495)	(8,397)	(1,951)	-
Net cash inflow from operating activities		119,857	74,902	107,811	56,177
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(2,612)	(4,948)	(2,363)	(4,648)
Sale of property, plant and equipment	4	40	21	34	21
Purchase of intangible assets	6	(1,474)	(1,415)	(1,469)	(1,415)
Net movement in financial assets		(288,760)	(651,234)	(197,603)	(612,999)
Movement in loans to Group companies		-	-	6,867	(404,057)
Investment distributions from SSN		4,000	-	2,000	-
Net cash outflow from investing activities		(288,806)	(657,576)	(192,534)	(1,023,098)
Cash flows from financing activities					
Movement in other financial liabilities		(34,717)	492,418	-	560,020
Movement in agency / third party funds		(25,310)	7,145	(25,310)	7,145
Movement in savings deposits liabilities		189,704	107,462	71,367	426,639
Lease payments		(24,443)	(18,308)	(24,443)	(18,308)
Net cash from financing activities		105,234	588,717	21,614	975,496
Total cash and cash equivalents movement for the year		(63,715)	6,043	(63,109)	8,575
Cash and cash equivalents at the beginning of the year		112,845	106,802	107,482	98,907
Total cash and cash equivalents at the end of the year	14	49,130	112,845	44,373	107,482

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.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

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.

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 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.

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

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 unless it is included in the carrying amount of another asset.

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.

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, to their residual values 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.

Accounting Policies

1.8 Financial instruments

Financial assets

The Group early adopted IFRS 9 in financial year 2016 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 22. 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.

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.

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Accounting Policies

1.8 Financial instruments (Continued)

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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 fair value.

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.

1.9 Income tax (Continued)

Current tax and Deferred tax (Continued)

Management yearly 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.

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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

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 275 bbs	10.25%
Vehicles	Prime Rate Plus 175 bbs	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, with the current market condition indicating that financial institutions are lending at prime plus. Its is against this basis that the Group's incremental borrowing rate is estimated at prime plus, which approximately leaves the prior year rates still applicable.

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.

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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.

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.

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Accounting Policies

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 :

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- 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 services will be collected.

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:

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.

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:

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Accounting Policies

1.16 Revenue (Continued)

The five-step model framework (Continued)

- 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.

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.

1.16 Revenue (Continued)

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.

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Accounting Policies

1.18 Translation of foreign currencies (Continued)

Foreign currency transactions (Continued)

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 an investment year of longer than one year has been agreed.

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.

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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/	Effective date: Years beginning on or after	Expected impact
IAS 1 - Amendments on definition of material - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application.	1 January 2020	The Group adopted the amendments of IAS 1 in the current year. The impact of the amendment is not material.
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application.	1 January 2020	The Group adopted the amendments of IAS 8 in the current year. The impact of the amendment is not material.
IFRS 3 Business Combinations - Amendments on the definition of Business.	1 January 2020	The Group adopted the amendments of IFRS 3 in the current year. The impact of the amendment is not material.
IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7 - the amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.	1 January 2020	The Group adopted the amendments of IFRS 7 in the current year. The impact of the amendment is not material.

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2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting years beginning on or after 01 October 2020 or later years:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact
Interest 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	The impact is still being assessed. No early adoption is being considered.
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
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

2.2 Standards and interpretations not yet effective (continued)

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

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 note14, 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.

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3. Risk management (Continued)

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 bank: overdraft of N$ 54m, master card of N$ 0.3m, fleet management of N$ 0.8m, vehicle asset finance N$ 1m, guarantees N$2.7m and forward exchange N$ 2m.

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.

Group

	As at 30 September 2021		As at 30 September 2020	
Financial Assets	Less than 1 year	2 years and above	Less than 1 year	2 years and above
Other financial assets	3,017,946	4,646,772	3,731,105	3,621,002
Trade & other receivables (excluding VAT)	68,421	-	108,481	-
Cash and Bank	49,130	-	112,845	-
Loans and receivables	207,726	427,421	189,001	349,416
	3,343,223	5,074,193	4,141,432	3,970,418

Financial Liabilities	Less than 1 year	2 years and above	Less than 1 year	2 years and above
Other financial liabilities	42,588	778,392	73,649	819,647
Trade and other payables (Excluding VAT)	192,136	-	227,515	-
Savings Bank Investors	5,678,852	705,724	5,426,790	722,054
Retirement benefit obligation	-	12,485	-	10,732
Lease liabilities	15,921	16,413	27,346	27,308
	5,929,497	1,513,014	5,755,300	1,579,741

3. Risk management (Continued)

Liquidity risk (Continued)

Company

	As at 30 September 2021		As at 30 September 2020	
Financial Assets	Less than 1 year	2 years and above	Less than 1 year	2 years and above
Other financial assets	3,017,946	4,646,772	3,731,105	3,621,002
Trade & other receivables (excluding VAT)	68,170	-	108,273	-
Cash and Bank	44,373	-	107,482	-
Loans and receivables	47,311	733,116	47,311	780,501
	3,177,800	5,379,888	3,994,171	4,401,503

Financial Liabilities	Less than 1 year	2 years and above	Less than 1 year	2 years and above
Other financial liabilities	42,588	778,392	42,588	819,647
Trade and other payables (Excluding VAT)	181,117	-	216,790	-
Savings Bank Investors	5,880,709	705,724	5,768,441	722,054
Retirement benefit obligation	-	12,485	-	10,732
Lease liabilities	15,921	16,413	27,346	27,308
	6,120,335	1,513,014	6,055,165	1,579,741

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 2021, 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$67 million (2020: N$43 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$71 million (2020: N$53 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$7 million (2020: N$16 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.

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3. Risk management (Continued)

Interest rate effect on profit

Group (N$'000)	Effect on profit 2021		Effect on profit 2020	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	491	(491)	1,128	(1,128)
Other financial assets	70,680	(70,680)	68,625	(68,625)
Other financial liabilities	(6,258)	6,258	(6,630)	6,630
Savings Bank investors	(63,435)	63,435	(62,721)	62,721
	1,478	(1,478)	402	(402)

Company (N$'000)	Effect on profit 2021		Effect on profit 2020	
	100bps increase in market	100bps - decrease in market	100bps increase in market	100bps - decrease in market
Cash and cash equivalents	444	(444)	1,075	(1,075)
Other financial assets	65,796	(65,796)	64,652	(64,652)
Other financial liabilities	(6,258)	6,258	(6,326)	6,326
Loans to Group companies	6,077	(6,077)	6,199	(6,199)
	66,059	(66,059)	65,600	(65,600)

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.

3. Risk management (Continued)

Credit risk (Continued)

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).

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:

3. Risk management (Continued)

Measuring ECL – inputs, assumptions and estimation techniques (Continued)

- 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.

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 and NamWater. NamWater bond is sovereign guaranteed. 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 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 downgrade of Namibian government long-term local currency debt in 2020, which was affirmed in 2021, and the overall economy, based on the available forward looking information of projected economic growth, less severe Covid19 impact relative to year 2021, coupled with 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 counterparties are Bank Windhoek and NamWater, and these entities are in a relatively stable financial position such that the Group concluded that there is no risk of default. The instruments will mature in less than two years as from the financial year end. Furthermore, NamWater bond is sovereign guaranteed. 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

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Government Bonds	3,290,956	2,239,304	3,290,956	2,239,304
Corporate Bonds	369,204	383,306	369,204	383,306
Other instruments	719,118	1,573,483	719,118	1,573,483
	4,379,278	4,196,093	4,379,278	4,196,093

3. Risk management (Continued)

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.

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

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

2020 (N$ 000)

Description	Current	30 days	60 days	90 days	180 days	365 days+
Corporate trade debtors	6,772	2,416	2,135	3,163	1,697	1,360
*Individual cash clients						4,724
Government trade debtors					4,316	3,652
Provision matrix	0.2%	1%	2%	5%	50%	100%
Total Provision	14	24	43	158	3,007	9,736

*Details disclosed on this item do not correspond to the 2020 financial statements, however, reflect adjustments for comparative purposes. All the unpaid cash outstanding from the Individual cash clients are fully provided for, regardless 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.

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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	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Loans to Group companies	-	-	607,651	619,865
Other financial assets	7,068,047	6,862,476	6,579,560	6,465,215
Trade and other receivables (excluding prepayments and VAT receivable)	46,456	84,606	46,382	84,532
Cash and cash equivalents	49,130	112,845	44,373	107,482

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.

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 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

Group 2020

Group internal Credit	Expected credit	Gross carrying amount	Gross carrying	Gross carrying amount
High-AAA	1%	400,251	-	-
High-A	4%	-	2,000	-
Moderate	3%	-	1,277	-
Credit impaired	66%	-	-	940
Fully impaired	100%	-	-	7,389

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

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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	
	2021	2020	2021	2020
Assets				
SDR*	517	354	354	354
Liabilities				
Euro	3,000	3,000	3,000	3,000
USD	165	192	165	192
SDR*	294	117	294	117

*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.

4. Property, plant and equipment

Group	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,027	(5,896)	2,131	7,923	(5,329)	2,594
Motor vehicles	2,724	(1,920)	804	2,725	(1,730)	995
IT equipment	53,218	(47,124)	6,094	51,570	(40,385)	11,185
Leasehold improvements	3,724	(2,246)	1,478	3,612	(1,949)	1,663
Other equipment	47,210	(42,161)	5,049	46,683	(40,068)	6,615
Total	114,903	(99,347)	15,556	112,513	(89,461)	23,052

Company	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7,430	(5,386)	2,044	7,381	(4,902)	2,479
Motor vehicles	1,528	(1,414)	114	1,528	(1,312)	216
IT equipment	51,459	(45,714)	5,745	50,000	(39,198)	10,802
Leasehold improvements	3,724	(2,246)	1,478	3,612	(1,949)	1,663
Other equipment	47,187	(42,151)	5,036	46,667	(40,067)	6,600
Total	111,328	(96,911)	14,417	109,188	(87,428)	21,760

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

	Opening balance	Additions	Transfers	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

Reconciliation of property, plant and equipment - Group 2020 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,931	357	(5)	(2)	(687)	2,594
Motor vehicles	1,108	185	-	-	(298)	995
IT equipment	14,047	3,682	5	(17)	(6,532)	11,185
Leasehold improvements	1,829	145	-	(1)	(310)	1,663
Other equipment	9,062	579	-	(1)	(3,025)	6,615
	28,977	4,948	-	(21)	(10,852)	23,052

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4. Property, plant and equipment (Continued)

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

	Opening balance	Additions	Transfers	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

Reconciliation of property, plant and equipment - Company 2020 - N$'000

	Opening balance	Additions	Transfers	Disposals	Depreciation	Total
Furniture and fixtures	2,704	293	(5)	(2)	(511)	2,479
Motor vehicles	198	185	-	-	(167)	216
IT equipment	13,702	3,463	5	(17)	(6,351)	10,802
Leasehold improvements	1,829	145	-	(1)	(310)	1,663
Other equipment	9,063	562	-	(1)	(3,024)	6,600
	27,496	4,648	-	(21)	(10,363)	21,760

5. Right-of-use assets

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

Group - 2020

	Property N$ '000	Motor vehicles N$ '000	Total N$ '000
Cost			
Implementation of IFRS 16	7,807	35,065	42,872
Additions	8,267	10,472	18,739
Disposals / terminations	-	-	-
*Balance at 30 September 2020	16,074	45,537	61,611
Accumulated depreciation			
Depreciation for the year	(3,791)	(17,990)	(21,781)
Balance at 30 September 2020	(3,791)	(17,990)	(21,781)
Net book value at 30 September 2020	12,283	27,547	39,830

5. Right-of-use assets (Continued)

Company - 2021

	Property	Motor vehicles	Total
	N$ '000	N$ '000	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

Company - 2020

	Property	Motor vehicles	Total
	N$ '000	N$ '000	N$ '000
Cost			
Balance at 1 October 2019	-	-	-
Implementation of IFRS 16	7,807	35,065	42,872
Additions	8,267	10,472	18,739
Disposals / terminations	-	-	-
*Balance at 30 September 2020	16,074	45,537	61,611
Accumulated depreciation			
Balance at 1 October 2019	-	-	-
Depreciation for the year	(3,791)	(17,990)	(21,781)
Balance at 30 September 2020	(3,791)	(17,990)	(21,781)
Net book value at 30 September 2020	12,283	27,547	39,830

* The amounts here were disclosed net of accumulated depreciation on the prior year financial statements and this disclosure has been revised to reflect separate movement in cost and depreciation.

6. Intangible assets

Group	2021 N$ '000			2020 N$ '000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	127,812	(71,547)	56,265	127,306	(62,377)	64,929
Work in progress (WIP)	1,868	-	1,868	904	-	904
Total	129,680	(71,547)	58,133	128,210	(62,377)	65,833

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6. Intangible assets (Continued)

Company	2021 N$ '000 Cost	2021 N$ '000 Accumulated depreciation	2021 N$ '000 Carrying value	2020 N$ '000 Cost	2020 N$ '000 Accumulated depreciation	2020 N$ '000 Carrying value
Computer software	126,140	(70,603)	55,537	125,634	(61,606)	64,028
Work in progress (WIP)	1,868	-	1,868	904	-	904
Total	128,008	(70,603)	57,405	126,538	(61,606)	64,932

Reconciliation of intangible - Group 2021 - N$'000

	Opening balance	Additions	Transfers	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- Group 2020 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	74,587	1,299	-	(10,957)	64,929
Work in progress (WIP)	788	116	-	-	904
Total	75,375	1,415	-	(10,957)	65,833

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

	Opening balance	Additions	Transfers	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

Reconciliation of intangible assets - Company 2020 - N$'000

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	73,513	1,299	-	(10,784)	64,028
Work in progress (WIP)	788	116	-	-	904
Total	74,301	1,415	-	(10,784)	64,932

7. Investments in Subsidiary

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

Company

Name of company	% holding 2021	% holding 2020	Carrying amount 2021 N$ '000	Carrying amount 2020 N$ '000
NamPost Financial Brokers (Pty) Ltd Unlisted share investment	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$90,967,396 (2020: N$77,434,266).

8. Investment in Joint Ventures

Joint venture - SmartSwitch Namibia (Pty) Ltd

SmartSwitch Namibia (Pty) Ltd was operational since February 2006 and was 50% owned by NamPost at an initial investment cost of N$6 million which reduced to N$2 million following a N$4 million share buy back in 2018. The company ceased operations on 31 March 2021 and is in the process of being wound-up.

Group

Name of company	% holding 2021	% holding 2020	Carrying amount 2021 N$ '000	Carrying amount 2020 N$ '000
SmartSwitch Namibia (Pty) Ltd unlisted share investment	50	50	-	6,301

Summarised financial information of material joint ventures

Summarised Statement of Comprehensive Income

	SmartSwitch Namibia (Pty) Ltd 2021 N$ '000	2020 N$ '000
Revenue	9,636	20,176
Cost of sales	-	(694)
Operating expenses	(7,664)	(11,992)
Investment revenue	132	472
Profit before tax	2,104	7,962
Tax expense	(669)	(2,548)
Profit from continuing operations	1,435	5,414
Total comprehensive income	1,435	5,414

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8. Investment in Joint Ventures (Continued)

Summarised Statement of Financial Position

	SmartSwitch Namibia (Pty) Ltd	
	2021	2020
	N$ '000	N$ '000
Non-current assets	-	114
Current assets	1,239	8,660
Non-current liabilities	(125)	(125)
Current liabilities	(130)	(1,100)
Net assets	984	7,549
Investment at beginning of the year	6,301	6,594
*Share of total comprehensive income	717	2,707
Dividends received from joint venture	(2,000)	(3,000)
Initial Investment distributions	(2,000)	-
Remaining reserves	(492)	
Carrying amount write-down on dissolution	(2,526)	-
Carrying amount of Investment	-	6,301

* This is for the current year period until 31 March 2021 when the company ceased operations and is in the process of being wound-up.

Directors valuation

The directors have valued the joint venture at its net carrying value N$ Nil (2020: N$ 6.3 million). The joint venture was dissolved during the current year resulting in net investment write-down of N$ 2.3 million (refer to the Statement of Profit or Loss and Other Comprehensive Income), which consist of N$ 0.7 million share of after tax profit, N$ 0.5 million share of the remaining reserves and the carrying amount write-down of N$ 2.5 million.

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.

9. Loans to Group companies

	Group		Company	
	2021	2020	2021	2020
	N$ '000	N$ '000	N$ '000	N$ '000
Subsidiary				
NamPost Financial Brokers (Pty) Ltd 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.	-	-	18,374	24,503
NamPost Financial Brokers (Pty) Ltd 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.	-	-	19,566	25,651
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
	-	-	607,651	619,865
Non-current assets	-	-	587,237	598,777
Current assets	-	-	20,414	21,088
	-	-	607,651	619,865

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
10. Other financial assets				
At fair value through other comprehensive income				
Unit trusts and Bonds*	4,379,278	4,196,093	4,379,278	4,196,093
	4,379,278	4,196,093	4,379,278	4,196,093
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	2,200,282	2,269,122	2,200,282	2,269,122
At amortised cost				
Other financial assets	488,487	397,261	-	-
Total other financial assets	7,068,047	6,862,476	6,579,560	6,465,215

* Limited surety in the form of Internal Registered Stock GC027 to the nominal value of N$235,000,000 issued by the Republic of Namibia has been provided on the Agence Française de Développement (AFD) loan.

	Group 2021	Group 2020	Company 2021	Company 2020
Non-current assets				
At fair value through other comprehensive income	3,286,592	2,608,496	3,286,592	2,608,496
At fair value through profit or loss	308,932	339,175	308,932	339,175
Other financial assets - at amortised cost	307,951	237,347	-	-
	3,903,475	3,185,018	3,595,524	2,947,671
Current assets				
At fair value through other comprehensive income	1,092,686	1,587,597	1,092,686	1,587,597
At fair value through profit or loss	1,891,350	1,929,947	1,891,350	1,929,947
Other financial assets - at amortised cost	180,536	159,914	-	-
	3,164,572	3,677,458	2,984,036	3,517,544
	7,068,047	6,862,476	6,579,560	6,465,215

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.

	Group		Company	
	2021	2020	2021	2020
	N$ '000	N$ '000	N$ '000	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.

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 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Level 1				
*Unit trusts	-	-	-	-
Level 2				
Unit trusts and Bonds	4,379,278	4,196,093	4,379,278	4,196,093
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	6,579,560	6,465,215	6,579,560	6,465,215
Level 3				
Other instruments	488,487	397,261	-	-
	488,487	397,261	-	-
	7,068,047	6,862,476	6,579,560	6,465,215
Financial assets				
Opening balance	6,862,476	6,161,981	6,465,215	5,802,956
Additions	23,465,948	18,729,718	23,374,722	18,691,482
Disposals	(23,272,654)	(18,228,169)	(23,272,654)	(18,228,169)
Interest	95,492	149,686	95,492	149,686
Fair value adjustments	(83,215)	49,260	(83,215)	49,260
	7,068,047	6,862,476	6,579,560	6,465,215

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

*Unit trusts investments have been re-grouped to level 2 investments.

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.

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

10. Other financial assets (continued)

Credit rating

Bank Windhoek Limited AA (Global credit rating)	774,132	976,582	774,132	976,582
Standard Bank Namibia Limited AA+ (Fitch credit rating)	425,435	686,914	425,435	686,914
Namibian Government bond Baa1 (Moody's credit rating)	3,082,143	2,570,406	3,082,143	2,570,406
NamWater BB (Fitch credit rating)	25,373	26,434	25,373	26,434
South African Government bond BB (Moody's credit rating)	208,813	141,611	208,813	141,611
Entities with no external credit rating*	1,907,060	999,146	1,907,060	999,146
Nedbank Namibia Limited F1+	76,673	182,715	76,673	182,715
Old Mutual F2	-	2	-	2
Sanlam Namibia AA	29,905	-	29,905	-
Development Bank of Namibia BB (Fitch credit rating)	-	33,000	-	33,000
Capricorn AA (Global Credit Rating)	-	703,383	-	703,383
First National Bank AA (zaf)	50,026	145,022	50,026	145,022
	6,579,560	6,465,215	6,579,560	6,465,215

* The counterparties without credit ratings comprise Arysteq, Stanlib, 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	504,087	411,857	-	-
Less provision for impairment	(15,600)	(14,596)	-	-
	488,487	397,261	-	-

Impairment allowance on loans and advances				
Opening balance	14,596	13,903	-	-
Additional provision raised during the current year	2,759	6,519	-	-
Utilised during the year (previous provision)	(1,755)	(5,826)	-	-
	15,600	14,596	-	-

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.

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

11. Financial assets by category

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

At amortised cost				
Loans to Group companies	-	-	607,651	619,865
Other instruments	488,487	397,261	-	-
Trade and other receivables (excluding VAT)	68,421	108,481	68,170	108,273
	556,908	505,742	675,821	728,138
At fair value through other comprehensive income				
Unit trusts and Bonds	4,379,278	4,196,093	4,379,278	4,196,093
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,200,282	2,269,122	2,200,282	2,269,122
	6,579,560	6,465,215	6,579,560	6,465,215
At amortised cost				
Loans and receivables	488,487	397,261	-	-
Cash and cash equivalents	49,130	112,845	44,373	107,482
Total other financial assets	537,617	510,106	44,373	107,482

12. Inventories

Goods for resale	1,027	1,469	1,027	1,469
Stamps	3,727	3,456	3,727	3,456
Stationery	6,408	6,434	6,408	6,434
Other inventories (Smartcards, philately new range)	3,034	743	3,034	743
	14,196	12,102	14,196	12,102

13. Trade and other receivables

Trade receivables	23,866	60,999	23,866	60,999
Employee loans	2,295	1,763	2,295	1,763
Prepayments (mobile products, licences and insurance fees)	21,965	23,875	21,788	23,741
Other receivables (Agency fees etc)	20,295	21,844	20,221	21,770
	68,421	108,481	68,170	108,273

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.

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

13. Trade and other receivables (continued)

Trade receivables

Counterparties in their respective categories				
State owned entities	2,946	3,506	2,946	3,506
Government of the Republic of Namibia	19,825	33,596	19,825	33,596
Corporate clients	11,636	19,076	11,636	19,076
Private individuals	6,863	4,821	6,863	4,821
	41,270	60,999	41,270	60,999

Trade and other receivables				
Gross	115,935	152,403	115,684	152,195
Less provision for impairment	(47,514)	(43,922)	(47,514)	(43,922)
	68,421	108,481	68,170	108,273

Impairment allowance on trade and other receivables				
Opening balance	43,922	35,664	43,922	35,664
Impairment adjustment increase / (decrease) for the year	3,592	8,258	3,592	8,258
	47,514	43,922	47,514	43,922

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	15,449	15,214	15,436	15,206
Bank balances	33,681	97,631	28,937	92,276
	49,130	112,845	44,373	107,482

The company has undrawn bank overdraft facilities of N$ 54 million (2020: 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.

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.

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
14. Cash and cash equivalents (Continued)				
Credit rating				
Bank Windhoek Limited (AA) Global credit rating	4,744	5,284	-	-
Standard Bank Namibia Limited (AA+)	28,176	92,183	28,176	92,183
Nedbank Namibia (A1+)	-	71	-	-
First National Bank Namibia (AA+)	761	93	761	93
	33,681	97,631	28,937	92,276
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)	390,062	396,834	390,062	396,834
The loan is issued in Euros and is repayable in half yearly instalments of 15,000 euros which commenced on 30 June 2015. The initial amount borrowed was 883,767 Euros, a further loan amount of 6,070,000 Euros was subsequently borrowed, payable from June 2023 to June 2027 at an instalment of 151,000 euros and 152,000 Euros from June 2023 at 4% interest rate. A new loan was received in the local currency during the current financial year. The loan amount of N$ 325 million bears interest at 7.3% and is repayable over 10 years, with a 3 year grace period for the capital portion. The new loan is guaranteed by the government of the Republic of Namibia.				
Development Bank of Namibia (DBN)	-	30,433	-	-
The loan bears interest of 8% per annum and has been repaid in full during the year.				

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

16. Other financial liabilities (continued)

Held at amortised cost (Continued)

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.				
	625,782	662,987	625,782	632,554
Non-current liabilities				
At amortised cost	615,688	622,864	615,688	622,864
Current liabilities				
At amortised cost	10,094	40,123	10,094	9,690
	625,782	662,987	625,782	632,554

Kreditanstalt Fur Wiederaufbau loan (KfW)

	Kreditanstalt fur Wieder aufbau 2021 N$ '000	Kreditanstalt fur Wieder aufbau 2020 N$ '000	Kreditanstalt fur Wieder aufbau 2021 N$ '000	Kreditanstalt fur Wieder aufbau 2020 N$ '000
Opening balance	396,834	53,498	396,834	53,498
Interest expense	24,613	19,628	24,613	19,628
Foreign exchange (gain) / loss	(6,702)	9,626	(6,702)	9,626
Receipts	-	325,020	-	325,020
Payments	(24,683)	(10,938)	(24,683)	(10,938)
	390,062	396,834	390,062	396,834

Agence Française de Développement (AFD)

	Agence Française de Développem ent 2021 N$ '000	Agence Française de Développem ent 2020 N$ '000	Agence Française de Développem ent 2021 N$ '000	Agence Française de Développem ent 2020 N$ '000
Opening balance	235,720	-	235,720	-
Interest expense	17,529	10,181	17,529	10,181
Receipts	-	235,720	-	235,000
Payments	(17,529)	(9,461)	(17,529)	(9,461)
	235,720	236,440	235,720	235,720

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 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	(12,485)	(10,732)	(12,485)	(10,732)

Movements for the year

Opening balance	(10,732)	(11,926)	(10,732)	(11,926)
Benefits paid	1,184	998	1,184	998
Actuarial gain/ (loss)	(1,556)	1,430	(1,556)	1,430
Net expense recognised in profit or loss	(1,381)	(1,234)	(1,381)	(1,234)
	(12,485)	(10,732)	(12,485)	(10,732)

Net expense recognised in the statement of profit or loss and other comprehensive income

Current service cost	(68)	(79)	(68)	(79)
Interest cost	(1,313)	(1,155)	(1,313)	(1,155)
Actuarial gain	(1,556)	1,430	(1,556)	1,430
	(2,937)	196	(2,937)	196

Key assumptions used

Assumptions used on last valuation on 30 September 2021.

Average retirement age	60	58	60	58
Discount rates used	11.8%	12.69%	11.8%	12.69%
Health care cost inflation	8.2%	8.84%	8.2%	8.84%

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 2021, which indicate that the fund was in a sound financial position.

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	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 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	12,537	11,629	12,537	11,629
Valuation assumption	12,485	10,732	12,485	10,732
Heavier mortality	11,832	10,008	11,832	10,008

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	13,658	9,885	13,658	9,885
Valuation assumption	12,485	10,732	12,485	10,732
1% increase in valuation	11,480	11,698	11,480	11,698

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

18. Savings bank investors

Composition of savings bank investors

	Group 2021	Group 2020	Company 2021	Company 2020
Savings accounts	626,651	647,194	626,686	647,194
Save as you earn	36,423	30,285	36,423	30,285
Fixed term deposits	5,207,380	5,066,323	5,419,060	5,396,375
Call and notice accounts	251,030	186,867	251,030	186,867
Mychoice accounts	10,280	11,391	10,280	11,391
	6,131,764	5,942,060	6,343,479	6,272,112

The current and long term portions of the portfolio is split as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
Non current portion	673,389	688,870	673,389	688,870
Current portion	5,458,375	5,253,190	5,670,090	5,583,242
	6,131,764	5,942,060	6,343,479	6,272,112

19. Lease Liabilities

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 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 2020

	Opening Balance	Implementation of IFRS 16	Interest expense	Cash payments	Balance at 30 September 2020
Property	-	16,074	1,007	(4,164)	12,917
Motor vehicles	-	45,537	3,144	(18,295)	30,386
Total	-	61,611	4,151	(22,459)	43,303

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000

19. Lease Liabilities (Continued)

Maturity analysis of lease liabilities				
Within 1 year	15,216	5,411	15,216	5,411
From 1 to 5 years	11,978	37,892	11,978	37,892
Total	27,194	43,303	27,194	43,303

Amounts recognised in the income statement relating to leases

The following are the amounts recognised in the profit or loss:

Property	5,007	3,791	5,007	3,791
Motor vehicles	19,416	17,990	19,416	17,990
Total depreciation charge for the right-of-use assets	24,423	21,781	24,423	21,781
Interest expense on lease liabilities (included in finance cost)	3,085	4,150	3,085	4,150
Expense relating to short-term leases (included in cost of sales)	447	1,688	447	1,688
Expense relating to short-term leases (included in operating expenses)	36,379	35,983	35,034	35,983
Total expenses related to leases	64,334	63,602	62,989	63,602

20. Trade and other payables

Trade payables	32,581	43,564	27,043	38,004
Amounts received in advance	9,175	6,703	8,606	6,367
VAT	4,479	2,767	4,130	2,478
Telecom- telephone payments	247	328	247	328
Provisions and Accruals	33,296	28,630	33,296	23,660
Third party funds payable	103,298	128,608	103,298	128,608
Other payables	13,538	19,690	8,627	19,823
	196,614	230,290	185,247	219,268

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.

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	625,782	662,987	625,782	632,554
Trade and other payables (excluding VAT payable)	192,136	227,515	181,117	216,790
Savings bank investors	6,131,764	5,942,060	6,343,479	6,272,112
Lease liabilities	27,194	43,303	27,194	43,303
	6,976,876	6,875,865	7,177,572	7,164,759

Notes to the Annual Financial Statements

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
22. Deferred tax				
Deferred tax liability				
Property plant and equipment	(29,076)	(25,121)	(27,955)	(28,719)
Fair value adjustments	(2,356)	(29,009)	(2,356)	(29,009)
Terminal dues	(1,538)	(1,802)	(1,538)	(1,802)
Stock - Consumables	(1,783)	(1,845)	(1,783)	(1,845)
Prepayments and other deferred tax liabilities	(618)	(1,476)	(561)	(1,432)
Total deferred tax liability	(35,371)	(59,253)	(34,193)	(62,807)
Deferred tax asset				
Retirement benefit obligation	3,995	3,542	3,995	3,434
Provisions	26,563	22,271	22,049	18,197
Deferred tax balance from temporary differences other than unused tax losses	30,558	25,813	26,044	21,631
Income received in advance	3,871	2,037	3,871	2,037
	34,429	27,850	29,915	23,668
Other deferred tax (unrealised foreign) exchange, loans etc.	31,465	45,753	30,765	45,753
Total deferred tax asset, net of valuation allowance recognised	65,894	73,603	60,680	69,421

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:

	Group 2021	Group 2020	Company 2021	Company 2020
Deferred tax liability	(35,371)	(59,253)	(34,193)	(62,807)
Deferred taxation liability to be recovered after more than 12 months	(35,371)	(59,253)	(34,193)	(62,807)
Deferred tax asset	65,894	69,421	60,680	69,421
Deferred taxation asset to be recovered after more than 12 months	65,894	69,421	60,680	69,421
Total net deferred tax asset	30,523	10,168	26,487	6,614

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
22. Deferred tax (Continued)				
Reconciliation of deferred tax asset / (liability)				
At the beginning of year	3,148	10,168	6,614	14,152
Temporary differences on terminal dues and parcel credits	(1,538)	(587)	(1,538)	(587)
Temporary differences on income received in advance	3,870	358	3,870	358
Originating temporary differences on tangible fixed assets	(28,448)	(3,138)	(27,955)	(3,766)
Originating / (Reversing) temporary differences on Post retirement obligation	3,995	(492)	3,995	(382)
Temporary differences on fair value adjustments	(2,356)	(15,763)	(2,356)	(15,763)
Originating temporary differences on provisions	25,501	(1,265)	20,987	(1,265)
Originating temporary differences on stock - consumables	(1,840)	(116)	(1,783)	(116)
Temporary differences on prepayments	(561)	169	(561)	169
Other deferred tax (unrealised forex, workmen compensation, etc.)	28,752	13,814	25,214	13,814
	30,523	3,148	26,487	6,614
23. Current tax receivable / (payable)				
Current tax receivable				
Current tax receivable	15,826	15,161	16,854	14,936
Reconciliation for current tax receivable / (payable):				
Opening balance	15,161	14,145	14,936	14,936
Other prior year minor adjustments	(32)	-	(33)	-
Current tax for the year	(6,798)	(7,381)	-	-
Provisional tax payment - 2021	7,495	8,397	1,951	-
	15,826	15,161	16,854	14,936
Balance of provision for taxation consists of:				
2018	5,882	12,712	13,470	13,503
2019	1,433	1,433	1,433	1,433
2020	1,016	1,016	-	-
2021	7,495	-	1,951	-
	15,826	15,161	16,854	14,936

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
24. Revenue				
Revenue from contracts with customers				
Philately stamps revenue	810	533	810	533
Mail revenue	111,567	129,950	111,567	129,950
Agency commission	29,800	28,265	29,800	28,265
Logistics services	129,203	136,154	129,203	136,154
Savings bank fees	70,351	65,180	70,351	65,180
Other	2,435	2,889	2,435	2,889
Total revenue recognised at a point in time	344,166	362,971	344,166	362,971
Interest and similar income				
Interest and similar income on investments	516,838	508,412	516,838	508,412
Interest and similar charges on loan advances	84,370	81,600	-	-
Total Interest	601,208	590,012	516,838	508,412
Total revenue	945,374	952,983	861,004	871,383
25. Cost of sales				
Cost of sales	374,428	450,205	391,903	465,028
26. Other income				
Profit on sale of assets and liabilities	39	15	39	14
Recoveries	3,452	2,196	-	-
Other income	1,084	1,106	1,063	1,111
Profit (loss) on exchange differences	4,651	(2,979)	4,651	(2,979)
	9,226	338	5,753	(1,854)
27. Investment Income				
Dividends received	11,902	11,161	13,902	14,161
Interest received	1,664	1,738	44,241	38,373
	13,566	12,899	58,143	52,534
28. Operating profit (loss)				
Operating profit / loss for the year is stated after charging the following, amongst others:				
Auditor's remuneration - external				
Audit fees	2,235	2,846	1,758	2,342
	2,235	2,846	1,758	2,342
Remuneration, other than to employees				
Consulting and professional services	13,326	13,380	8,549	9,273

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	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
28. Operating profit (loss) (Continued)				
Leases				
Short-term lease charges				
Premises	36,373	39,027	35,482	37,671
Depreciation and amortisation				
Depreciation of property, plant and equipment	10,068	10,852	9,672	10,363
Depreciation - right-of-use assets	24,423	21,781	24,423	21,781
Amortisation of intangible assets	9,174	10,957	8,996	10,784
Total depreciation and amortisation	43,665	43,590	43,091	42,929
Expenses by nature				
Employee costs	275,256	263,149	256,698	245,121
Short-term lease charges	35,608	37,339	35,034	35,983
Depreciation, amortisation and impairment	43,665	43,590	43,091	42,929
Advertising	5,205	6,559	4,386	5,634
Subscriptions	19,291	14,353	19,291	14,353
IT expenses	12,763	10,705	12,763	10,705
Security	9,943	10,490	9,943	10,490
Municipal expenses	2,546	2,915	2,546	2,915
Consulting and professional fees	13,326	13,380	8,549	9,273
Bad debts	4,414	10,010	4,414	10,010
Telephone and fax	13,469	13,461	13,335	13,331
Commission paid	8,348	7,839	5,015	5,391
Other expenses	47,882	44,637	33,812	31,759
	491,716	478,427	448,877	437,894
29. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment (PPE)	10,068	10,852	9,672	10,363
Depreciation				
Right-of-use assets	24,423	21,781	24,423	21,781
Amortisation				
Intangible assets	9,174	10,957	8,996	10,784
Total depreciation, amortisation and impairment				
Depreciation (PPE)	10,068	10,852	9,672	10,363
Depreciation - Right-of-use assets	24,423	21,781	24,423	21,781
Amortisation	9,174	10,957	8,996	10,784
	43,665	43,590	43,091	42,929

	Group		Company	
	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
30. Finance costs				
Long-term borrowings	42,600	29,683	42,600	29,683
Interest on lease liabilities	3,085	4,150	3,085	4,150
Total finance costs	45,685	33,833	45,685	33,833
31. Income tax expense				
Major components of the income tax expense				
Current				
Local income tax - current year	6,798	7,381	-	-
Deferred				
Current year	6,866	(10,357)	7,296	(9,839)
Arising from prior year adjustments	(9)	1,156	(9)	1,156
	6,857	(9,201)	7,287	(8,683)
	13,655	(1,820)	7,287	(8,683)
Reconciliation of the income tax expense				
Accounting profit	54,036	6,461	38,435	(14,692)
Tax at the applicable tax rate of 32% (2020: 32%)	17,291	2,068	12,299	(4,701)
Tax effect of adjustments on taxable income				
Net Permanent differences	(3,627)	(5,044)	(5,003)	(5,138)
Prior year adjustments	(9)	1,156	(9)	1,156
	13,655	(1,821)	7,287	(8,683)
32. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current relating to other comprehensive income				
Local income tax - current year	-	-	-	-
Deferred relating to other comprehensive income / (loss)				
Current year	(27,127)	16,221	(27,127)	16,221
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense				
Other comprehensive income / (loss)	(84,771)	50,690	(84,771)	50,690
Tax at the applicable tax rate of 32% (2020: 32%)	(27,127)	16,221	(27,127)	16,221
Tax effect of adjustments on taxable other comprehensive income	(27,127)	16,221	(27,127)	16,221

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33. Tax (paid) refunded				
Balance at the beginning of the year	15,161	14,145	14,936	14,936
Prior year adjustment	(32)	-	(33)	-
Current tax for the year recognised in profit or (loss)	(6,798)	(7,381)	-	-
Balance at end of the year	(15,826)	(15,161)	(16,854)	(14,936)
	(7,495)	(8,397)	(1,951)	-
34. Cash generated from operations				
Profit (loss) before taxation and fair value	52,480	7,891	36,879	(13,262)
Adjustments for:				
Depreciation and amortisation	43,665	43,590	43,091	42,929
Dividend income	(11,902)	(11,161)	(13,902)	(14,161)
Interest received - investment	(1,599)	(1,830)	(44,240)	(38,226)
Finance costs	45,685	33,833	45,685	33,833
Foreign exchange differences	(4,269)	6,240	(4,269)	6,240
Movements in retirement benefit assets and liabilities	1,753	-	1,753	-
Other non - cash items	-	-	-	-
Equity accounting	6,301	293	-	-
Changes in working capital:				
Inventories	(2,094)	-	(2,094)	-
Trade and other receivables	37,626	3,387	37,671	3,387
Trade and other payables	(8,367)	22,325	(8,710)	22,071
	159,279	104,569	91,864	42,813
35. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
Commitments in respect of contracts placed	1,351	-	1,351	-
Not yet contracted for and authorised by directors	25,495	23,433	25,495	23,433
Guarantees				
Ministry of Finance	20	20	20	20
Avon and Justine	1,500	1,500	1,500	1,500
Roads Authority	-	690	-	690
Puma Energy	1,500	1,500	1,500	1,500

36. 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 95
Directors (NamPost Financial Brokers (Pty) Ltd)	Mr Festus F Hangula
	Mr James A Cumming
	Erastus Hoveka (appointed 01 December 2020)
	Sonia Bergh (appointed 01 December 2020)
	Ms Jennifer J Comalie (resigned 01 October 2020)
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)
	Batsirai Pfigirai (Executive: Finance)
	Jorn Schnoor (Executive: Information Technology)
	Sonia Bergh (Executive: Human Resources) retired 31 August 2021
	Mbo Luvindao (Executive: Financial Services)
	Berlindi van Eck (Executive: Marketing)
	Eldorette Harmse (Executive: Legal, Compliance and Governance)
	Bennie Jakobs (Executive: Retail Channels)
	Kgomotso Hochobeb (Executive: Internal Audit) resigned 31 August 2021
	Deon Claasen (Executive: Enterprise Risk Management)
	Michael Feldmann (Executive: Mail and Logistics)

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	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
36. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	905	728	905	728
Telecom Namibia Limited	1,089	1,608	1,089	1,608
NamPost Financial Brokers (Pty) Ltd	-	-	76	-
Payable to related parties				
Mobile Telecommunications Limited	6,335	18,049	6,335	18,049
Telecom Namibia Limited	590	274	590	274
SmartSwitch Namibia (Pty) Ltd	-	2,429	-	2,429
NamPost Financial Brokers (Pty) Ltd	-	-	-	18,950
Hollard	2,097	-	2,097	-
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	607,561	619,865
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	8,730	7,912	8,730	7,912
Namibia Post and Telecom Holdings Limited	3	2	3	2
Mobile Telecommunications Limited	4,215	4,699	4,215	4,699
NamPost Financial Brokers (Pty) Ltd	-	-	766	620,261
SmartSwitch Namibia (Pty) Ltd	4,000	3,371	4,000	3,371
Hollard Life Namibia Ltd	8,916	13,846	8,916	13,846
Purchases of goods / services				
Namibia Post and Telecom Holdings Limited	30,259	25,121	30,259	25,121
Mobile Telecommunications Limited	284,207	316,490	284,207	316,490
Telecom Namibia Limited	6,506	3,504	6,506	3,504
SmartSwitch Namibia (Pty) Ltd	11,106	19,822	11,106	19,822
Directors' emoluments				
Evangelina N Hamunyela	104	201	104	201
Perien J Boer	89	150	89	150
Muronga Haingura	41	154	41	154
Israel U D Kalenga	71	122	71	122
James A Cumming	221	235	126	156
Simeon Amunkete	32	-	32	-
Leezhel Mouton	32	-	32	-
Martha Shingenge	29	-	29	-
Ndangi Katoma	27	-	27	-
Festus F Hangula	16	-	-	-
Erastus Hoveka	71	-	-	-
Sonia Bergh	16	-	-	-
Compensation: Key management				
Short -term employee benefits	21,072	23,482	18,445	20,770

Namibia Post Limited
Annual Financial Statements for the year ended 30 September 2021

Detailed Statement of Profit or Loss

	Notes	Group 2021 N$ '000	Group 2020 N$ '000	Company 2021 N$ '000	Company 2020 N$ '000
Revenue					
Philately stamps revenue		810	533	810	533
Mail revenue		111,567	129,950	111,567	129,950
Agency commission		29,800	28,265	29,800	28,265
Courier services		129,203	136,154	129,203	136,154
Interest on loan advances		84,370	81,600	-	-
Savings bank investments		516,838	508,412	516,838	508,412
Savings bank fees		70,351	65,180	70,351	65,180
Other revenue		2,435	2,889	2,435	2,889
		945,374	952,983	861,004	871,383
Cost of sales					
Opening stock		(12,102)	(14,035)	(12,102)	(14,035)
Purchases		(376,522)	(448,272)	(393,997)	(463,095)
Closing stock		14,196	12,102	14,196	12,102
	25	(374,428)	(450,205)	(391,903)	(465,028)
Gross profit		570,946	502,778	469,101	406,355
Other operating income (loss)					
Bad debts recovered		3,452	2,196	-	-
Other income		1,084	1,106	1,063	1,112
Profit / (loss) on exchange differences		4,651	(2,979)	4,651	(2,979)
Profit / (loss) on sale of assets and liabilities		39	15	39	14
Other operating income (loss)	26	9,226	338	5,753	(1,853)
Expenses (Refer to page **159**)		(491,716)	(478,427)	(448,877)	(437,894)
Operating profit/ (loss)	28	88,456	24,689	25,977	(33,392)
Investment income	27	13,566	12,899	58,143	52,534
Finance costs	30	(45,685)	(33,833)	(45,685)	(33,833)
Income from equity accounted investments		(2,301)	2,707	-	-
Profit/ (loss) before taxation		54,036	6,462	38,435	(14,691)
Taxation		(13,655)	1,820	(7,287)	8,683
Profit/ (loss) for the year		40,381	8,282	31,148	(6,008)

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 2021

Detailed Statement of Profit or Loss

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Other operating expenses					
Selling and distribution expenses					
Commission paid		(8,348)	(7,839)	(5,015)	(5,391)
Motor vehicle expenses		(199)	(370)	(177)	(321)
Postage		(692)	(581)	(225)	(206)
		(9,239)	(8,790)	(5,417)	(5,918)
Marketing expenses					
Advertising		(5,205)	(6,559)	(4,386)	(5,634)
General and administrative expenses					
Auditors remuneration - external auditors	28	(2,235)	(2,846)	(1,758)	(2,342)
Bank charges		(3,605)	(2,853)	(3,572)	(2,833)
Computer expenses		(2,364)	(2,657)	-	-
Depreciation		(10,068)	(10,852)	(9,672)	(10,363)
Employee costs		(275,256)	(263,149)	(256,698)	(245,121)
Insurance		(3,858)	(4,094)	(3,797)	(4,020)
IT expenses		(12,763)	(10,705)	(12,763)	(10,705)
Lease rentals on operating lease		(35,608)	(37,339)	(35,034)	(35,983)
Municipal expenses		(2,546)	(2,915)	(2,546)	(2,915)
Printing and stationery		(1,253)	(1,232)	(1,081)	(1,098)
Telephone and fax		(13,469)	(13,461)	(13,335)	(13,331)
		(363,025)	(352,103)	(340,256)	(328,711)
Maintenance expenses					
Repairs and maintenance		(2,348)	(2,483)	(2,348)	(2,483)

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 2021

Detailed Statement of Profit or Loss

		Group		Company	
	Notes	2021 N$ '000	2020 N$ '000	2021 N$ '000	2020 N$ '000
Other operating expenses					
Amortisation		(9,174)	(10,957)	(8,996)	(10,784)
Depreciation - right-of-use assets		(24,423)	(21,781)	(24,423)	(21,781)
Bad debts		(4,414)	(10,010)	(4,414)	(10,010)
Cleaning		(1,920)	(1,479)	(1,874)	(1,433)
Consulting and professional fees		(13,326)	(13,380)	(8,549)	(9,273)
Legal fees		(497)	(974)	(175)	(513)
Entertainment		(743)	(1,207)	(737)	(1,200)
HIV/ Aids expenses		(498)	(622)	(498)	(622)
Recruitment fees		(215)	(579)	(215)	(579)
Impairment of loans		(8,320)	(7,603)	-	-
Mass distance charges		(431)	(393)	(431)	(393)
Corporate communication		(329)	(216)	(329)	(216)
Safe custody fees		(386)	9	(386)	9
Fines and penalties		(4)	(9)	(4)	(9)
Security		(9,943)	(10,490)	(9,943)	(10,490)
Staff welfare		60	(646)	144	(569)
Subscriptions		(19,291)	(14,353)	(19,291)	(14,353)
Training		(1,117)	(1,103)	(905)	(826)
Travel - local		(117)	(674)	(117)	(657)
Travel - overseas		-	(11)	-	(11)
Other expenses		(16,811)	(12,014)	(15,327)	(11,438)
		(111,899)	(108,492)	(96,470)	(95,148)
		(491,716)	(478,427)	(448,877)	(437,894)

The supplementary information presented does not form part of the annual financial statements and is unaudited.

ABOUT THIS REPORT

Audience and purpose

The aim of our integrated reporting is to provide our primary shareholder with information to make a more informed assessment of the value of NamPost. We seek to articulate how we create value for all our stakeholders through our context, position, business model, governance and risk management.

Reporting in a time of crisis

This report illuminates the implications for NamPost of the COVID-19 pandemic and resulting regulations. These have been addressed throughout the report in terms of ethical leadership, human capital, and organisational performance. We address how we have structured crisis oversight and communication to all our stakeholders.

Scope and boundary

The report covers the period 1 October 2020 to 30 September 2021. This report encompasses the activities of the Group.

Frameworks and assurance

Our integrated reporting is guided by various codes and standards. These include:

- The International Integrated Reporting Council's Integrated Reporting Framework
- Companies Act (Act 28 of 2004) (Companies Act)
- NamCode
- NamPost ERM Framework
- King III
- King IV™

The Annual Financial Statements were audited by PricewaterhouseCoopers, who expressed an unqualified audit opinion. No external assurance was sought on the non-financial information.

Materiality

This report contains feedback on the topics NamPost deems to be most material to our stakeholders and our ability to create value in the short, medium and long term. These topics are informed by our operating context, our stakeholders' key concerns and the risks and opportunities the Group faces.

Forward-looking statements

The report comprises statements that relate to the possible future performance and financial position of the Group. These statements are not guaranteed of future operating, financial or other results and involve certain risks, uncertainties and assumptions. The Group's external auditors have not reviewed these forward-looking statements.

Approval of the integrated annual report

- The NamPost Board, supported by BARC, is ultimately responsible for the integrity and completeness of the report. We confirm that the 2021 report addresses all material aspects of the company, and fairly represents the Group's performance.

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

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nampost®

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