Integrated
Annual Report
2023

nampost®

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ABOUT THIS REPORT

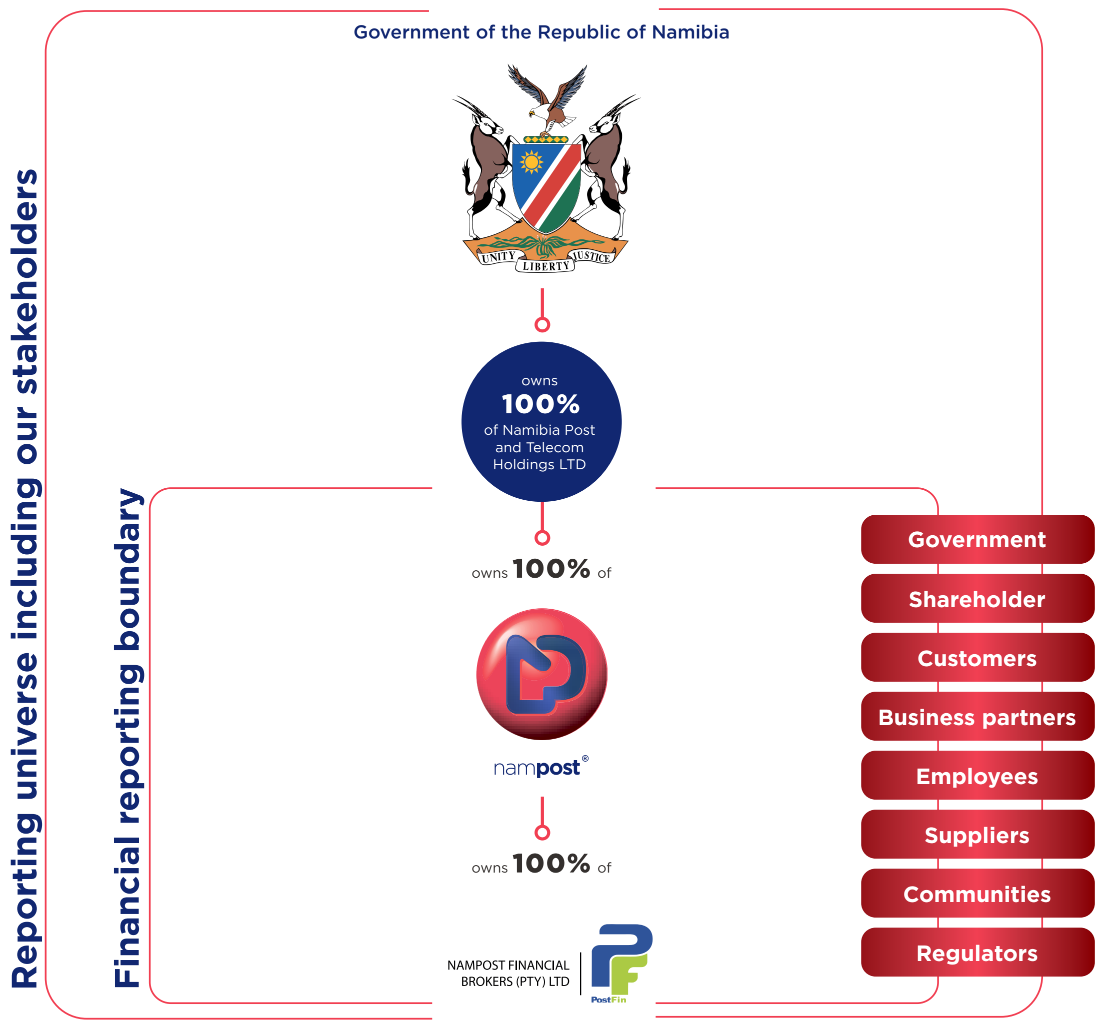
Welcome to our 2023 integrated annual report, which covers the financial year from 1 October 2022 to 30 September 2023. Through this report, we share our purpose, performance and plans with the people of Namibia and our shareholder, Namibia Post and Telecom Holdings (NPTH).

Scope and boundary

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

- Financial Services
- Mail and Logistics
- Retail Channel

It also has a 100%-owned subsidiary, NamPost Financial Brokers (Pty) Ltd (PostFin).



NamPost and PostFin are consolidated in the Group annual financial statements as required by International Financial Reporting Standards.

All information in this report is comparable to our previous report.

Content frameworks and reporting requirements

Our reporting is shaped by a range of requirements and considerations, including:

> The Corporate Governance Code for Namibia (NamCode) while taking guidance from King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™)[1]
> The International Integrated Reporting Framework (International <IR> Framework)
> Companies Act of Namibia, 28 of 2004 (Companies Act of Namibia)
> Namibia Banking Institutions Act, 2 of 1998

NamPost operates under the Communications Regulatory Authority of Namibia (CRAN) licence regarding postal services. In addition, NamPost is authorised by the Bank of Namibia to issue payment instruments and to participate in the national payment and clearing systems.

Content development and approval

This report is based on interviews and content provided by the executive management team, focusing on the start of our new strategic cycle, operational performance, governance practices and priorities for the next financial year.

More information about NamPost is available on our website at www.nampost.com.na.

We welcome feedback on the report. Contact Marketing@nampost.com.na to share your suggestions for improvements and appreciation.

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

ABOUT NAMPOST

CONNECTING NAMIBIANS FOR MORE THAN 31 YEARS

NamPost is Namibia's national designated postal operator. More than mail, our offering includes financial, mail, logistics and retail services to all Namibians – individual customers, businesses and communities.

NamPost symbolises stability and endurance and has been part of the Namibian landscape and lives for decades. Our role evolved while remaining true to our legal mandate, which guides us to make a sustainable, positive social impact. We do this by leveraging our post office infrastructure and reach so those who might otherwise not have access to the increasing services we offer can now connect, transact, lend and save, with protection provided by our partner, Hollard Insurance Namibia.

The NamPost mandate to serve

The Posts and Telecommunications Act 19 of 1992, the Post and Telecommunications Amendment Act 20 of 1995 and the Communications Act 8 of 2009 define NamPost's mandate to "conduct postal services and supplementary services" Supplementary services are defined as "the control and management of the Savings Bank" and "the rendering of a money transfer service". NamPost is also licenced by CRAN to provide postal services under a Universal Service Obligation, which stipulates that all consumers have access to basic services at affordable, uniform prices and that the services have a minimum level of quality.

According to NamPost's Memorandum of Association, section 6, "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."

Our vision

To be a modern, vibrant, customer centric company that delivers value for its stakeholders.

Mission

We enhance quality of life by providing postal, financial and logistics solutions.

Values

Integrity
Uphold ethical behaviour, respect and good governance

Accountability
Take ownership of our actions

Caring
For ourselves, our customers and our stakeholders

Teamwork
Work together to achieve our mission

OUR CONTRIBUTION TO FINANCIAL INCLUSION

Social and transactional connectivity, even for Namibians in our most remote communities, supports the livelihood of Namibia's people and ensures their inclusion in economic progress.

Our offering contributes to the Namibian Government's Harambee Prosperity Plan II, which is aimed at economic recovery, enhanced service delivery, and inclusive growth. This plan covers 2021 to 2025 and prioritises targeted policy programmes based on three pillars:

Social progression

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

Read more about our corporate social investment (CSI) choices and impacts in the section on Promoting the NamPost brand from page 28.

Economic progression

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

Read more about the trade-off decisions we make to balance our social imperative to maintain the post office footprint with the need to be financially sustainable and responsible in the Financial review section from page 32.

Effective governance

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

Read more about our commitment to making good governance a way of life in the Governance section from page 64.

About NamPost (continued)

A measurable impact

The stable employment of our workforce and contribution to the economy

714
people employed by NamPost Group in the past year
(2022: 724)

N$300 million
paid in salaries and benefits to NamPost employees
(2022: N$282 million)

N$89 million
paid in taxes to the Namibian Government
(2022: N$84.1 million)

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

270 649
NamPost VISA SmartCard holders can access affordable payment services and secure savings facilities
(2022: 260 588)

126 618
individuals, primarily at the low end of the market, have insurance via NamPost
(2022: 120 259)

N$629 million
in responsible PostFin micro-loans empowers pensioners and small businesses, particularly those run by women
(2022: N$618 million)

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

51
NamPost post offices are the only access points for financial services in remote communities
(2022: 51)

61
unprofitable outlets provide an essential service in remote areas and are subsidised by our profitable services
(2022: 74)

53,44%
of our post offices are profitable
(2022: 44%)

A springboard for future access

Through digital transformation, the NamPost infrastructure, encompassing our post offices, fleet, warehouses and IT systems, will enable us to expand our future service capability even more. As we develop solutions such as a mobile banking app, digital postal orders, internet banking, Send-Money facilities and electronic funds transfers (EFTs), our customers' options to be economically active expand in multiple ways. We are committed to remaining affordable and helping underserved communities, including women, youth, small farmers, government payment disbursement recipients and small businesses.

According to a Universal Postal Union (UPU) paper on financial inclusion[1], the biggest opportunities in advancing financial inclusion lie in digitising payments. The report indicated that 28% of adults world-wide receive payments from the government. Digital payments remained the most widely used financial service, with 37% of adults having opened their first account receiving a government or private sector wage payment for savings.

Read more about our digital transformation in the section on Leading business transformation on page 42.

[1] *Postal Networks: A Platform for Financial Inclusion Enablement, 2023*

Mobile connections in Namibia

Data from Global System for Mobile Communications (GSMA) Intelligence shows that Namibia had 2.81 million cellular mobile connections at the start of 2023. GSMA Intelligence's numbers indicate that mobile connections in Namibia were equivalent to 108.7% of the total population in January 2023.[2] It is not a guarantee that everyone in Namibia will be connected via mobile. Still, it is significant enough to warrant the offering of NamPost mobile products and services, especially against the backdrop of adopting 5G in Namibia, which could see mobile penetration accelerating.

[2] *2023 Digital Namibia www.datareportal.com*

OUR PRODUCTS AND SERVICES

Our customers interact with NamPost through three business units. We aim to consistently create a modern, vibrant, customer centric experience at every touchpoint.

Financial Services

This business unit provides access to financial products and services, primarily servicing low-income Namibian residents, the unbanked and the underbanked.[3]

Retail Banking through NamPost Savings Bank	Treasury	PostFin
NamPost is legally mandated to transfer money locally and internationally. The Savings Bank: > Serves individual retail customers with its transactional VISA SmartCard in an interoperable environment > Offers insurance and bancassurance products through its joint venture with Hollard Insurance Namibia, including affordable funeral and life cover for VISA SmartCard holders > Delivers competitive retail investment products such as fixed-term deposit accounts, call accounts, notice accounts and save-as-you-earn accounts > Provides the infrastructure necessary to facilitate payments for the low- income market segment of the Namibian population	Offers wholesale deposit-taking catering for corporate and institutional clients' investment needs.	A wholly-owned subsidiary of NamPost, providing responsible micro-lending and financial brokering services. PostFin offers unsecured personal loans to pensioners, government employees and customers employed by companies holding a payroll deduction agreement. Permanently employed customers with VISA SmartCards are also eligible for loans.

[3] *According to the World Bank, in 2021, 65.57% of the Namibian population of people over 14 years of age, had bank accounts. https://www.theglobaleconomy.com/Namibia/percent_people_bank_accounts/*

About NamPost (continued)

Mail and Logistics

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

Mail services	Courier services
NamPost receives, sorts and distributes mail and post parcels to and from domestic and international destinations. This includes sorting and distributing letters, posting parcels, government mail, business and bulk mail and Hybrid mail, including digital and Express Mail services (EMS) international service. From 2023, customers will also be able to use our digitised postal orders to send and redeem money via SMS.	NamPost is the biggest domestic overnight courier company in Namibia. Our services comprise domestic and international shipments, collection, and door-to-door delivery, including overnight express parcels within Namibia to selected destinations. Our Courier service includes a transportation fleet and offers logistics and supply chain solutions for business and private customers, including prepaid products such as EasyPack and EasyBox.

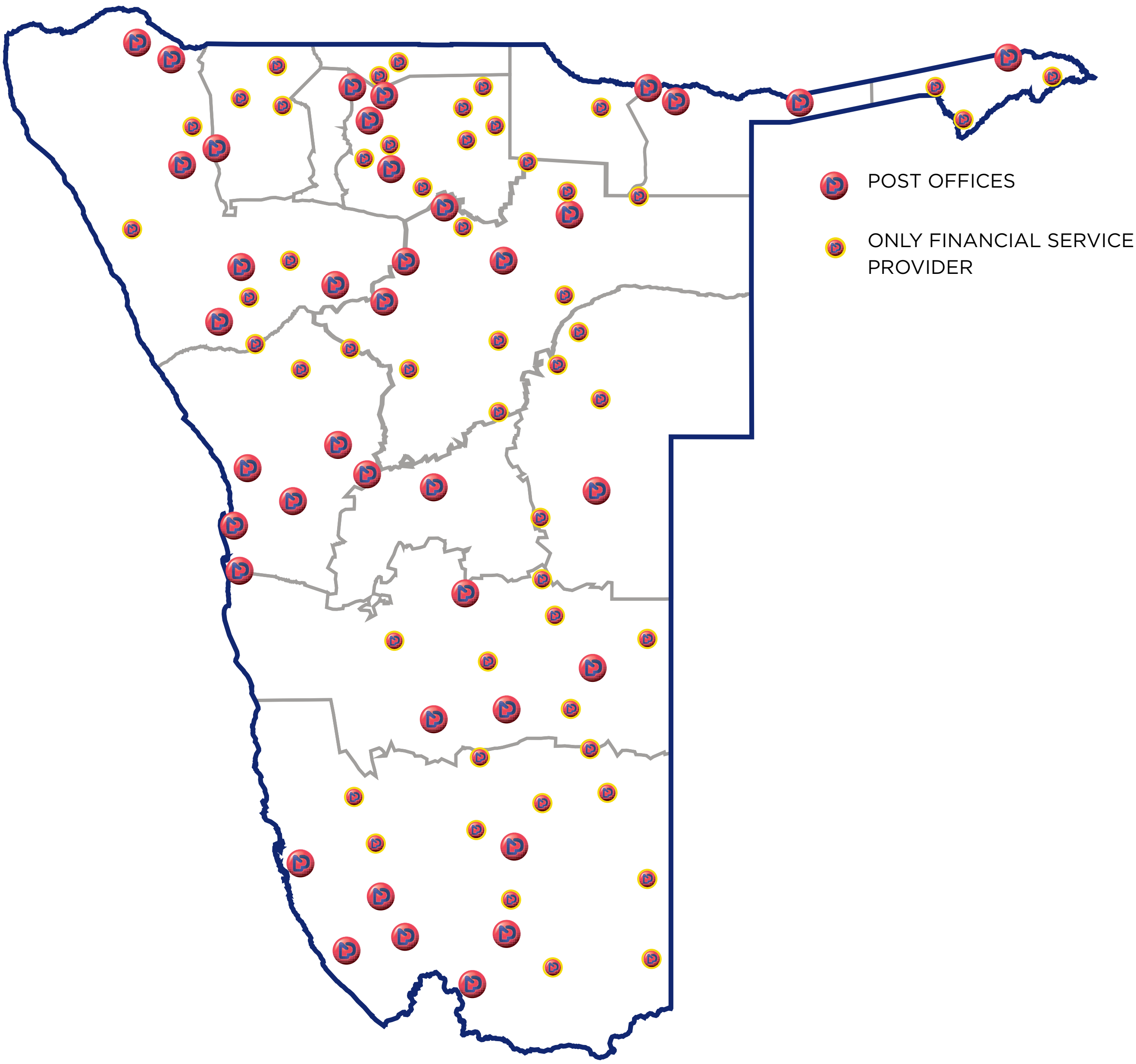
Retail Channel

NamPost's nation-wide postal network serves as the Retail division for all our offerings and manages customer service, distribution, sales and stock, and cash. Each post office services multiple customer needs of the local community.

Post office infrastructure and post box rental	Third-party agencies	Philately
The post office infrastructure enables the other business units by: > Facilitating the delivery of financial services products and services through retail outlets > Moving stock and mail from the central Mail and Logistics hub to each retail outlet > Facilitates the delivery of Mail and Logistics products and services such as EasyPacks, EasyBox and Expedited Mail Services Retail Channel manages Courier regional hubs on behalf of Mail and Logistics.	Optimises post office use and enables businesses that require a national reach but find it inefficient or costly to establish their national network. We deliver customer convenience by providing services including bill payments, airtime sales, payment collections and the sale of electronic devices.	We offer current postage stamps and a range of collectable postage stamp products.

OUR FOOTPRINT

NamPost's national footprint provides a key point of contact in communities across all regions of Namibia, covering cities and remote towns, villages and settlements. We serve over 2.77 million people, spread across 825km². Because of the Universal Service Obligation – as per the postal licence granted by CRAN – our reach extends to areas of Namibia where it is not commercially viable for competing service providers, like commercial banks, to operate.



131
post offices

51
The only Financial Service Provider in the area

136
service points

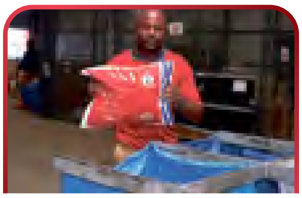
Read more about the future ownership of NPTH post office buildings and properties in the Financial review section on page 37.

MORE THAN MAIL FOR MORE THAN 31 YEARS

1992
Established:
92 post offices

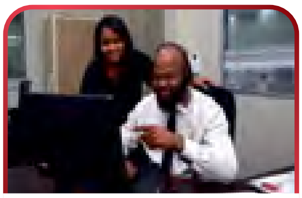
1995
Commenced:
Counter automation project

2003
Introduced:
Treasury services for public investment



2013
Launched:
Prepaid courier products

2015
Commenced:
International courier service



2017
Enhanced:
Insurance products

1.3 million
Courier waybills handled*
(2022: 1.3 million)

270 649
VISA SmartCard customers
(2022: 260 588)

20 000
Number of Namibians served per post office on average
(2022: 20 000)

131
Post offices
(2022: 133)

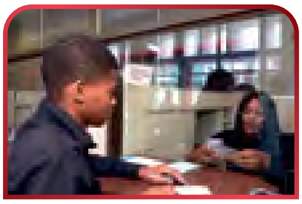
124 210
PO boxes
(2022: 124 210)

108
Vehicles
(2022: 119)

7.9 million
Mail items handled
(2022: approximately 10 million)

* *Decline in Waybills: Parcel volumes declined with around 2.5% (which is affected by the current economic climate).*

2006
Launched:
Biometric SmartCard

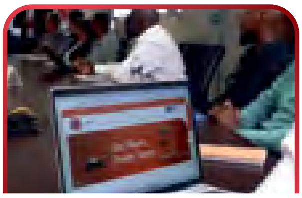


2007
PostFin established

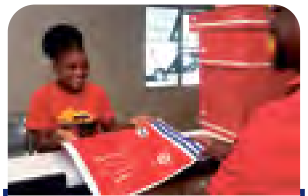
NAMPOST FINANCIAL BROKERS (PTY) LTD

2010
Introduced:
Automated mail sorting

2019
Launched:
Inter-operable VISA SmartCard



2021
Developed:
Integrated e-commerce platform



2022
Launched:
PostPay Money Transfer Service

2023
Launched:
Cooling trucks

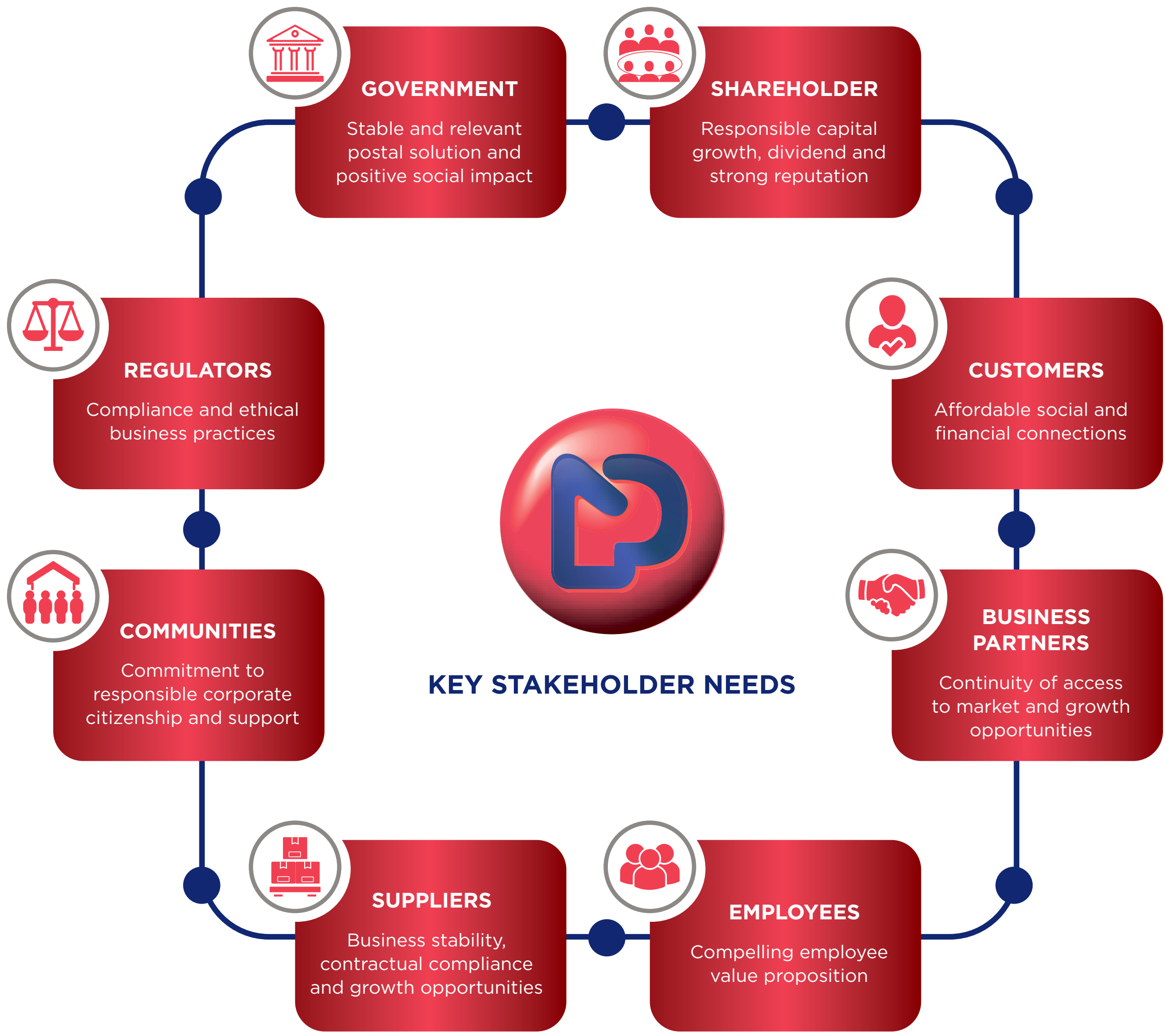
CONNECTING WITH STAKEHOLDERS

The NamPost Stakeholder Engagement Plan sets out the principles we follow when engaging with our diverse stakeholder groups with unique expectations. The principles are:

> Mutual involvement
> Openness
> Relevance
> Learning
> Action to meet stakeholder needs

Understanding stakeholder needs

Our operations impact various stakeholders who provide the resources and relationships that enable us to serve the nation. We aim to understand their different needs and respond appropriately.



Our material stakeholder profiles

Government	The Namibian Government creates an enabling policy and trade environment and provides the infrastructure NamPost requires for our business activities. The government guarantees NamPost loans and owns 100% of our shareholder, NPTH. The government is also one of the key Mail and Logistics customers. NamPost acts on behalf of the Namibian Government in driving financial inclusion.
Shareholder	NPTH is our sole shareholder to whom we are accountable for delivering sustainable performance and long-term shareholder value. NPTH appoints the Board and participates in the annual general meeting. We engage with NPTH in person and through our annual reporting cycle. Read more about this relationship in the Governance section from page 64.
Customers	NamPost serves all customer income segments with bespoke solutions based on their needs. We connect communities, keep people and businesses in touch and serve the aim of financial and social inclusion for all Namibians through affordable and accessible products and services. NamPost conducts public and direct one-on-one communication and responds promptly to queries through our online portal. We conduct Mystery Shopper surveys to gauge customer satisfaction. Read more in the section on Promoting the NamPost brand from page 28.
Business partners	NamPost engages with business partners through meetings and formal written communication and agreements. We have a joint venture with Hollard Insurance Namibia and own shares in PostFin, offering products and services complementary to NamPost's. Read more in the Financial Services section from page 32.
Employees	Our 714 employees value competitive remuneration and benefits such as medical aid, housing and a performance bonus. This was confirmed by an employee survey in 2022, which enabled us to develop a compelling Employee Value Proposition (EVP). Ongoing engagement includes daily mentoring and on-the-job skills development and training, company newsletters, events, information sessions with management and our new employee portal. Read more in the section on Our People from page 38.
Suppliers	NamPost contracts with local and global suppliers to deliver professional and outsourced services and products such as packaging and software. We contract with third-party suppliers who sell through our Retail Channel. We engage based on service-level agreements and orders and involve our suppliers in future growth planning. We offer favourable payment terms to suppliers and comply with the Public Procurement Act (Act 3 of 2022).
Communities	NamPost serves various rural and urban communities through our services and recruits employees and service providers from these areas. We consider requests for funding and support with a positive and sustainable social impact. Read more about our community engagement in the Promoting the NamPost brand section from page 28.
Regulators	NamPost is a state-owned entity regulated by the Communications Regulatory Authority of Namibia, the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority (NAMFISA). They expect us to adhere to regulations, act ethically and demonstrate responsible corporate citizenship. Read more about Compliance from page 71.

CHAIRPERSON'S REVIEW

"NamPost remains a **relevant and sustainable Namibian service provider,** playing a key role in **social** and **financial inclusion.** Despite many challenges, the Group continued **delivering shareholder value** and **serving the needs** of stakeholders. To safeguard **future growth,** the Board ensured that NamPost had the **right executive leadership, strategy,** and **governance** in place to become a **vibrant, modern, customer-centric** company."

Dr Simeon Amunkete
Board Chairperson

Serving in a changing world

NamPost Group delivered resilient results compared to postal operators around the globe. NamPost Group revenue increased by 9%, whereas the UPU anticipates average postal operator revenue growth rates to stabilise at just under 3% by 2025. According to the UPU's State of the Postal Sector 2023 report, countries with robust postal services demonstrated greater capacity to absorb the shocks of recent disruptive events like the COVID-19 pandemic. Over the decades, NamPost has proven to be one of the stable and sustainable cornerstones of the Namibian economy and integral to its social fabric.

This past year has seen widespread economic difficulties and geopolitical divisions having a ripple effect from the global to the local economy. Technology, digital integration, and artificial intelligence breakthroughs were matched by mounting pressures to manage environmental impacts better.

In this context, we have to consider that as little as a decade ago, NamPost was geared predominantly for mail services. We now have a business that derives most of its revenue from Financial Services thanks to key strategic decisions made by the NamPost Boards of the past. These decisions expanded our role as a non-bank financial services provider and amplified our contribution to financial inclusion. As a Board, we take our fiduciary duty seriously and know our decisions will shape the NamPost of the future.

We also remain mindful of the fact that some of our customers still expect to join a queue at the post office, still want to send a letter in an envelope with a stamp, and still pick up their mail from a post box with a number that forms part of their identity much as an ID number, address and mobile number are integral to who we are.

Keeping our customers and business safe

In the past year, the Board approved the new strategy towards 2027. Our strategy review process included inputs from our Ministry of Finance and Public Enterprises colleagues, who provided robust views and valued external stakeholder insights.

We are confident that the investment in digital and business transformation, our commitment to customer centricity and nurturing a high-performance culture will inject new life without compromising our core strength of a brick-and-mortar post office network.

We monitored the risks that NamPost has to mitigate. We observed the continuous strengthening of the Group's risk management capability, actively supported by the work done by the Internal Audit team. We had to ensure the appropriate infrastructure and capacity to drive policy development and compliance, such as cyber security and anti-money laundering (AML).

We provided oversight and support, for example, when the executive management team made the difficult decision to terminate the MyUniversalShop e-commerce agreement.

The Board is satisfied that NamPost's combined assurance model is robust and compliance regarding its CRAN licence, AML, tax regimes and labour is on track and ongoing.

Board and executive management

There were no changes to the Board in the past year. New executive appointments, however, allowed us to expand our leadership and digital expertise. We appointed Willem Mouton as Chief Operating Officer and Komao Lydia Ndjarakana as Head of Internal Audit. We look forward to their contributions to strengthen the NamPost team.

Dividend

A dividend of N$5 million was declared after year-end and will be accounted for in the new financial year. The N$8 million dividend that was declared for the 2022 financial year was paid during the year under review.

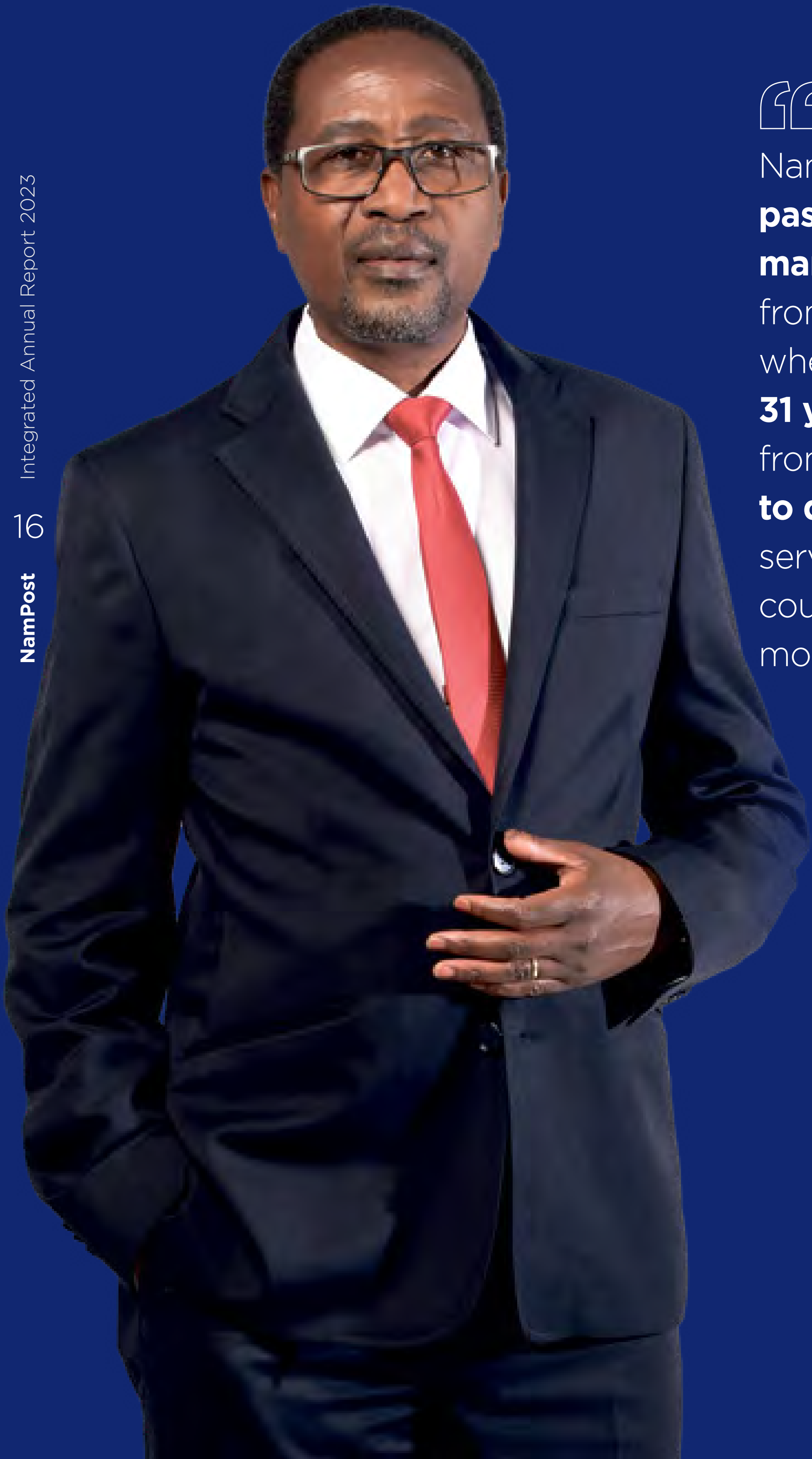
Appreciation

I want to express my appreciation to NamPost's Executive Management Team and all employees for their efforts, commitment and the results we achieved.

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

Dr Simeon Amunkete
Board Chairperson

CHIEF EXECUTIVE OFFICER'S REVIEW



NamPost Group's revenue **passed the N$1 billion mark** this year, growing from a **mere N$26.2 million** when it was established **31 years** ago. This resulted from **strategic decisions to diversify** from postal services into banking, courier, agency and money transfer services.

Festus F Hangula
Chief Executive Officer

Performance in 2023

Group revenue increased by 9% to

N$1.1 billion

(2022: N$981 million)

Operating expenses increased by 7.7% to

N$531 million

(2022: N$493 million)

Profit before tax (PBT) decreased by 29% to

N$63 million

(2022: N$89 million)

Best performers for 2023

> Financial Services performance
> PostFin loans
> SmartCard transactions
> Hollard Insurance Namibia partnership

Challenged areas for 2023

> Mail services with a continued decline in letter mail
> E-commerce project not meeting expectations
> Courier services

NamPost Group remained profitable and sustainable in a year with significant cost challenges. Profit before tax decreased to N$63.1 million compared to N$88.6 million in 2022. Despite excellent results such as a 60% increase in PostFin profit and 43% growth in Savings Bank non-interest income, we face a decline in traditional core areas such as mail-related revenue, which dropped by 13% from N$99.4 million in 2022. PO box occupancy rates decreased by 7%.

When we consider these results against international trends, NamPost can be proud of its robust performance.

International trends and challenges

Namibia has been a member of the UPU since 1992, and NamPost is an active government partner and participant in the discourse on the changing nature of postal services globally.

In the UPU's State of the Postal Sector 2023 report, the following global trends are evident and echo NamPost's experience and prospects:

> Letter post income is a waning source of income, dropping from a global average contribution of 50% in 2005 to 34% in 2021. This decline will continue
> Parcels and logistics are the new frontier and are expected to overtake letter post revenue, driven by e-commerce and online shopping. However, this sector faces stiff competition from alternative delivery services
> Postal financial services remain a steady contributor and will be a future stronghold
> Other products are declining yet promising, and innovation will determine growth

At NamPost, mail contribution to revenue reduced from 33% of income in 2009 to 8% this year, highlighting an even more dramatic shift than in other countries.

Unfortunately, this has been exacerbated by regional challenges. The Southern African Development Community (SADC) uses the South Africa post mail hub in Johannesburg as a regional hub.

This means international mail destined for the region, mostly passes through SA Post Office Ltd in transit to its destination outside of South Africa. Unfortunately, the SA Post Office has become largely dysfunctional and was placed under business rescue by a court order on 10 July 2023. This has put severe pressure on our ability to ensure the flow of mail and parcels to and from Namibia.

We are actively participating in efforts to find an alternative solution, especially for e-commerce.

Namibian context in 2023

The Namibian economy experienced a slight recovery during 2023 due to mining activity, green hydrogen and the discovery of oil. However, our customers remain under severe pressure due to inflation, high interest rates and high unemployment. According to the Bank of Namibia[1], households in Namibia spend at least 17.8% of their income on servicing loans they would have taken from financial institutions, almost double the recorded 9% in 2020. This reflects a society increasingly burdened by debt with limited purchasing power.

Namibia was also assessed by the Financial Action Task Force (FATF) this year to determine whether the country meets the AML standards and counter the financing of terrorism (CFT) to safeguard the global financial system against these threats. For this reason, NamPost renewed its focus on compliance training, particularly for AML. The training is designed to educate NamPost employees and agents about AML laws and regulations enforced by the Namibian Government.

[1] *Bank of Namibia and Namibia Financial Institutions Supervisory Authority, Financial Stability Report 2023*

Chief Executive Officer's review (continued)

The Public Procurement Amendment Act of 2022 was promulgated on 8 August 2022, and its provisions made the Act applicable to NamPost. This had a significant impact on NamPost, leading to costly delays in procurement as we had to adjust processes and, in some cases, re-commence tender processes.

The new Banking Institutions Act, 2023, was passed by the Parliament and signed into law by the President. The Act exempts the Post Savings Bank from the provisions of the Banking Institutions Act. The re-introduction of this provision in the Act may likely pave the way for the Bank of Namibia to introduce regulations specific to NamPost Savings Bank in the near future.

A partnership for development

NamPost has a long-standing funding partnership with the Kreditanstalt für Wiederaufbau (KfW) Development Bank in Germany, strengthened by concluding a further N$406.8 million concessional financing agreement for PostFin in October 2023, which was subsequent to the financial year-end. The financing will enable PostFin to disburse more micro-loans to micro- and small-sized enterprises and households in rural and remote areas.

Customers can apply for these loans at any PostFin sales agents across the country, located at various NamPost offices in their towns. They can also submit required documents online, such as proof of employment, to determine if they qualify.

KfW and NamPost are both committed to improving social conditions and financial inclusion. Read more about PostFin's performance on page 56.

2023 developments

> We started tracking progress against our new strategy to 2027, which is based on a balanced scorecard and will enable us to transform the business through a high-performance culture that will lead to financial sustainability and satisfied customers. Read more about strategy progress on page 26.

> We developed and launched a new EVP to ensure we have the right people to deliver on our strategic ambitions while offering them the appropriate training and support. Read more about the EVP in the section about our people from page 38.

> We launched PostPay as a new digital cash transfer product with over 69 000 transactions, indicating a strong uptake from customers. Read more about PostPay on page 29.

> We continued with the implementation of our five-year digital strategy to achieve three outcomes: increased revenue from new digital products, improved customer convenience through digital experiences and strengthened risk management to minimise exposure to digital risks. Read more about digital transformation from page 42.

> Work done on our logistics strategy and value chain in Namibia is providing clarity on where we want to focus to gain more income from distribution while better supporting other business units. Read more about our fleet and opportunities on page 50.

> Our partnership with Hollard Insurance Namibia continued to perform well. We benefitted from regional sales promotions for funeral cover and Smart Life products. Over 35 000 new customers have signed up during the financial year.

> After initial success with an e-commerce platform, the agreement with MyUniversalShop was terminated, and we are scoping a way forward with a new partner to capture this opportunity.

> We remained committed to reducing our environmental impact and continually improving our environmental performance while encouraging our customers, suppliers and other stakeholders to do the same. Read more about our Environmental Risk Management Policy and initiatives on page 50.

Outlook, priorities and appreciation

We expect the operating environment in Namibia to remain challenging in the short term but anticipate pockets of growth as some of our new national opportunities in green hydrogen, oil and gas start to realise future potential.

Effective implementation of our strategy in 2024 and beyond will require:

> Continued focus on diversification and new product development to reduce our reliance on treasury and increase non-interest income

> Full integration into the National Payment System (NPS) Enhanced Electronic Funds Transfer (EEFT) stream, with the Enhanced Credit sub-stream being deployed in April 2024

> Deployment of NamPost's digital financial services offerings Operationalisation of the new Financial Services customer contact centre that will enable upselling opportunities and improved customer service given the new digital touchpoints

> All our employees committing to high performance and customer service to ensure "we deliver more"

I want to thank our shareholder, NPTH, and the Board for their continued support and guidance as we work towards our five-year goal. I am also grateful for the efforts of the NamPost employees at all levels for their contribution to NamPost.

Festus F Hangula
Chief Executive Officer


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

OUR BUSINESS MODEL

Our pools of value

Financial capital

- The capital required to deliver our products and services, is generated from business operations, savings bank deposits and external borrowing

People and expertise

- The combined knowledge of our diverse leadership teams and the dedication and skills of our employees, backed by the experience of successfully operating in our market since 1992
- We are invested in the development and wellbeing of our 712 employees

Infrastructure

- Our network of 131 post offices, our IT infrastructure and our logistics fleet, allow us to reach communities throughout Namibia
- This includes properties owned by NamPost or leased from NPTH and other landlords

Relationships

- Engaging with and understanding our broad customer base, shareholder and communities
- Entrenching brand equity with customer satisfaction surveys and segmentation research to inform product development

Connecting Namibians to our products and services

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 includes local and international shipment/parcel delivery and collection, including overnight express
- Mail entails service and solutions for all mail requirements
- Logistics and supply chain solutions for business customers

Financial Services

- Our Savings Bank offers VISA SmartCards in an interoperable environment
- Fixed-term deposits, call accounts, notice deposit accounts and save-as-you-earn accounts
- Underwritten by Hollard Insurance Namibia, we offer funeral cover and life insurance tailored to our target customers
- Unsecured personal loans via PostFin
- Value-added service including airtime, prepaid electricity and water, TV licence payments
- Treasury offers wholesale deposits and investments for corporate and institutional clients

Retail Channel

- Our post offices offer 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 to the local economy
- Delivery channel for our Mail and Logistics and Financial Services products
- Third-party agency services allow customers to purchase and pay for products and services at all post offices country-wide
- Philately refers to our current postage stamps and a range of collectable postage stamp products

Enabled by

An effective and stable workforce

Read more in Our people from page 38.

Customer centricity – understanding and serving our customers' needs

Read more in Promoting the NamPost brand from page 28.

Efficient business processes with fit-for-purpose Information and Communication Technology (ICT)

Read more about Information and communication technology from page 46.

Rigorous risk management

Read more about Risk management from page 72.

Creating current and future value

- A large and stable employer who contributes to the economies of employee communities
- Creating a more prosperous Namibia by enabling financial inclusion for the underbanked
- Providing social inclusion opportunities for residents in remote areas
- A known and trusted brand with a focus on customer service
- A reliable partner for business growth in Namibia, thereby enabling a more sustainable economy
- Stimulating innovation through new products and services in line with market trends
- Investing in digital infrastructure, systems and learning for a sustainable business and skills development
- Diversifying beyond physical mail and banking
- Supporting the changing needs of communities and customising services for both ageing customers and the new generation

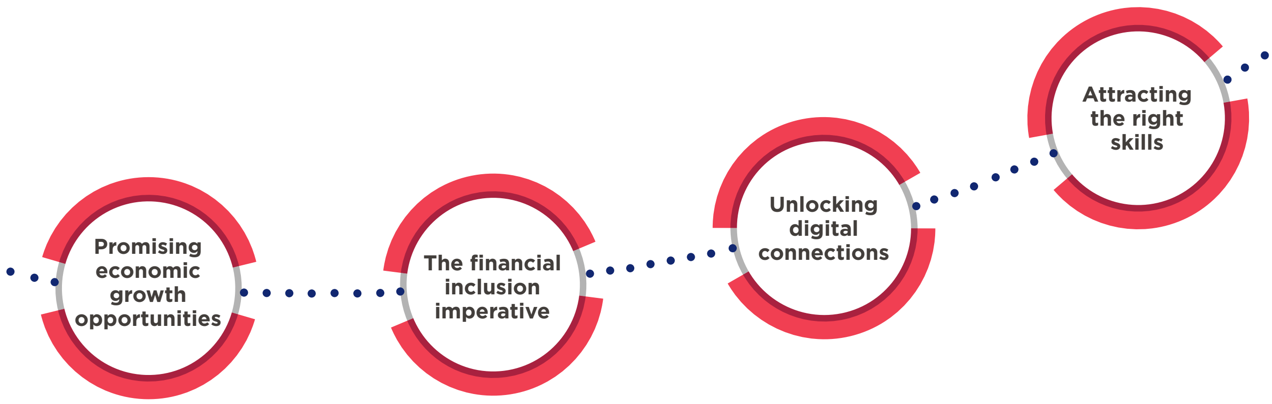
Our business model (continued)

Outcomes

Our products and services	Key highlights
Our financial capital	> N$6.0 billion deposits (2022: N$6.6 billion) > 7.5% decrease in assets (2022: 5.5%) > 7.7% increase in expenses (2022: 0.2%) > 9.4% increase in revenue (2022: 3.7%) > 18% return on equity (2022: 27%) > 1 243% return on investment (ROI) before tax (2022: 1 746%) > N$63.1 million PBT (2022: N$88.6 million) > 15% profit after tax (PAT) (2022: 67.6%) > 47% operating expenses to income ratio (2022: 49%) NamPost continues to enforce stringent cost control measures, ensuring sufficient liquidity is preserved for future sustainability and value creation for all our stakeholders. Read more in the Financial Review from page 32.
Our people and expertise	> N$300 million spent on remuneration (2022: N$282 million) > N$3 million invested in training (2022: N$3.5 million) NamPost maintained our entire workforce and upskilled our people to serve customers better and increase our intellectual capital. Read more in Our people from page 38.
Our infrastructure	> 131 post offices (2022: 133) > 7 877 996 million mail items handled (2022: 10 248 615), consisting of 7 864 795 letters and 13 201 parcels > 64% of PO boxes rented (2022: 67%) > N$88 million mail-related revenue (2022: N$100 million) Financial capital erosion is balanced with creating social value by serving remote areas. We also maintain our infrastructure to unlock future value through diversified services. Refer to Mail and Logistics from page 48 and Retail Channel from page 58.
Our relationships	> 82% Customer Satisfaction Rating (2022: 82%) > 270 649 VISA SmartCards active (2022: 260 588) > 37 355 new insurance policies (2022: 44 889) > N$89 million tax paid (2022: N$84.1 million) NamPost's range of products and services create value for our customers and promote the aim of financial and social inclusion for all Namibians. Read more in Our contribution to financial inclusion from page 5 and Promoting the NamPost brand from page 28.

BUSINESS DRIVERS AND OPERATING CONTEXT

Our operating context is evolving, and external factors are often out of our control. Our social imperative is to maintain the post office footprint with increased attention to our role in financial inclusion. We have to make trade-off decisions to be financially sustainable and responsible. Our strategic objectives are our response to the key value drivers that impact our business.



Promising economic growth opportunities

Namibia is set to become a world-class green hydrogen hub. This is according to Namibia's Minister of Mines and Energy, who is driving the introduction of market policies to ensure in-country value is being generated from new oil and gas resources. Five recent major oil and gas discoveries put Namibia on par with sub-Saharan Africa's largest oil producer, Angola.[1] This has the potential to attract new investment, increase trade and spur economic activity – all factors that will drive higher volumes and demand for NamPost services.

Examples of NamPost strategic responses:

We are improving existing processes and developing new streamlined sales processes to increase the number of new customers.

The financial inclusion imperative

Namibia has an estimated population of 2.77 million people and is one of the most sparsely populated countries in the world. Slightly more than half of the population is rural. Namibia's population is also relatively young, with about 40% being 16 years or younger. This age segment is growing slightly compared to other African countries. Two-thirds of the population live in poverty with limited access to public services[2]. Given these demographic features, NamPost is perfectly positioned to provide essential connections and financial services to serve a large portion of the underserved population. Namibia's urban population increased by an annual average of 3.57% between 2018 and 2021.[3] A more connected, economically active and financially included population will positively impact Namibia's overall prospects and prosperity.

Examples of NamPost strategic responses:

We are researching and implementing new feasible products and services targeting new multi-generational market segments.

[1] *https://energychamber.org/invest-in-namibia-energies-namibia-energy-minister-opens-country-focus-session-at-aew-2023/*
[2] *https://www.britannica.com/place/Namibia/Economy*
[3] *https://www.macrotrends.net/countries/NAM/namibia/urban-population*

Business drivers and operating context (continued)

Unlocking digital connections

The growth in digitisation and internet connectivity has impacted all sectors of the economy, including financial services. This has elevated the need for players in financial services and stakeholders in global payment systems to improve their technology capabilities and ability to interact securely. NamPost has been interoperable since 2019, but there is a significant further opportunity to leverage the inter-connectedness of our world to deliver better services to our customers. Digital payments have opened many opportunities for personal markets and small and medium enterprises, especially those previously excluded.

Examples of NamPost strategic responses:

We are doing market research and analysis to establish feasible solutions to digitise mail and reposition Hybrid mail. We also plan to roll-out further banking digital products during the next financial year.

Attracting the right skills

The competition for a small pool of critical skills in Namibia is set to increase rapidly as new green economy opportunities become a reality. Competition for information technology, data and digital skills has intensified, particularly in the financial services sector over the past few years. With skilled employees in high demand, employees' expectations are changing and include various benefits and wellness factors. Due to the unique nature of our business, NamPost requires a wide variety of skills, from elementary to highly specialised. In addition, as we embark on our new strategy and transform our business model, we will need to upskill or reskill existing employees.

Examples of NamPost strategic responses:

We developed a compelling EVP that includes remuneration, rewards, and employee wellness.

Salient topics from the UPU Strategy Summit

NamPost joined the Namibian Government at the fourth Extraordinary Congress of the UPU in October 2023 to participate in discussions related to the following topics:

> From a global perspective, post-pandemic international postal exchange patterns differ from pre-pandemic times, and there is no clear sign of a tonnage rebound to date. 2022 saw the lowest ever end-of-year peak volumes. In this context, there is wide agreement to open the UPU to a wider range of postal sector players (WPSPs), allowing greater participation from private companies and entities in the postal industry.

> Digital disruption has led to emerging new financial services that are based on interoperability and include, for example, legal advisory services, research and analytical services to WPSPs, supply chain supporting tools, mobile apps, postal payments and postal security certification.

> Recommendations were made on feasible voluntary global greenhouse gas emission targets for the UPU, including practical action to adapt, reduce emissions, and develop climate services. A UPU climate facility could potentially support this.

> The UPU will launch consultations by 2024 on the possible scope for a set of voluntary operational performance indicators for climate action to form the basis of a sectoral pledge towards climate action.

> The wider access agenda of the UPU provides new opportunities for advancing climate action by the sector. Access further includes extending the payments network by defining the requirements (technical, operational and legal) for the zone of inter-connection.

Proposals were discussed according to supporting workstreams with funding and governance guidelines in taking these topics forward. NamPost will continue to work with the Namibian Government to organise and improve postal services in Namibia.


BUSINESS
SmartCard
VISA

THE NAMPOST STRATEGY TO 2027

NamPost has a five-year strategy cycle, with the previous cycle concluding in 2022. The Board approved our new strategy in 2022, which builds on previous achievements while responding to current challenges. Our familiar brand and enduring trust from the Namibian public offer a strong foundation to deliver on our five-year goal.

FIVE-YEAR GOAL

To transform NamPost into a modern, vibrant customer centric company that unlocks value for all its stakeholders.

FOUR STRATEGIC PILLARS

Financial Sustainability
- Achieve profitability target

Customer centricity
- Delight customers
- Serve diverse customer needs

Business transformation
- Transform Mail and Logistics
- Transform Retail Channel
- Transform Financial Services

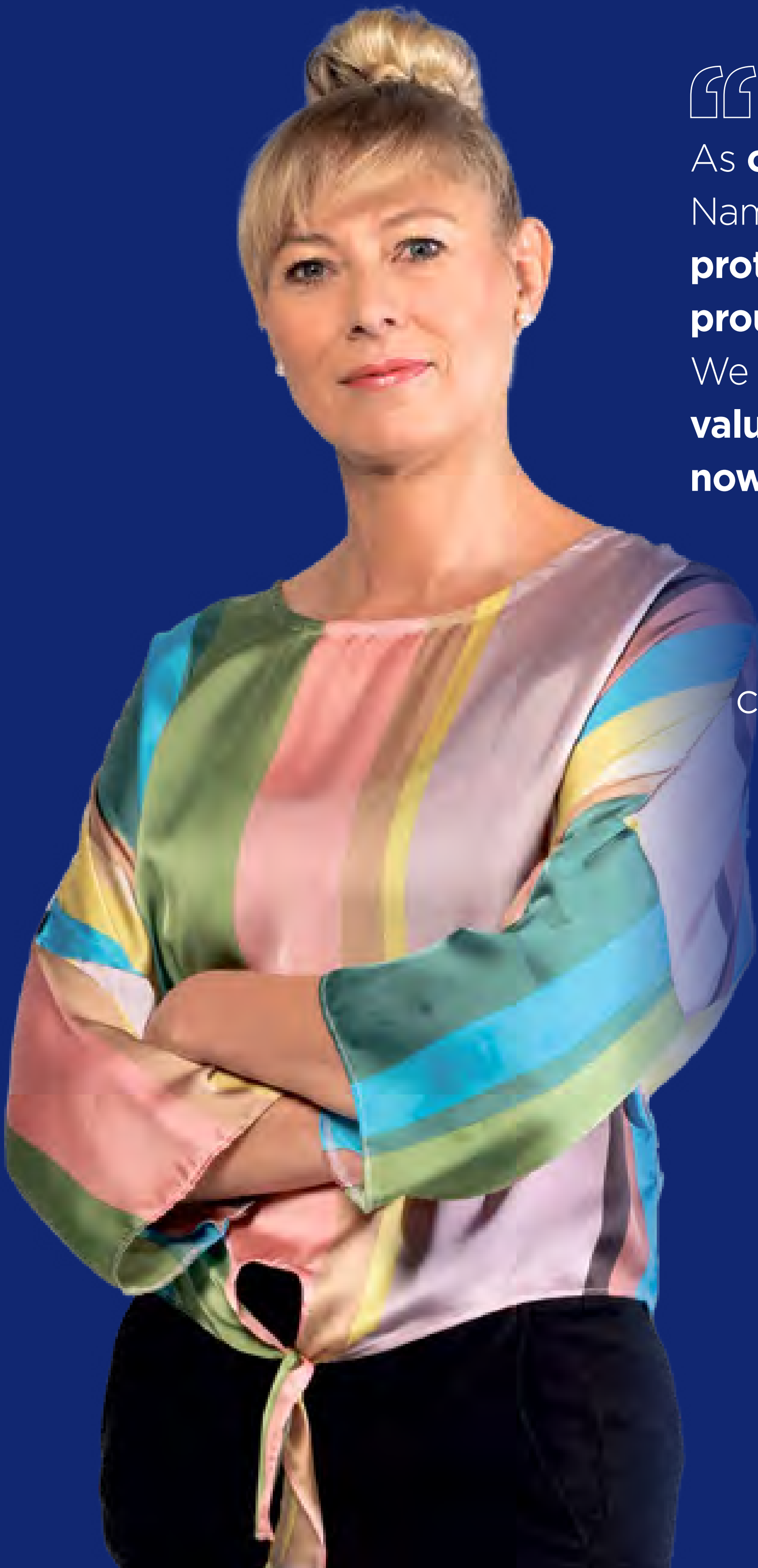
High performance culture
- Position NamPost as Employer of Choice

Strategic objectives

Progress in 2023

Strategic pillar	Key performance indicator examples	Evidence of progress
Financial sustainability	> Increase profit before tax	NamPost did not meet profitability targets in 2023 due to a combination of cost factors outside our control. Read more about our performance in the Financial review from page 32.
Customer centricity	> Implement continual improvement with customer centric solutions to delight customers > Align new product development to serve diverse customer segment needs	> NamPost launched PostPay as a new product and will launch a range of solutions next year, including EFTs and mobile functionality > We are opening a new contact centre > We continued our Mystery Shopper initiatives and used our website to gather feedback about customer experiences > We have started doing customer segmentation research to inform future product development > Product offering diversification in Mail and Logistics to increase customer satisfaction and retention Read more in the section on Promoting the NamPost brand from page 28.
Business transformation	> Transform Financial Services > Transform Mail and Logistics > Transform Retail Channel	> NamPost unlocked new value, as is evident from the 42.5% increase in non-interest income > We obtained funding for PostFin and completed an insurance business review for enhancement > We are exploring options to increase digitised hybrid mail options and finding alternative e-commerce solutions Read more in the individual business unit sections from page 48.
High performance culture	> Develop a compelling EVP > Develop a Leadership Development Programme	> We completed and approved a new EVP based on employee feedback > We are exploring partnering options to develop future leaders Read more in the section on Our people from page 38.

PROMOTING THE NAMPOST BRAND



As **custodians** of the NamPost brand, we **build, protect and promote** a **proudly Namibian** asset. We aim to deliver **consistent value** for our stakeholders, **now** and **into the future**.

Berlindi van Eck
Executive: Marketing, Communications and Business Development

Performance in 2023

Highlights

- Launch of PostPay in December 2022
- Launch event for donated cooling trucks for Mail and Logistics
- High-profile customer event for investors with renowned speaker
- Two media engagement events to foster and strengthen relationships
- Website enhancements with recruitment and procurement portal

Challenges

- Procurement process impacting deliverables and timelines
- Meeting product sales targets in a tough economy
- Reduced customer disposable income

Adding brand value and supporting growth

The NamPost brand is one of our most treasured assets. To foster relations with our internal and external stakeholders, the corporate brand attributes to credibility, trustworthiness, and customer-centricity. To protect this asset, we ensure our employees uphold our values, grow our reputation, and foster excellent internal and external communication with all stakeholders.

Through our marketing and communication initiatives, we support all the NamPost business units by creating and delivering awareness and demand for our products and services. As the custodians of the NamPost brand, we created additional capacity in our team this year to ensure we can implement our new strategic support initiatives:

- Branding, marketing and corporate communications
- New business development and product life cycle management
- Evaluating innovative project ideas
- Conducting annual customer satisfaction surveys
- Implementing quarterly Mystery Shopper surveys
- Conducting media analysis
- Conducting customer segmentation research
- Implementing the customer and stakeholder engagement plan
- Overseeing CSI and sponsorship initiatives

PostPay Money Transfer Service brings digital innovation

We introduced a PostPay money transfer service that allows anyone to send money between any two post offices in Namibia. The recipient does not need a bank or NamPost account but can collect the cash from any post office once they receive a pin via mobile phone. Essentially an innovative digitised version of what customers have come to know as postal orders, PostPay is a further example of our commitment to financial inclusion. Uptake has been encouraging, with 69 677 PostPay transfers done this year.

New product development

NamPost has a Product Development and Review Committee, which implements standardised procedures for introducing new products and services and eliminates obsolete ones. This reduces risk across the organisation and ensures that newly introduced products are profitable and in line with market demand. Several products and services were tabled to the committee during the financial year for recommendation to Executive committee (Exco). The Project Management Office (PMO) prioritised the approved products for implementation once registered as official projects.

Going forward, the search for innovative products and services satisfying customer needs and key to transforming NamPost will remain a focal point for the committee.

Customer centricity

We are defining customer segments to assist business units in compiling revenue growth strategies and targeted product development. We base this on research focusing on market trends and competitive behaviour.

Our marketing efforts are shaped towards the intended customer markets and promote revenue-generating products.

The NamPost Mystery Shopper programme is important to measure customer satisfaction. It is an effective tool to gain directly observed evidence of customer service and feedback on how customers perceive our brand and service. It also allows us to benchmark our locations. The programme continued in 2023 and highlighted emerging operational, customer service levels and brand-related matters that need improvement. When we started the programme in 2020, cross-selling was at a low 1% and has now increased to 12%. Overall customer satisfaction over this period increased from 75% to 85%. This initiative will continue in 2024.

Promoting the NamPost brand (continued)

Awards and recognition

The proud reputation of the NamPost brand is enforced by public recognition of our services, people and market support initiatives.

PMRafrica Diamond Arrow Award for Courier Services for the **12th consecutive year.**

PMRafrica Diamond Arrow Award for a company/institution doing the **most to accommodate** and **enhance the interest** of the **elderly/senior citizens** for the **fifth consecutive year.**

Best exhibit for a Financial Institution and the **Best Overall Exhibit** at the **Ongwediva Trade Fair.**

Excellent Service Provider at the **Erongo Business & Tourism Expo.**

Best Service Provider & Indoor Exhibitor at the **Windhoek Industrial & Agricultural Show.**

Making a difference to communities in need

Through CSI, NamPost expands its social value contribution to Namibian communities. We have three focus areas:

> Education and skills development in line with the NamPost business
> Living standard enhancement in communities
> Fostering strategic partnerships for the achievement of greater social goals

Our Corporate Social Responsibility (CSR) Policy provides the framework through which NamPost demonstrates the value of care. Our objectives include:

> To complement the Namibian Government's efforts of socio-economic upliftment
> To build relationships with communities in which we operate
> To realise our strategic objectives
> To develop activities based on our corporate philosophy and positively contribute to society
> To enhance the NamPost image by establishing a corporate brand identity that is aligned with the welfare of the people

CSI contribution summary

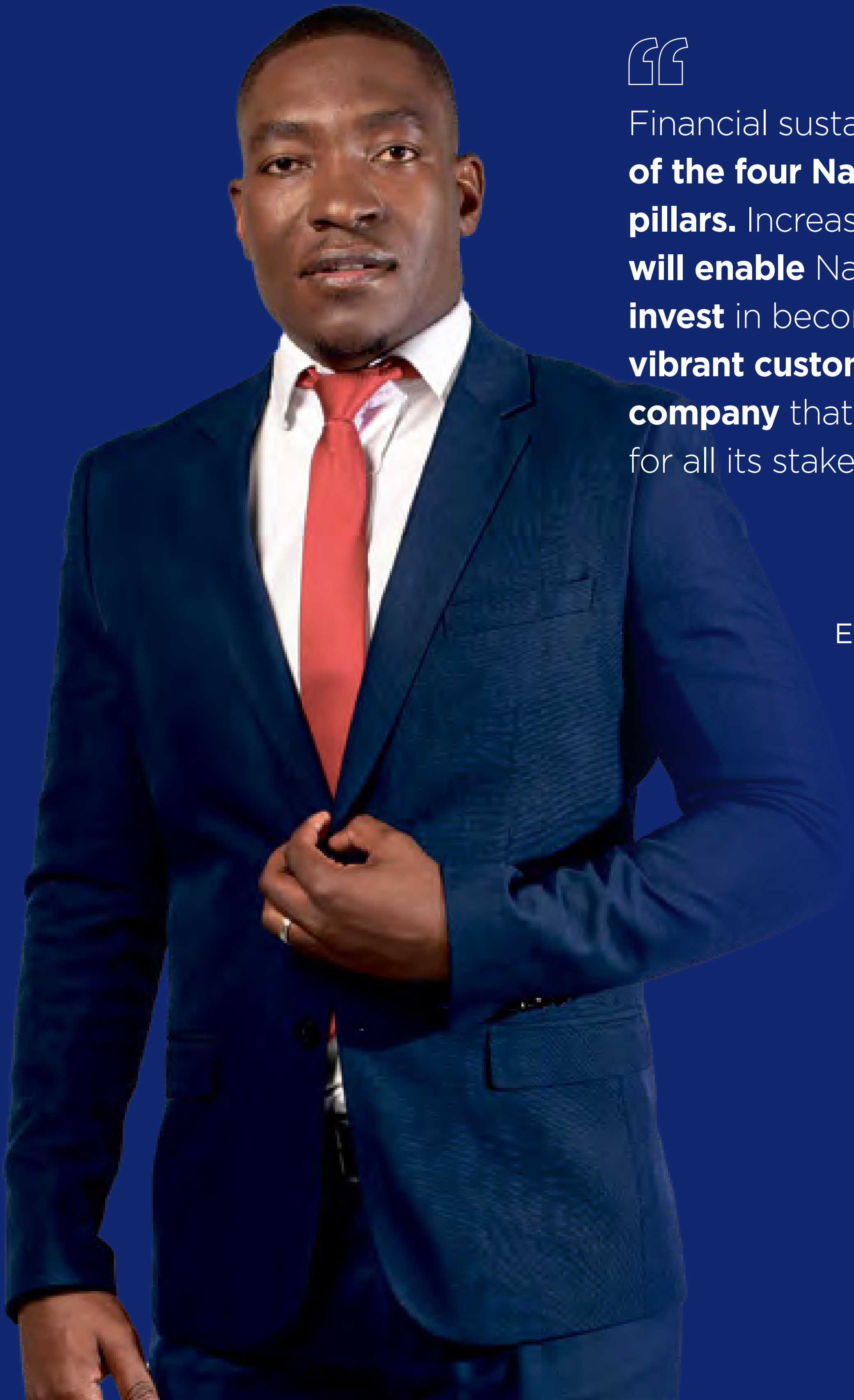
Project name	Purpose and focus areas
Hartklop FM (NBC) Elderly Christmas Function (Khomas Region)	Fosters and cements strategic partnerships for the achievement of social goals
Women at Work (Khomas Region) sponsorship towards the upliftment of the Centre and Graduation Ceremony	Enhance the living standard of our communities
Hakahana Pre-Primary School (Khomas Region) sponsorship for stationery	Education and skills development
Opuwo Town Council (Kunene Region) Sponsorship towards the organisation of the Opuwo Tourism and Trade Expo	Opuwo Tourism and Trade Expo
Mokganedi Tlhabanello High School (Omaheke Region) sponsorship for sports attire and equipment	Enhance the living standard of our communities
Transportation of Apples as part of Bank Windhoek's Cancer Apple Project	Health
Total investment	

Our brand and business development priorities

The brand and marketing area has clearly defined focus areas for the year ahead. These include:

> The roll-out of a corporate campaign to lay the foundation for new financial services products to be launched in the second quarter of the new financial year
> Revamping the company website to align with the new strategy and to provide more emphasis on financial services
> Upgrading our branding and signage in our North-West regions to increase visibility
> Support business units to achieve sales targets
> Tracking customer centricity through our Mystery Shopper Programme
> Continued media engagement for relationship building and to promote the NamPost products and services

FINANCIAL REVIEW



"Financial sustainability is **one of the four NamPost strategic pillars.** Increasing **profitability will enable** NamPost to **invest** in becoming a **modern, vibrant customer centric company** that **unlocks value** for all its stakeholders."

Batsirai Pfigirai
Executive: Finance

Performance in 2023

Highlights

- Secured funding for promising growth potential at PostFin
- Strategic EFT project in final stages enabling us to participate directly in the electronic banking transfer system
- Growth in the transactional business and an increase in non-interest income
- Significant improvement in credit collections

Challenges

- Higher cost of funding due to rising interest rates
- High fuel and vehicle fleet leasing costs impacting profitability
- Deposits decreased by 9%

Our macro-economic context

In a tough economic environment, NamPost Group achieved revenue growth of 9% year-on-year but reported a 29% decline in profit before tax. Revenue was underpinned by growth in non-interest income and an increased contribution from micro-lending but countered by overall cost increases in the cost of Savings Bank deposits and transport-related costs, which were fuelled by external conditions beyond the Group's control.

Namibia has seen positive GDP growth in 2022/2023, but it remains low, and the recovery since COVID-19 induced contraction in 2020 has been slower than anticipated. Our economy relies heavily on government spending to stimulate growth, similar to NamPost, which has the Namibian Government as one of its major customers in Mail and Logistics and Financial Services through investments by Public Enterprises.

Instability in the global geopolitical architecture, not least the persisting Russia-Ukraine war, continues to push up supply chain costs and disrupt the flow of goods. Due to the war between Russia and Ukraine, global oil prices have been high for the greater part of the year, affecting the transport sector and significantly escalating transport costs for the country and for NamPost. The costs jumped at a significantly higher rate than the growth realised in revenue.

High inflation levels were supply-side driven, which meant that NamPost did not enjoy the revenue benefits normally associated with demand-driven inflation. Consumers are spending less, and the cost of doing business is increasing.

During the financial year, the Bank of Namibia increased interest rates by 225bps. Higher interest rates were good news for commercial banks as they utilise their deposits for lending. For NamPost, it had a detrimental effect because, unlike commercial banks, NamPost cannot use its deposits for lending. Most of our deposits are wholesale and have shorter maturities than our financial investments. This means that in a rising interest rates environment, which was the case during the year, our deposits repriced faster at a higher cost than our financial investments, whose interest returns are largely fixed. This negatively impacted the net interest margin.

With the Namibian dollar pegged to the South African rand, a volatile exchange rate affected Namibia on several levels. Our country is a net importer of essential commodities such as fuel, wheat and cooking oil, which are subject to exchange rate fluctuations and thus result in price instability. As mentioned above, fuel costs and purchasing a new vehicle fleet for the logistics business significantly impacted NamPost's performance this year. NamPost has a foreign-denominated loan in Euros of EUR3 million. The loan is repayable over 20 years until 2043, but the weakening of the domestic currency against the EUR resulted in a N$7 million exchange loss. However, since the loan is repayable over a long period of time, the actual forex loss realised on repayments was insignificant. As a result, NamPost has not deemed it necessary to take out foreign exchange cover on the outstanding foreign loan.

Strategic initiatives driving performance

- NamPost will soon be one of the dropdown menu options when doing online bank EFTs, as we are in the final stages of industry testing. Our strategic EFT project will enable anyone to transfer funds directly to a NamPost account.
- We reviewed our pricing model, considering the value we added to the customer experience over the past few years, the rising cost of compliance and competitor pricing. This enabled us to arrive at an appropriate pricing model that will not undercut NamPost or overcharge customers. This model, supported by our marketing and sales drives, contributed to a 42.5% overall increase in non-interest income.
- A change in our collection approach delivered strong results, especially for Mail and Logistics customers with credit accounts. We have experienced mounting payment delays since COVID-19. By training our collections team in customer service and using the collection process to build customer relationships, we reduced debtors' days from 59 to 42. Non-performing loans also decreased to acceptable levels.

External cost pressures putting profitability under pressure

Group revenue increased by 9% to N$1.1 billion (2022: N$981 million), with the Financial Services contribution (including PostFin) increasing from 74% in 2022 to 77%. Mail-related services showed a reduced contribution from 10% in 2022 to 8%, while Courier Services and agency services maintained their contribution at 13% and 2%, respectively.

Profit before tax declined by 29% to N$63.1 million (2022: N$88.6 million). This was predominantly due to a 34% increase in the cost of funding in Financial Services against a low revenue growth scenario.

Financial review (continued)

A 7.7% increase in operating expenditure is slightly higher than the CPI average for the year due to higher marketing, depreciation and remuneration costs attributed to additional resource recruitment in ICT. We continued our strategic investment in ICT and increased recruitment to have the right skills to support our investment. During the year, we incurred additional costs related to cyber security and compliance systems.

The Fit-for-Purpose Committee, established as a temporary cost management measure five years ago, continued to play its role, enabling us to manage trade-offs and ensure a healthy cash flow.

The expense-to-income ratio of 47% (2022: 49%) showed the impact of stringent cost management measures.

Capital investment of N$15 million (2022: N$10 million) was mainly targeted at technology, including equipment and software.

NamPost continues to deliver social impact while creating financial value for stakeholders:

N$89 million

was paid to the government as value-added tax (VAT), income tax, import VAT, and pay-as-you-earn contributions *(2022: N$84 million)*

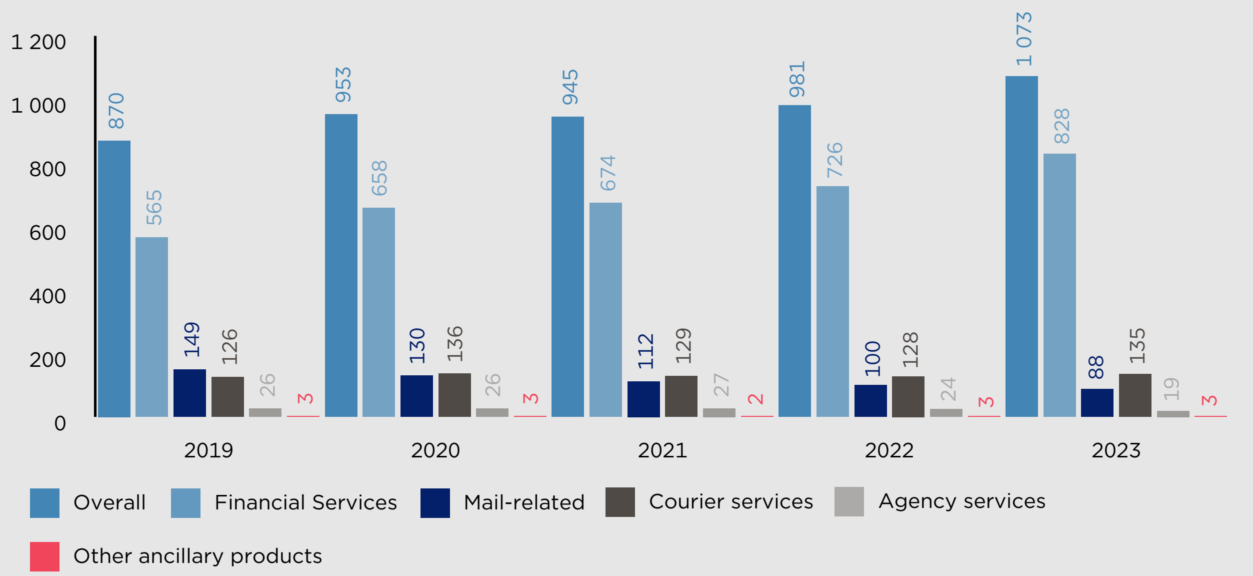
N$667 million

was paid to local suppliers for goods and services *(2022: N$734 million)*

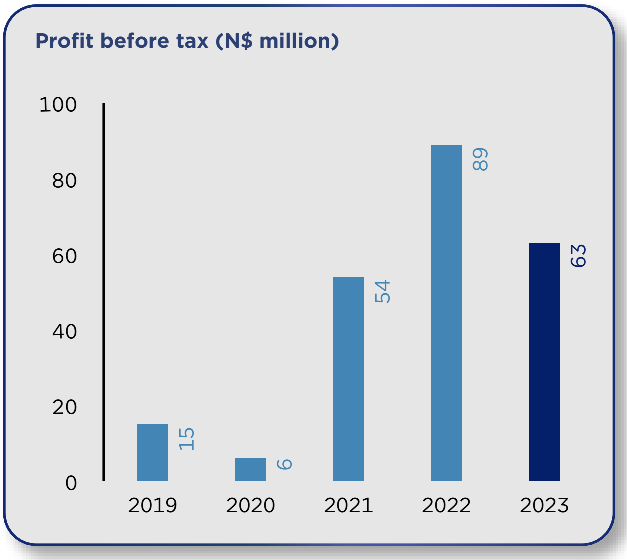
N$300 million

was paid to employees as remuneration and benefits *(2022: N$282 million)*

Group revenue (N$ million)



Financial Services delivered the highest growth at 14% whereas agency services experienced the highest decline.



Business unit financial performance

Financial Services

Financial Services derives income from interest (received through treasury-related investments) and non-interest income and insurance through our Hollard Insurance Namibia joint venture, which generates commissions and dividends.

Interest and similar income increased by 6.4%, whereas the cost of funding increased by 34%, which exerted severe pressure on the net interest margin. A growth of 42.5% in non-interest income was the main driver in Financial Services' revenue growth. The growth trend in investment and other income was partly due to an extra dividend payment from Hollard Insurance Namibia and a release of smartcard dormant accounts, respectively.

PostFin revenue increased by 20% as it benefitted from higher interest rates and slight growth in the loan book. The business' lending rate is prime-linked, while the cost-of-funds remain fixed. The gross value of the loan book increased by 2% to N$629 million (2022: N$618 million). PostFin issued 9 553 loans (2022: 12 868) to an average value of N$22 000 (2022: N$24 000 average value). The net impairment rate after recoveries improved to 2.63% (2022: 2.67%) despite the strained economic conditions.

PostFin profit before tax increased by 60% to N$39.7 million (2022: N$24.8 million). The PostFin return on investment was 180.1% (2022: 112.5%), with a return on equity (ROE) of 22.5% based on profit after tax (2022: 16.98%) and ROE of 33.15% based on profit before tax (2022: 24.97%). The expenses-to-income ratio was 30.23% (2022: 34.03%), with Human Resources costs reflecting 19.55% of total income (2022: 21.37%).

Interest and similar income increased by 6.4% to
N$545 million
(2022: N$512 million)

PostFin revenue increased by 20% to
N$126 million
(2022: N$105 million)

Bancassurance commission payments increased by 94.4% to
N$7.3 million
(2022: N$3.8 million)

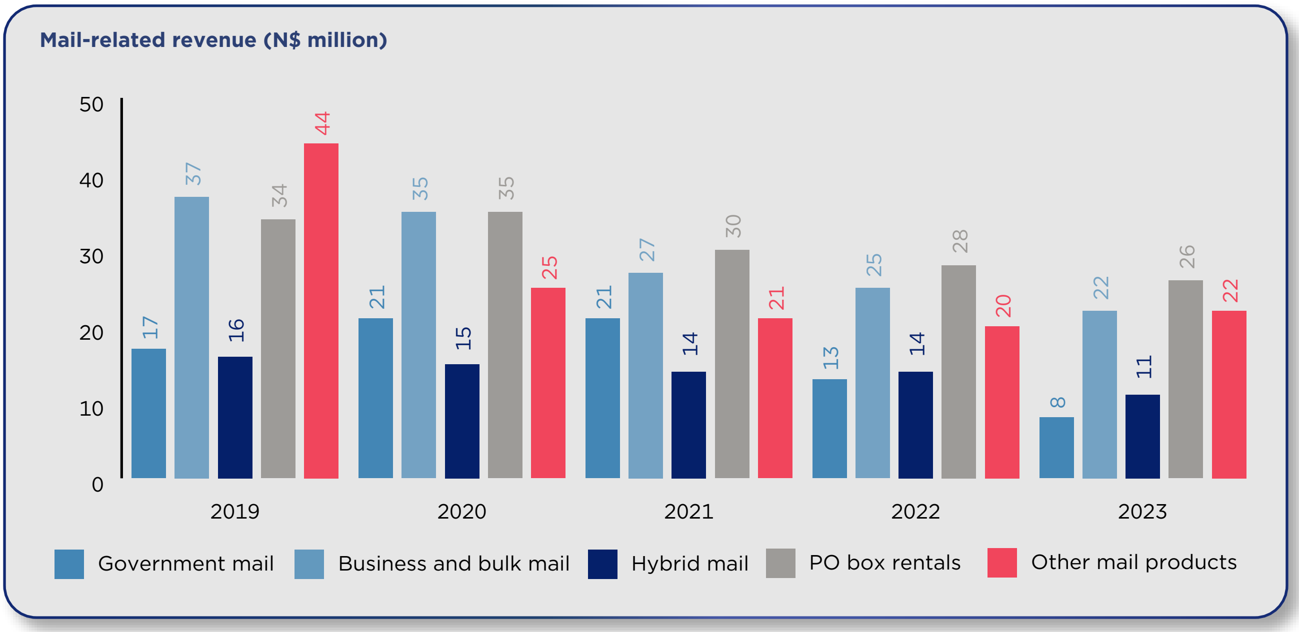
Transactional (non-interest) income increased by 42.5% to
N$149 million
(2022: N$105 million)

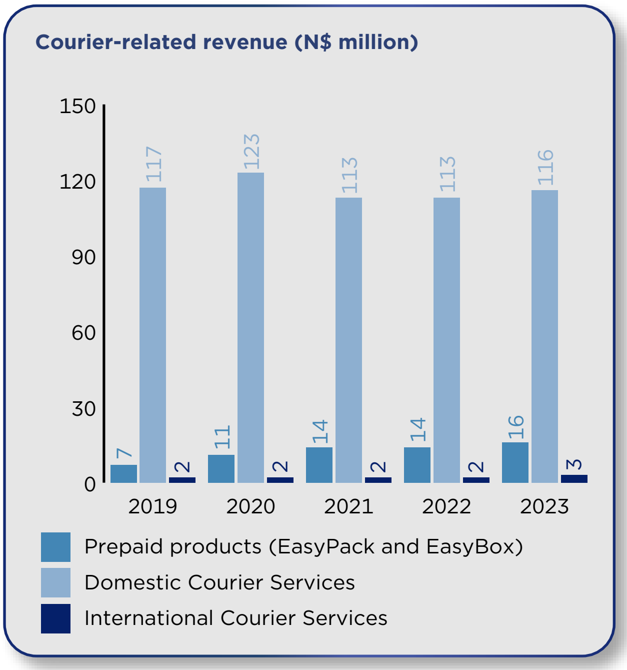
Dividend income increased by 79.4% to
N$20 million
(2022: N$11 million)

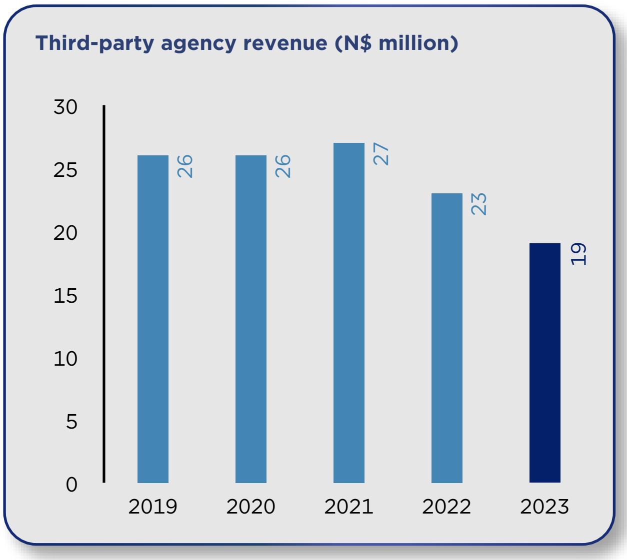
Mail and Logistics

Revenue from mail products declined substantially by 12.4% year-on-year as the demand for paper mail continues to drop. This reduction of mail was further driven by changing behaviour at the largest Hybrid customer. With a large portion of fixed costs, lower revenue directly impacted profitability. Courier Services revenue increased by 5% on the back of price inflation. Transport-related costs, however, increased by 20%, eroding margins and reducing profitability for the company. Global mail trends and a subdued economic environment are not conducive to a turnaround.

Financial review (continued)







Retail Channel

The Retail Channel is a distribution platform for Financial Services and Mail and Logistics products. Thus, it carries the infrastructure costs, paying a rental fee for post office space and presence. In addition, it provides agency services to third parties. Revenues from postal agency services declined by 17%, largely caused by a drop in net commission from the airtime sales via scratch cards.

Read more about strategic initiatives and performance impacts in the business unit sections from page 48.

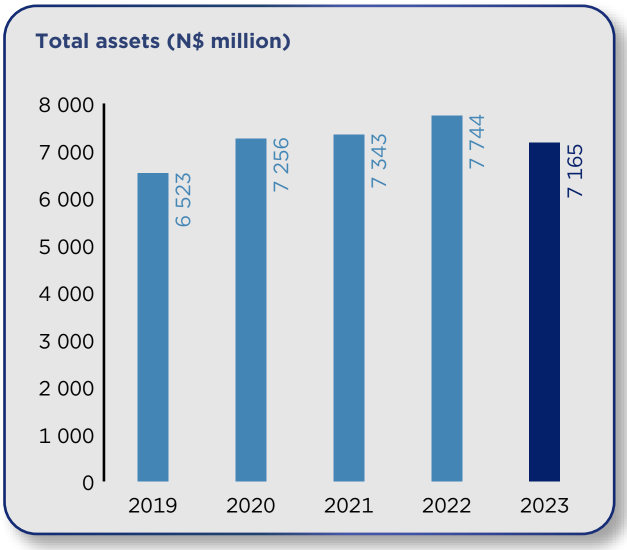
Balance sheet and cash flow

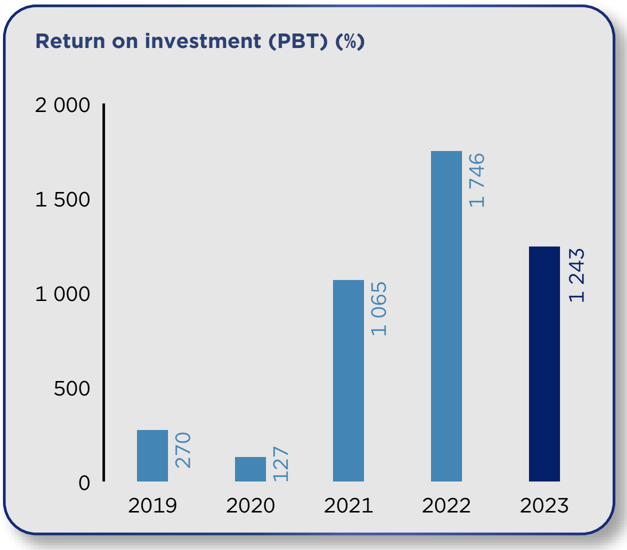
The Group's total assets decreased by 7.5% to N$7.2 billion (2022: N$7.7 billion) due to a 7% decline in the investment portfolio. Some investments were liquidated to fund maturing deposits that were not rolled over. PostFin's micro-loan book increased by 2%. Financial assets are largely funded from Savings Bank deposits, which did not meet our growth target this year and dropped by 9%. We experienced a trend where some maturing deposits were not reinvested. Some asset managers opted for higher interest rates in South Africa.

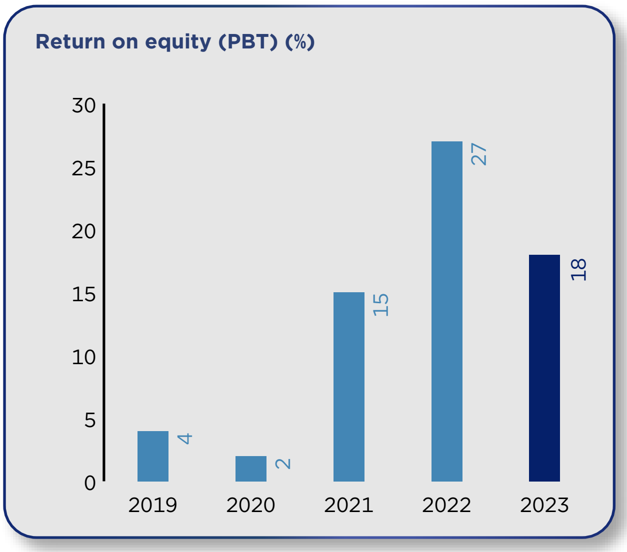
There were no changes in the NamPost capital structure.

The Group reported a healthy positive net operating cash flow of N$104.5 million (2022: N$113.6 million). The Group's free cash flow was positive, standing at N$90 million after funding N$15 million in capital expenditure.

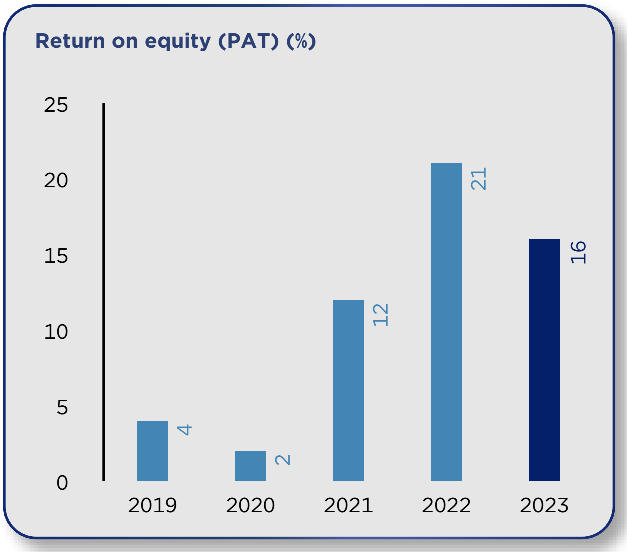
We actively manage financial risks, including interest rate and liquidity risk. Read more about the governance structure providing oversight from page 64.







The drop in ROE was due to the decrease in profit reported for the year and the after-tax positive effect of unrealised fair value adjustments on financial instruments, which increased the equity balance.



Outlook and priorities

As part of NamPost's new strategic cycle, the finance function will assist business units to identify and develop additional revenue streams, including:

> Exploring long-term funding for PostFin beyond the current two-year allocation to mitigate the funding risk based on declining available developmental funding
> Ensuring the successful completion of the EFT integration
> Cost containment will remain a priority as our business model does not have much flexibility in terms of quick revenue gains or agility in our fixed cost structure
> Capital investment to refresh our IT infrastructure required over the next few years
> Preparing for the transfer of properties from NPTH as it goes through a dismantling process. This will significantly boost our balance sheet
> Considering long-term positioning regarding potential economic growth opportunities deriving from green hydrogen, oil and gas

OUR PEOPLE

Creating a **high-performance culture** is one of our strategic pillars – **an important call to action** for the **Human Resources team** this year. Based on this, we **developed a new employee value proposition** to attract talent and create a **positive working environment.**

Ekonia Mudjanima
Executive: Human Resources

Our employee profile

NamPost Group (number)	2019	2020	2021	2022	2023
Management	52	53	55	53	**47**
Bargaining unit	558	547	578	513	**667**
Total	610	600	633	566	**714**

98.49%
Previously disadvantaged employees
(2022: 98.49%)

51.3%
Female employees
(2022: 54.19%)

1
Employee with a disability
(2022: 1 employee)

The NamPost company culture

Creating a work environment where employees thrive and do meaningful work is very important, as it adds to a positive employee experience and engagement. The NamPost values are at the core of our culture and set out acceptable and unacceptable behaviours.

Integrity	We uphold ethical behaviour, respect and good governance.
Accountability	We take ownership of our actions.
Caring	We are caring for ourselves, our customers and our stakeholders.
Teamwork	We are working together to achieve our mission.

Our brand relies on our people, culture, and ability to successfully implement the new five-year strategy through fit-for-purpose processes, systems and policies. This will position NamPost as an Employer of Choice.

A new employee value proposition

At NamPost, we strive to always be the best at what we do. We are truly a team in every sense. We trust, believe, and support one another as we work together towards a common goal.

Launched in 2023, the NamPost EVP is an ecosystem of support, recognition, and values that enables employees to achieve their potential at work. It aims to attract and retain top talent.

Our people (continued)

NamPost Employee Value Proposition

Financial
- Competitive salary
- Performance bonus
- Other benefits

Employment
- Career growth
- Employee recognition rewards
- Work-life balance
- Open communication
- Leadership development
- Strong career path

Work environment
- Flexible working hours
- Work-life balance
- Performance recognition
- Safe working environment for all
- Approachable leaders
- Teams with a voice
- Onboarding of new employees

Culture
- Trust and collaboration
- Team support
- Innovative
- Inclusive
- Engaged employees
- Concise policies
- Flexible customer processes

New employee policies

As a result of our EVP process, various policies have been aligned to support a high-performance culture. These included updates to:

- Succession Planning and Management Policy
- Training Policy
- Long Service Award Policy
- Performance Incentives Policy

The NamPost Affirmative Action Policy underscores our diversity and inclusion intent, whereas the NamPost Occupational Health and Safety Policy fosters workplace health and safety and employee wellbeing.

In addition, the Board approved the following policies:

- Disciplinary Policy and Procedure
- Vehicle Benefits Scheme Policy
- Cell Phone Policy
- Housing Allowance Scheme Policy
- Job Description and Evaluation Policy
- Internal Training Quality Assurance Policy
- Assessment and Moderation Policy
- Training Policy
- Succession Planning and Management Policy
- Long Service Awards

Human resource strategy focus areas

EMPLOYEE WELLNESS

We are pursuing employee wellness programmes in conjunction with Walvis Bay Corridor Group, targeting employee mental health, workplace health check-ups and referrals.

HEALTH AND SAFETY

Health and safety in the workplace are central to preventing harm to employees from accidents, illnesses and potential hazards, contributing to a higher quality of life and overall community wellbeing. This will help to reduce medical costs, enhance productivity and foster a healthier workforce.

SKILLS DEVELOPMENT

Our Training Policy has been amended to make it easy for employees to access an interest-free loan from the company to further their studies.

Cultivating good performance

We created specific capacity and focused on performance management through restructuring in 2022 to create a consolidated organisational development team. This year, this team focused on optimising the performance management process, starting with performance planning at the beginning of the financial year.

Our structured performance management process involves contracting, monitoring (mid-year review) and evaluation at the end of the financial year. Although we made good progress with performance contracting this year, developing appropriate measures and aligning scorecards to the NamPost strategy at lower levels remains challenging.

A faster recruitment process

We aim to be an Employer of Choice by offering a competitive EVP. To support our recruitment drive, we commissioned an e-recruitment portal that enables potential applicants to register and upload their CVs. This has resulted in a more streamlined and faster recruitment process.

We also optimised the internal job description and evaluation process. Managers are more engaged and involved in the process for the entire timespan up until a role and job description are graded, which has led to shorter turnaround times and quicker decisions.

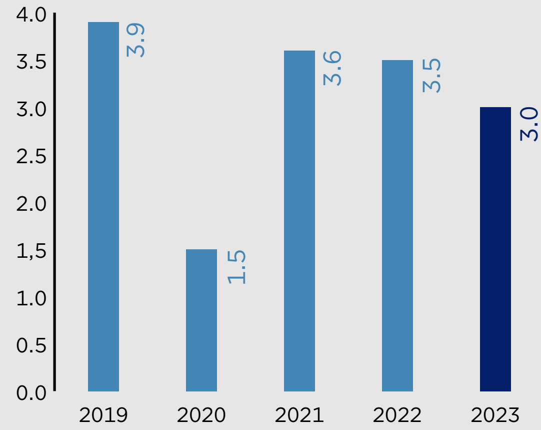
Training and development

We follow a combined internal and external 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 that the Namibia Qualifications Authority accredits. For other training, we contract external service providers.

Training focused country-wide on new business system implementation across all the Retail Channel business unit locations. A renewed focus was placed on compliance training, in particular for AML. This training is designed to educate NamPost employees and agents about anti-money laundering laws and regulations enforced by the Namibian Government through the Financial Intelligence Centre.

Number of people trained	2022	2023
Anti-Money Laundering	13	**51**
Product knowledge	11	**21**
System training	32	**300**
Management development	42	**10**
Other training programmes	49	**127**

Training spend (N$ million)



Wages and wage negotiations

NamPost maintains good labour relations with employees and endeavours to foster an equitable and mutually beneficial relationship. Management continues to engage employees on matters concerning their needs as part of our Employee Value Proposition initiatives. Equally so, NamPost recognises and rewards its employees for their contributions, motivating them to perform at their best.

A salary increase of 6.1%, a housing allowance increase of 4.3%, and an increase in the transport allowance from N$1 211 to N$1 271 for the bargaining unit employees were effected for FY2023/2024. These allowances are set taking cognisance of inflation and rising living costs, ensuring employees can maintain their standard of living. Fair and competitive salaries ultimately contribute to a positive work environment, employee loyalty, and overall organisational success.

Outlook and priorities

To ensure NamPost becomes an Employer of Choice, we will prioritise the following:

> Guiding NamPost to invest in its employees to boost employee engagement and satisfaction and to ensure a competitive remuneration context

> Creating an organisation-wide learning culture that supports transformation and the realisation of the strategic objectives

> Conducting a Culture Survey to assess how our current culture may or may not support the strategic intent

> Activities to support AML training to prevent the concealing of illegal sources of money

LEADING BUSINESS TRANSFORMATION

We created momentum to **lead the business transformation process** and improved business-as-usual operations to **increase revenue.** As our **action plan unfolds,** we offer **more customer choice** with transactional options in **physical and digital channels.** We ensure the future relevance of our **value proposition** with new products tailored to **evolving customer needs.**

Willem Mouton
Chief Operating Officer

Performance in 2023

Highlights

- Development, production and launch of PostPay to offer a digital postal order functionality
- Development and deployment of the digitalised employee portal and compliance tool
- Embedded innovation team throughout the company to execute our action plan

Challenges

- Delay in launch of state-of-the-art contact centre due to implications of the new Public Procurement Amendment Act, 2022

NamPost identified the need for a comprehensive digital strategy in 2021 based on an organisation-wide digital maturity assessment and gap analysis. In 2022, we embarked on developing our new strategy and the supporting Digital Transformation Plan that was completed and approved by the Board.

Digital readiness summary

ICT infrastructure

Strengths

- Strong skills in developing new products and implementing solutions
- Good knowledge of key systems throughout the Group

Weaknesses

- Infrastructure upgrade lagging behind new product implementation
- Evolving pressure due to governance and cyber security
- Core system challenges
- Costly to implement strong systems in smaller outlets

People

Strengths

- Largest employee demographic in younger tech-able group
- Good training platform to train new skills

Weaknesses

- Employee resistance due to capacity constraints
- Ability to attract the necessary talent to drive digitalisation.

Culture

Strengths

- Proud association and buy-in for NamPost vision
- A great sense that NamPost can achieve great things
- High performance culture and drive to perform

Weaknesses

- A silo culture between various business units
- Weak change management structures in the company
- Slow implementation due to structure

Leading business transformation (continued)

The digital transformation journey

The NamPost business transformation effort aims to improve business performance. We want to get our infrastructure, Human Resources and culture ready to embark successfully on the digital transformation journey. We made progress with the implementation plan, internally named Project Sky, to build a strong ecosystem that will enable the journey and allow for the implementation of our prioritised projects.

Where we need to meet market needs at the lowest possible cost, we:

> Apply benchmarking to ensure tried and tested principles are applied
> Reduce cost of service
> Standardise to reduce operating costs

In other areas, we:

> Meet existing customer needs through new digital offerings
> Defend market share with convenient and cost-effective solutions
> Improve service delivery through seamless business processes

The extensive physical NamPost network will support the introduction and adoption of digital products and services. This will increase the frequency and quality of customer touchpoints and entrench customer loyalty in an omnichannel environment, informed by appropriate customer analytics. Operating effectiveness remains key as we balance the scaling of support for digital but continue to serve customers engaged with our face-to-face frontline.

The impact of Project Sky is complemented by a state-of-the-art contact centre earmarked for launch in 2024 to realise our omnichannel aspiration. Initially, the contact centre will prioritise the Financial Services business unit in terms of acquisition and customer service capacity.

Please refer to our Risk management section from page 72 to learn how we implement our transformational business changes with improved cyber security measures.

Outlook and priorities

Digital transformation contributes to financial inclusion by delivering potential market-leading financial and mail products, including:

> Digital mailboxes
> Digital registered mail
> A comprehensive suite of new-age banking solutions
> Improved E-commerce platform


EasyBox 3
EasyBox 3
EasyBox 3
sysBox 3
SERCO

INFORMATION AND COMMUNICATION TECHNOLOGY

The **digital champions** from all business units help us **bridge the gap** to NamPost becoming a **digitally-led company** with **efficient, secure** and **fit-for-purpose systems.**

Jörn Schnoor
Executive: Technology

Our approach and commitment

NamPost continues to invest significantly in technology and infrastructure to support our digital transformation imperative. We aim to:

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

Our focus in 2023

We did extensive work this year to develop a digital transformation vision and roadmap, starting with our new strategic pillars as a basis. We identified seven digital goals that are critical to successful digital transformation:

1. Become a data-driven leader
2. Enhance consumer experiences as per company strategies
3. Foster innovation
4. Leverage modern technologies
5. Upgrade systems according to intended business processes
6. Continue reskilling the workforce
7. Modernise integration layers and micro-services

The department is shaping NamPost technology action plans per business unit according to NamPost's short-term goals:

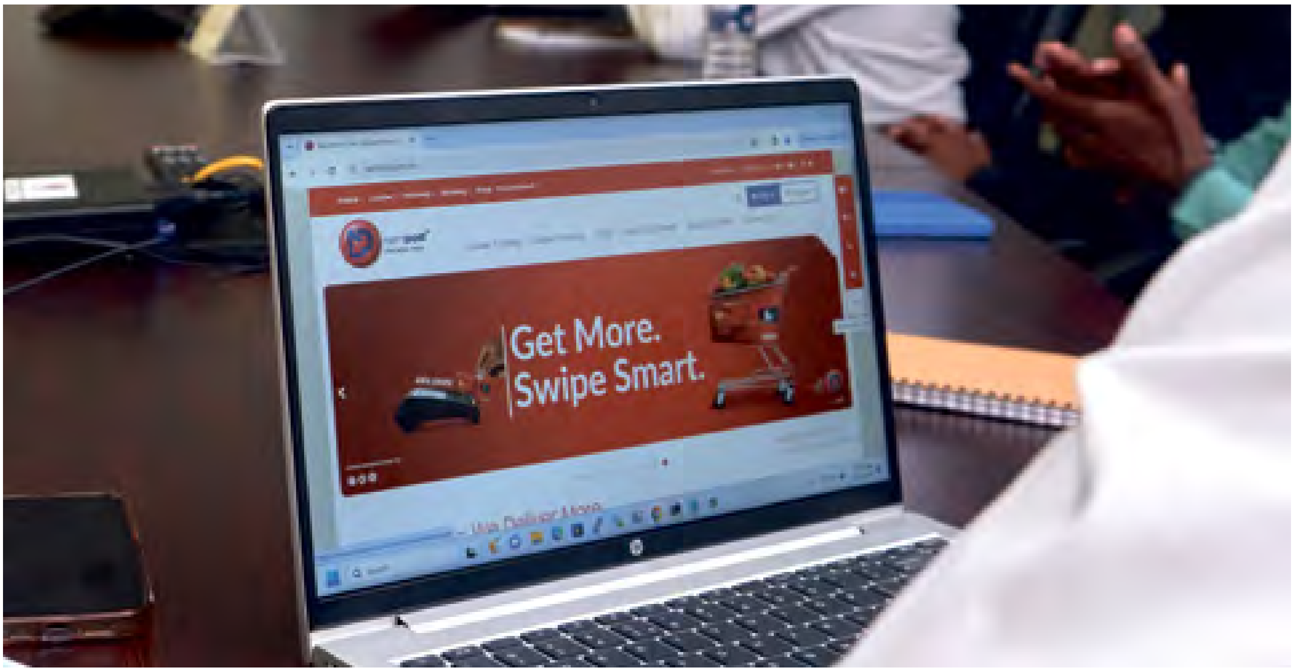
- Enhance revenue generation
- Customer convenience and experience
- Improve operational efficiency

The teams also enhanced the previous gap analysis on the Group's digital readiness. Read more about this summary on page 43. Salient features of our new insights were:

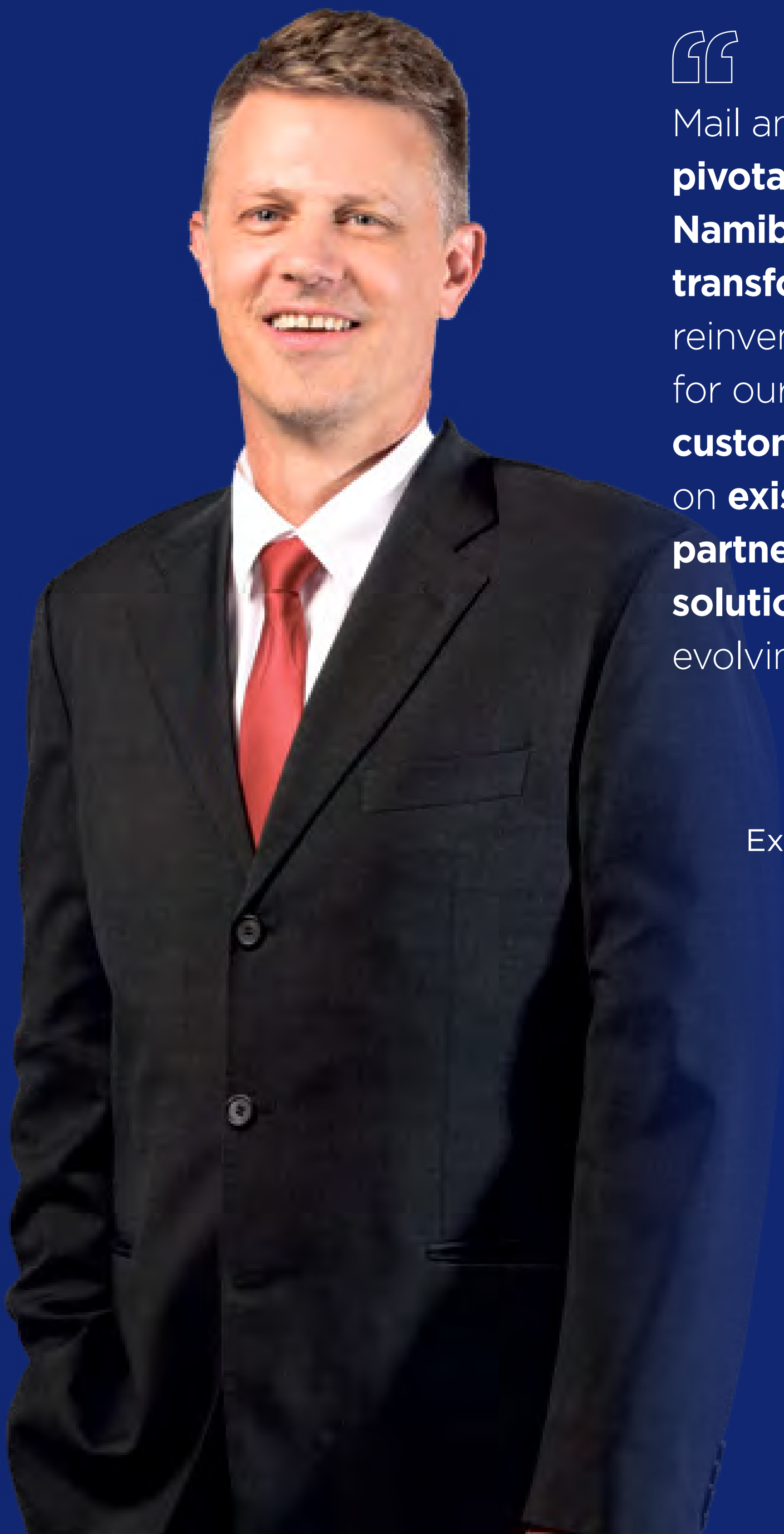
- In general, there is a solid understanding of the company's products.
- Continue with cyber security improvements and resolve overlapping systems.
- The team was strengthened by recruiting tech-savvy employees.
- In terms of our culture, we generally have a good association with and support of the new strategy.
- NamPost plans to finalise its customer analytics and feedback to support the intended digital transformation.

The Technology Department is crucial in NamPost's new five-year strategy, supporting the objective of business transformation. Ultimately, we aim to offer NamPost customers a single platform – or ecosystem – where customers can access all their information in one centralised place.

Please refer to the ICT governance section from page 81 for further details.



MAIL AND LOGISTICS



Mail and Logistics plays a **pivotal role in connecting Namibians.** We are on a **transformative journey** to reinvent the **value we create** for our **existing and future customers.** We are building on **existing and new strategic partnerships** and **innovative solutions** to meet evolving needs.

Michael Feldmann
Executive: Mail and Logistics

Performance in 2023

Highlights

- Positive environmental impact of matching most efficient vehicle to most efficient routes
- Introduction of EasyBox 2 to the prepaid courier range (complementing EasyPack 1 and 2) with added insurance cover and set fee for any Namibian destination
- Launch of cold storage trucks, which is an additional product offering for the business unit
- Various Bids being awarded to the business unit

Challenges

- Inability to absorb and manage cost increases due to increases in fuel price and truck leasing costs
- International inbound negative impact due to Namibian airport ground handler supplier change
- E-commerce project could not be launched successfully due to external reasons.
- Continued decline in paper mail
- Increase in customer cost sensitivity

Profitability suffered in a year of unplanned costs, mainly related to fuel and truck leases. Although we achieved our revenue target, the business unit battled to control customer service costs which resulted in a loss of profitability.

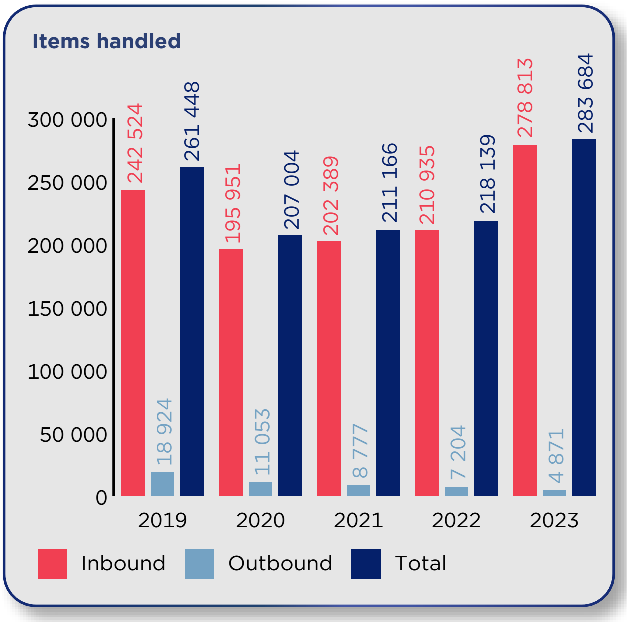
Mail service

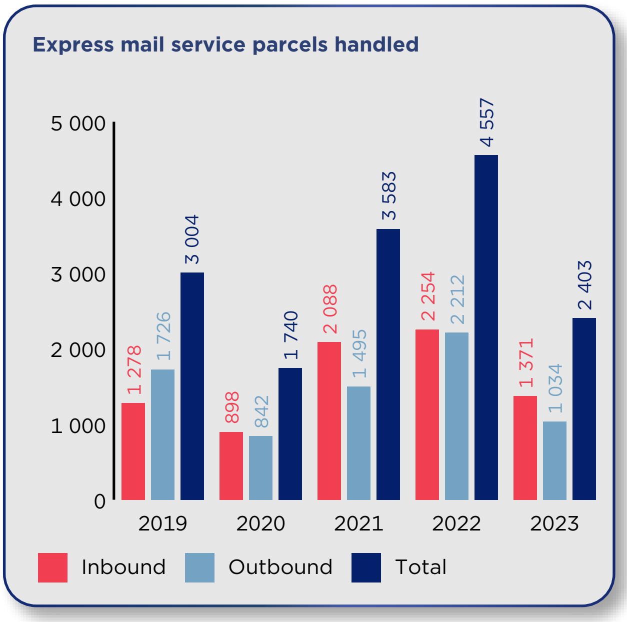
Total mail volumes decreased by 0.01% year-on-year, continuing the slow decline in letters, parcels, government mail, and business and bulk mail throughout Namibia and internationally.

Although we did not lose any major clients, the Namibia Revenue Agency, one of our biggest government customers, changed its communication procedures, significantly impacting volumes. In Hybrid mail, we gained customers, with high growth in the Erongo Region.

The weak economy negatively impacted most of our customers, leading to a decline in the volume of parcels handled.

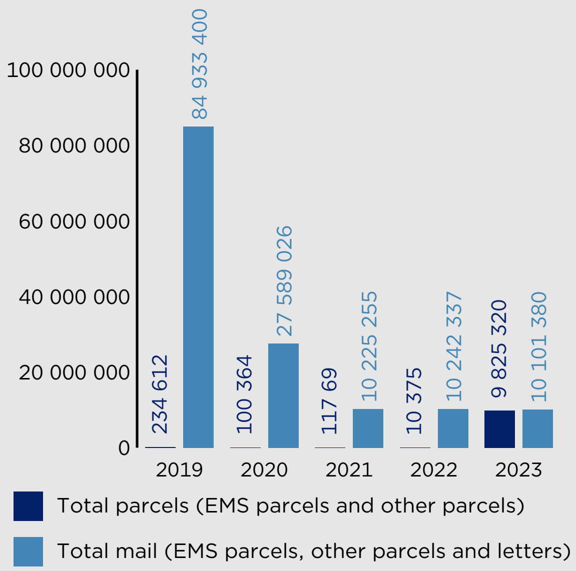
International mail faced challenges. Although our inbound service improved, the outbound service experienced major disruptions due to a change in the ground handler supplier and related disputes at the airport. We could not distribute any internationally bound mail from Namibia between April and September 2023 (and even now, the situation is unsatisfactory), which caused significant reputational damage to the postal service. Read more about further regional challenges for mail in the CEO review from page 16.



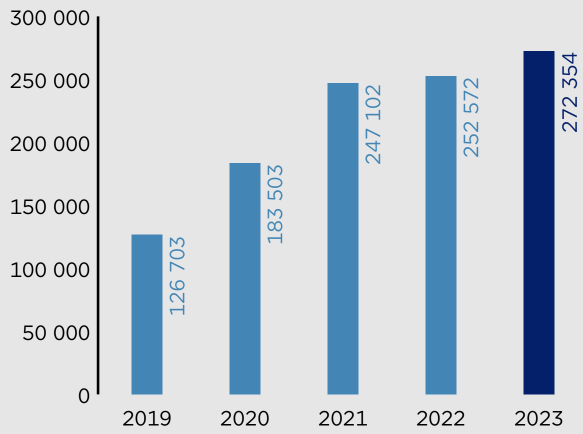


Mail and logistics (continued)

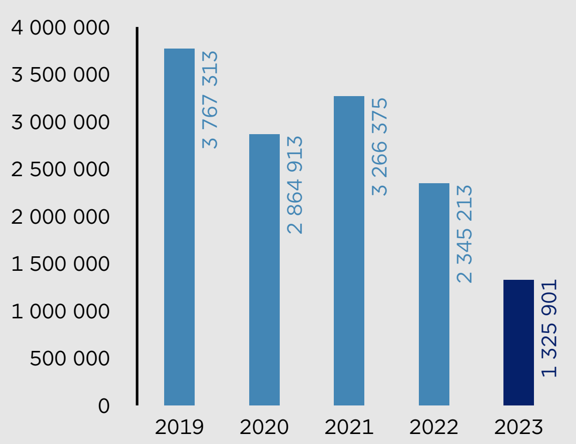
Total mail-related volumes handled



Prepaid products: volumes (quantity)



Government mail volumes



Courier service

Courier services saw a 5% increase year-on-year in revenue, and volume remained constant. We increased service capabilities based on work done last year to improve and better integrate our offering. This entailed capturing more value in our supply chain, for example, through system integration with business partners and offering warehouse and alternative distribution options. This diversification will be driving higher future volumes and revenue.

The courier market is highly competitive and not growing in size. Customers are becoming more cost-sensitive and have high service expectations.

E-commerce challenges

We launched a strategic e-commerce project in 2021 and achieved success during the pilot phase, which tested our online capabilities for postal products in Namibia and South Africa. In response to customer demand, we partnered with MyUniversalShop, a global retail logistics platform. Unfortunately, this service faced significant challenges due to changing European legislation and compliance issues. We terminated the contract in September 2023, effective October 2023. We are exploring alternative options to continue meeting the demand for access to retail stores world-wide through an integrated NamPost system providing online tracking and customs logistics.

Our fleet and environmental impact

The NamPost Environmental Risk Management Policy requires that we benchmark our environmental footprint and find ways to reduce energy use and emissions. The Mail and Logistics business unit can have the most significant impact on reducing our carbon footprint. As such, we have a range of initiatives to drive our green performance:

- Our main focus is to match the most efficient vehicle to each route and to optimise routes
- Large trucks are equipped with cameras and biometric starter technology for long-route efficiency
- All new fleet models comply with Euro 5-star efficiency
- Trucks are leased for cost efficiency and are replaced within three and a half years to ensure the equipment remains efficient and environmentally appropriate
- We have a fleet home base fuel station with an environmentally compliant petrol station where, for example, we only use biodegradable cleaning products
- A solar power station of approximately 100kw was established in the Windhoek Southern Industrial area as part of renovations for solar green power
- We promote and practice recycling and have created an organisation-wide three-year recycling partnership

We consider the impact on the environment through regular service and choose vehicles with low-emission results and technology. All vehicles are leased under full maintenance contracts, ensuring safe and efficient transport. Fuel for our logistic operations represents our primary cost driver.

Fleet size and composition	Total Fleet
Hino 500	12
Hino 300	11
Dyna	18
Bakkies	37
Caddies	8
Sedan	16
Trailers	6
Total	**108**

Increasing NamPost capacity for medical deliveries

During COVID-19, NamPost formed strategic partnerships that continue to add value for the country three years later. At the time, NamPost engaged the Ministry of Health and Social Services through the Central Medical Stores (CMS) and Chemonics (a US Aid company) to distribute critical vaccines nation-wide. This enabled us to secure a donation from Chemonics of four ultra-cold fridges that can maintain temperatures of up to -86 degrees Celsius.

This initiative demonstrated the impact of collaboration in healthcare and was shared as a case study with postal networks globally, including with the UPU. The UPU, through Post4Health, recognised the value of such collaboration and responded to our request for further support by facilitating the sponsorship of two refrigerated cold chain trucks to the value of about N$1.64 million.

The donation was made possible by a US$300 000 pledge by the Government of Japan through the Ministry of Internal Affairs and Communication of Japan to Post4Health.

We hosted the official launch of the two NamPost cooling trucks on 14 June 2023 at the Mail and Logistics warehouse in the Windhoek Southern Industrial area. Guests included the Ambassador of Japan and a Universal Postal Union/ Post4Health Representative. The Deputy Minister of Health and Social Services delivered the keynote address.

NamPost can now offer an express overnight medical supply service to deliver critical cold chain vaccines and other medical products securely and safely throughout Namibia.

Outlook and priorities

While actively participating in a solution to solve the regional challenge in mail flow, we plan to:

> Continue modernising our hybrid software and improve digital mail solutions
> Exploring more green initiatives such as environmentally friendly packaging
> Further diversify the courier business with a new partner and a new e-commerce portal
> Expand the sale of prepaid products with affordable insurance benefits
> Further engage our regional partners for the creation of a regional hub in South Africa to cater for mail-related needs of the region

FINANCIAL SERVICES

Our **customers can choose** to go to a **physical post office** or **enable transactions** via their mobile phones. While banks are closing branches, **our strength** is offering **physical and digital touchpoints** for financial services.

Mbo Luvindao
Executive: Financial Services

Performance in 2023

Highlights

- VISA SmartCard continued gaining new customers
- A 42.5% lift in non-interest income
- Growth of corporate investment products such as group schemes

Challenges

- Competition with commercial banks and government for funding
- High interest rate environment
- Perpetuating constrained economic conditions
- Lower re-investment of maturing retail investments as the public taps into their capital for living expenses.

Financial Services delivered a 14% increase in revenue driven by transaction fees, the growth in SmartCards and targeted bancassurance products.

This is despite a low-growth environment and increased competition for customers and funding. Our traditional dominance in mass market value propositions is being eroded by banks, who are also intensifying their targeting of small and medium-sized enterprises. Our response was to reposition our sales team and find innovative ways to go to market, leveraging our national post office footprint. This enables us to limit costs and increase sales.

Market penetration was our key focus in the past year. As such, we continued our drive to increase market share by seizing opportunities to increase product uptake in key areas. We also introduced a commission structure through our Retail Channel, which positively impacted revenue.

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

Retail banking through NamPost Savings Bank

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

Savings Bank delivered strong sales this year but did not achieve its deposit growth target. Wholesale income was under pressure from very competitive competitor rates.

We ensured that our transaction fees remained lower than those of commercial banks to serve and retain our lower-income customers.

Transactional VISA SmartCard

The NamPost VISA SmartCard provides a convenient and secure way for individuals in Namibia to manage their finances and conduct transactions. All pension payments previously collected at our post offices have now been transitioned to VISA SmartCard accounts. We acquired 15 new SmartCard holders this year, leading to higher transaction volumes that drive non-interest income.

Insurance

Our funeral cover and Smart Life protection products are offered through our insurance and bancassurance joint venture with Hollard Insurance Namibia. We onboarded 37 355 new insurance customers this year, contributing to financial sustainability in a country where insurance penetration is at a low 30%.

Treasury

Treasury caters to corporate clients' investments by offering call and short notice and fixed-term deposits. It was a challenging year for the treasury team due to high interest rates and inflation, with customers continuing to draw on their savings due to strained economic conditions.

Strategic initiatives

Delivery of strategic projects such as the roll-out of the mobile Unstructured Supplementary Service Data (USSD) send money functionality has been slower than anticipated. However, we are still excited about the prospects for this product, which we expect will appeal to our current and targeted customer base and open the door to more mobile banking innovations.

Our decision to restructure and focus on payment solutions has made our products more profitable. We reduced leakages and are in a better position to launch new products in future, including EFT and mobile and internet banking solutions.

As we meet changing consumer needs through new digital financial services products, we must consider the capability of our systems to support the organisation's strategic growth.

We continue focusing on risk and compliance, with risk outcomes improving yearly.

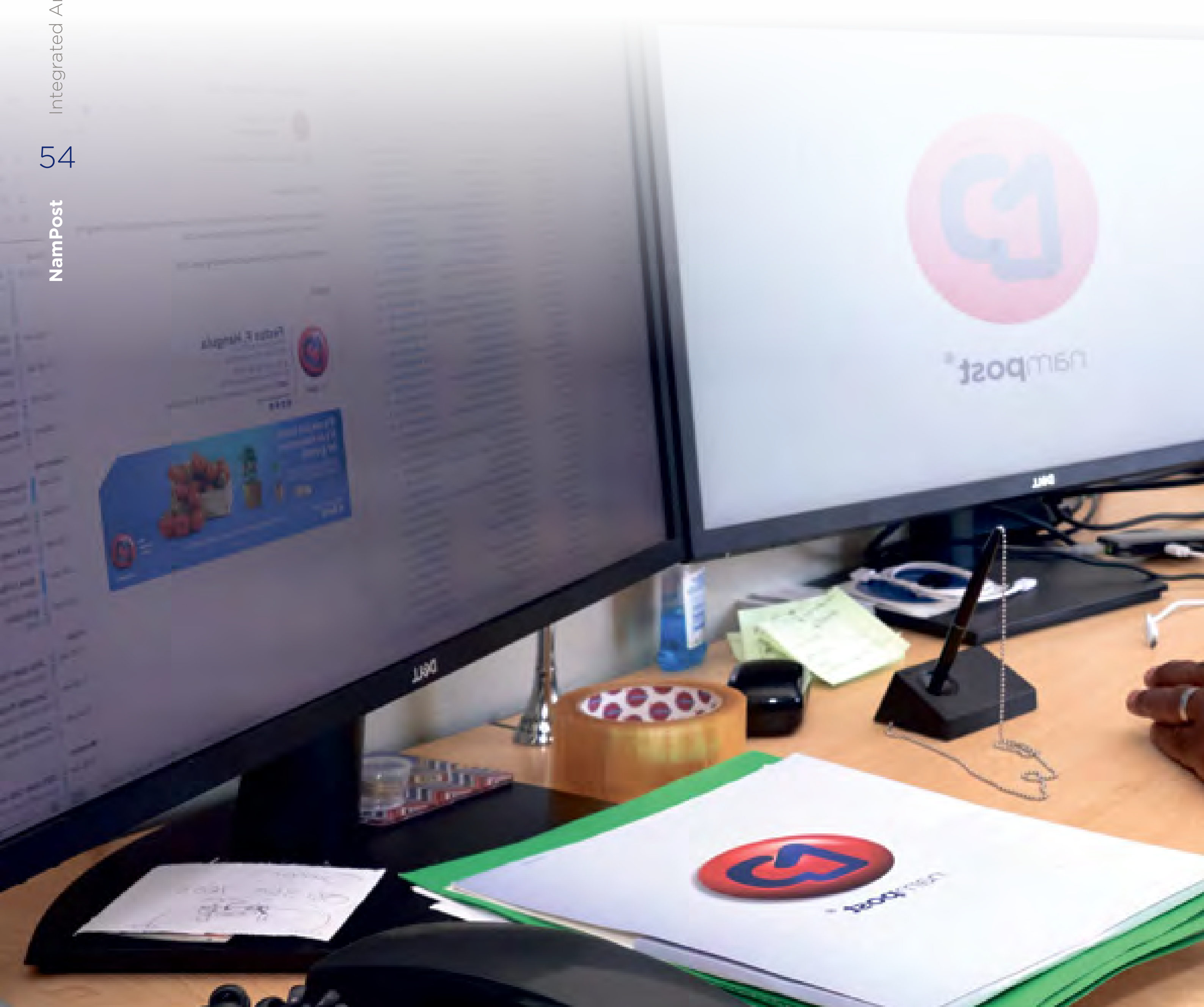
The NamPost Financial Services state-of-the-art customer contact centre will become operational in 2024 to support the roll-out of the above digital initiatives. This will offer customers a world-class experience when contacting us via telephone and e-mail about our financial services offerings.

Financial services (continued)

Outlook and priorities

Financial Services is the strongest income contributor for NamPost, and we will continue the drive for revenue and market share growth. Our growth focus continues to be on:

> The addition of mobile and digital channels to better serve our customers and reach the unbanked and underbanked segments
> Customer and product segmentation to develop new offerings that will meet the customer's needs. Shaping a high-performance culture and gearing our employees and leadership to take on new challenges through training and development interventions that speak to the future of financial services
> The roll-out of NamPost's End-User Mortgage Finance Mandate from the Government Institutions Pension Fund (GIPF)



POSTFIN

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

Patrick Gardiner
Chief Executive Officer

Robert Eiman
(New CEO) started 01 November 2023.

PostFin contributes to the Namibian Government's financial inclusion goals by providing small- and micro-loans to low-income and rural households and micro- and small enterprises. PostFin has been a profitable contributor to NamPost's revenue since 2014. Our retained earnings in 2023 increased by 26% to N$116.9 million (2022: N$92.8 million).

PostFin's services are available to permanently employed NamPost customers with VISA SmartCards, to government employees, to pensioners who may experience difficulties securing micro-loans from formal institutions or other parties in rural areas, as well as to customers qualifying for a debit order deduction.

PostFin provides pensioners with unsecured finance to assist them in living a dignified life or bettering their children's or grandchildren's lives. Consequently, this helps create green shoots of economic hubs in rural areas, with the majority, 62% measured in October 2023, of PostFin's active loan accounts belonging to customers in rural areas.

Our loan amounts range from N$750 up to N$300 000 depending on affordability, with stringent loan criteria to follow responsible lending best practices and to manage non-performing loans. PostFin further complies with its robust Credit Policy to ensure prudent evaluation of loans based on an up-to-date, in-depth affordability assessment. We treat all our customers equally and have created an excellent reputation based on our existing customer referrals for new business.

Hollard Insurance Namibia remains the insurance underwriter of the Credit Life cover offered by PostFin. This covers the customer's loan repayments in the event of death. The Micro Plus offering pays out an additional amount to beneficiaries in addition to the loan repayment. PostFin contributed N$30.2 million (2022: N$45.22 million) in insurance premiums (nett of commission) over the past financial year to the NamPost/Hollard Insurance Namibia joint venture.

The increase in the banking prime rate translated into a 7% gain currently. Inversely, interest rate hikes meant we had to decline more loans on affordability criteria than in previous years as responsible lenders.

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

Meanwhile, PostFin and NamPost bid farewell to Mr Patrick Gardner, the founding CEO of PostFin, who retired in 2023. The Group is grateful for his contribution and unwavering dedication to NamPost and PostFin for more than 17 years.

Read more about the new funding for PostFin in the Financial review from page 32.

RETAIL CHANNEL

"NamPost's Retail Channel **leverages the convenience** and accessibility of our **136 locations** to bring **affordable products** and services to **ordinary Namibians** in **51 outlying areas** where we are the only financial service provider. This **includes third-party** services like airtime and utility tokens."

Benjamin Jakobs
Executive: Retail Channel

Performance in 2023

Highlights

> Launch and uptake of new PostPay digital money transfer from post office to post office
> Performance of Smart Fridays sales promotions
> Customer satisfaction performance

Challenges

> Stagnant growth for third-party agency business
> Challenges with the roll-out of the Blind Balance system
> Security and theft at post offices
> Decreasing customer purchase power

The Retail Channel delivered a muted performance. PO box rentals declined by 8.9% compared to 7.5% in 2022. PO box rentals remain the Retail Channel's core product and primary revenue driver, hence our continued focus on retention. This included a 'first year free rental for lock and key' for completing a debit order. Customers must also provide a phone number and PO box address to open a NamPost account, which drives PO box rentals. Our adjusted pricing structure assisted in countering the decline and supported affordability. We also see more young people taking up PO boxes as a collection point for online shopping orders.

Agency services revenue decreased by 20%. The Retail Channel collects funds on behalf of third parties and also sells airtime on behalf of mobile and telecom companies for a commission or fee. This year, our main revenue drivers were postal products and financial services charges, with financial services charges having a bigger proportion. New competitive digital options in the market have been overtaking physical scratch cards sold at our post offices. As such, we are working on more digital offerings and partnerships with apps that can offer buying options outside of post office hours.

Customer experience

We launched the PostPay digital money transfer service in December this financial year. PostPay enables transfers between post offices and is not limited to NamPost customers. It will likely attract new customers and additional footfall to our post offices. Read more about the launch on page 29.

We had no post office closures during 2023. Our post offices continue to represent the primary in-person touchpoint for NamPost customers, thus an important way to measure customer satisfaction. Bi-annual customer surveys and Mystery Shopper initiatives improved customer experience at post offices related to product knowledge and appearance, such as the cleanliness of branches. A monetary incentive scheme for high-performing outlets supported this drive. The customer portal we opened in 2022 as part of our CRAN licence requirements experienced high response rates and customer feedback.

"I was pleasantly surprised with the excellent service and feedback on the Q&A section via the website."

– NamPost customer

Footfall at branches remained high despite migrating all pension payments to VISA SmartCards. Pensioners continued their monthly visits to post offices as a social connection point.

Operational effectiveness

Given Namibia's low population and geographic spread, 71 of our post offices are not independently sustainable. However, they serve an important role as retail outlets and provide financial services to remote communities. For low-income customers, this negates the need for costly travel expenses. Our post offices provide deposit facilities for local government and public sector agencies, thus saving on cash in transit and bank fees.

We also leverage our footprint by focusing on upselling opportunities. We have started doing Smart Friday promotions and use customer experience champions to continuously improve our service and offering.

Regulatory customer onboarding for our financial services products remains challenging but is supported with compulsory AML training to manage operational risk.

Outlook and priorities

The Retail Channel will focus on business transformation as one of the new NamPost strategic pillars, including:

> Exploring new products and services, such as a digital postbox, especially for the youth segment
> Ensuring financial sustainability by increasing fee income from Financial Services, postal products and agency services
> Exploring partnerships with the Namibian Government to offer services related to tax or bill payments, passports, etc
> Focusing on managing operational risk related to theft, which NamPost has to self-insure
> Providing financial education and driving, for example, tax-free savings through a project with retired teachers

OUR LEADERSHIP TEAM

OUR BOARD[1]

Left to right

Dr Simeon Amunkete (57)

Non-executive Chairperson

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

Appointed to the Board in May 2021

HRCC

Leezhel Sartorius Von Bach (53)

Non-executive Deputy Chairperson

> BA LLB LLM (Law)

Appointed to the Board in May 2021

HRCC BIC

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

BARC HRCC

Ndangi Katoma (52)

Non-executive director

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

Appointed to the Board in May 2021

BARC BIC

[1] *Biographical details are correct as of 30 September 2023.*

James A Cumming (48)

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

BARC BIC

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

OUR EXCO TEAM

Left to right

Festus F Hangula
Chief Executive Officer

- MBA (Finance)
- MEFMI Fellow
- BAdmin

Appointed to Exco in January 2010

Willem Mouton
Chief Operating Officer

- MBA (Business Administration)
- National Diploma – Accounting and Finance

Appointed to Exco in September 2022

Jörn Schnoor
Executive Technology

- BSc (Information Technology and Computing)

Appointed to Exco in December 2015

Ekonia Mudjanima
Executive Human Resources

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

Appointed to Exco in November 2021

Our leadership team (continued)

OUR EXCO TEAM

Left to right

Eldorette Harmse

Executive Legal Services, Compliance and Governance

> BProc
> LLB
> Admitted Legal Practitioner

Appointed to Exco in May 2006

Benjamin Jakobs

Executive Retail Channel

> BA Economics
> MSc Economics (International Trade and Finance)

Appointed to Exco in March 2020

Batsirai Pfigirai

Executive Finance

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

Appointed to Exco in March 2017

Michael Feldmann

Executive Mail and Logistics

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

Appointed to Exco in February 2020

[1] *Biographical details are correct as of 30 September 2023.*

Left to right

Deon Claasen

Executive Enterprise Risk Management

> Dip (Accounting and Finance)

Appointed to Exco in May 2017

Mbo Luvindao

Executive Financial Services

> Certified International Retail Banker
> Master's in Business Administration
> Senior Management Programme
> Post Graduate Diploma in Business Management

Appointed to Exco in March 2021

Komao Ndjarakana

Head: Internal Audit

> Bachelor of Accounting
> Postgraduate Diploma in Accountancy
> Certificate: Fundamentals of Risk Management
> CA (Nam)

Appointed to Exco in October 2022

Berlindi van Eck

Executive Marketing, Communications and Business Development

> MBA (Executive Management and Business Administration)
> Bachelors Degree of Personnel Leading, Communication and Marketing

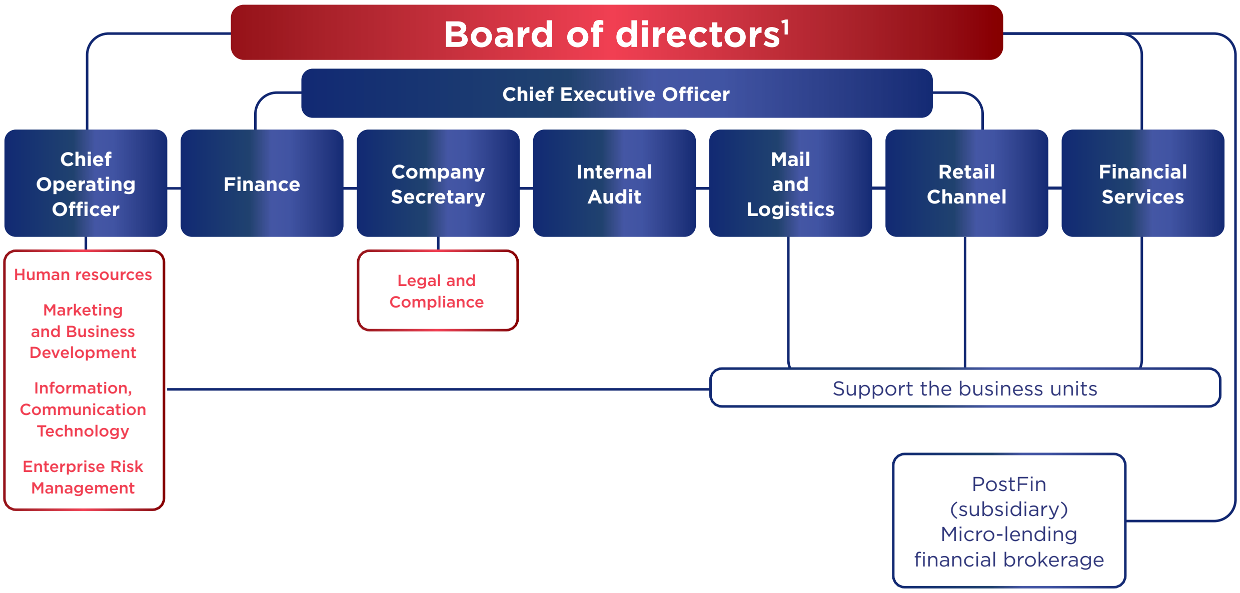
Appointed to Exco in August 2006

GOVERNANCE

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

Eldorette Harmse
Executive Legal Services, Compliance and Governance

Governance structure



NamPost strives to make good governance a way of life

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

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

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

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

The Board holds annual strategic planning sessions to review the company scorecard, develop the five-year strategic plan, determine the budget based on annual business plans, and annual company-wide risk setting and review sessions.

Board focus areas in 2023

Board performance, evaluation and tenure	Since the appointment of the current Board by NPTH with the concurrence of the Ministry of Public Enterprises in May 2021, 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. The Board's tenure ends on 30 April 2024, and based on practices in the past, it is fair to assume that the Shareholder will have regard to continuity when the Board's tenure ends. A Board performance assessment has been conducted for the 2022/23 financial year, and the outcome of the assessment has been shared with the shareholder.
Operational direction and oversight	During its quarterly meetings, the Board reviewed the progress of the organisational restructuring implemented in 2020. The realignment process was determined to be complete, and operational efficiencies have been released. The new PMO is fully operational, and the CEO will ensure PMO Framework oversight.
Governance structures and composition	The annual review did not recommend any structural changes to the Board committees. However, we are considering the introduction of an ICT Risk Committee to oversee the increasingly systems-driven business operations. This year, the Board appointed an ICT Adviser to the BARC to advise the BARC on technology and ICT Governance matters.
Strategic direction and approvals	The NamPost Board approved a new five-year Integrated Strategic Business Plan 2022/23 – 2025/27, in conformance with the Public Enterprise Governance Act, 2019, on 7 July 2022 and the Annual Business and Financial Plans 2022/23. The NamPost Board further participated in a company-wide risk workshop in August 2023, where a Risk Register based on those mentioned earlier and five-year and one-year plans were crafted.
Board development and policies	The Board had several Board development initiatives, notably in investment portfolio-related matters. The Board reviewed several policies and frameworks, including Human Resources, procurement, compliance and risk management, ICT governance, and fraud prevention.

Governance (continued)

Composition and diversity

Board gender and race diversity

The NamPost Board is represented by two female directors and three male directors, and 80% previously disadvantaged individual 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:

51.2 years

(2022: 50.2 years)

The Board's skills and experience

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

Executive gender diversity

75% male

(2022: 83%)

25% female

(2022: 17%)

Formerly disadvantaged executives

75%

(2022: 83%)

Average executive tenure

7 years

(2022: 7 years)

Average executive age

46 years

(2022: 47 years)

Division of responsibilities

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

The Chairperson and CEO have distinct roles to ensure a balance of power and responsibility.

No individual has unfettered decision-making powers 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 under our Board Charter, which was reviewed in September 2023. The Board also reviewed the Conflicts of Interest Policy to ensure that 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 also reviewed. We are confident the Board and its respective committees discharged their fiduciary duties in good faith, with due diligence and care, and in the best interests of NamPost and its stakeholders.

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

Current Chairperson
Dr Simeon Amunkete

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

Current Independent non-executive directors
Dr Simeon Amunkete, Leezhel Sartorius Von Bach, Ndangi Katoma, James A Cumming, Martha Shingenge

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

CEO
Festus F Hangula

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

Executive Committee
Festus Hangula, Ekonia Mudjanima, Deon Claasen, Berlindi van Eck, Michael Feldmann, Eldorette Harmse, Benjamin Jakobs, Batsirai Pfigirai, Jörn Schnoor, Mbo Luvindao, Komao Ndjarakana and Willem Mouton

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 of the strategy
- Support the CEO to lead, direct, coordinate and control NamPost's operations and performance following 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.

Governance (continued)

Ethical leadership

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, integrity and accountability. The Board also revised its Conflict of Interest Policy in 2022/23 and approved some minor amendments in line with the latest best practices.

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

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

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

Governing and managing stakeholder relationships

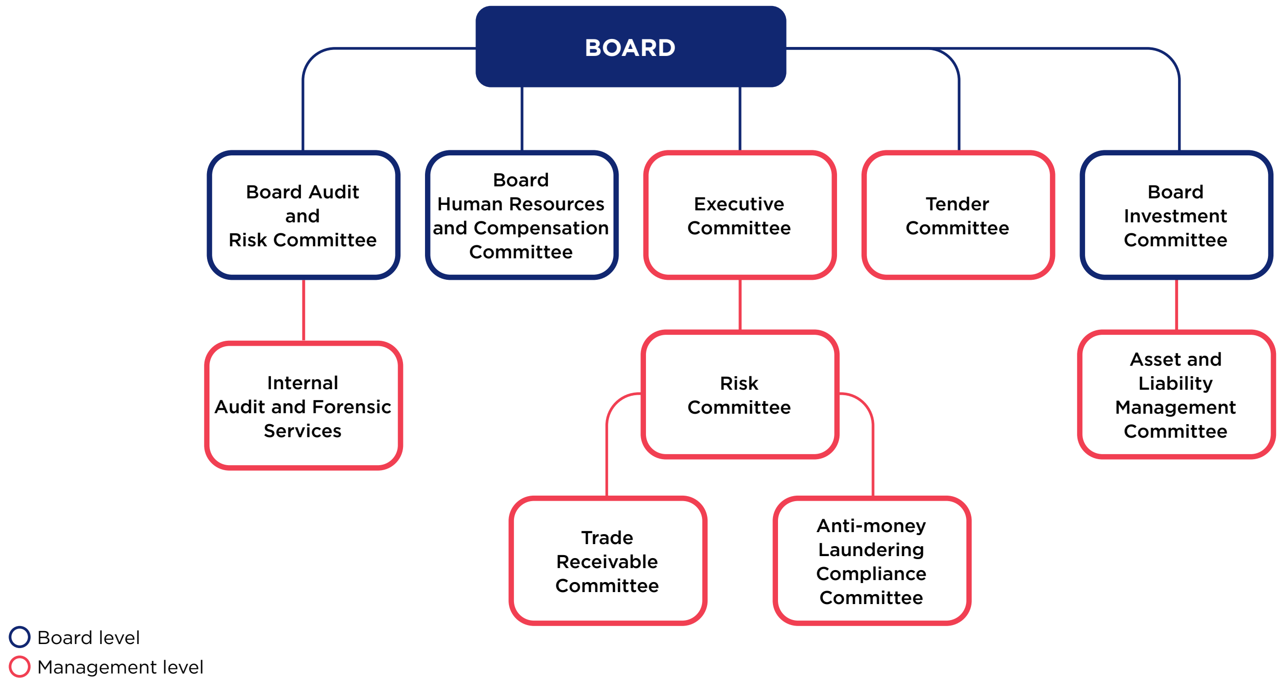
The Board recognises the importance of good relationships with its shareholder and all stakeholders. Quarterly sessions and regular engagements are held between the Chairperson, CEO, and Executive Finance with NPTH on finance, governance, and strategy. The Chairperson ensures the Board appreciates the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

Board committees

Delegation of authority

Three committees support our Board and have delegated specific responsibilities to them. These include the BARC, the Board HRCC, and the BIC. A brief description of the committee's terms is set out on page 69.

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 business areas.



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	4	4
Dr Simeon Amunkete (Chairperson)	4		4	
Leezhel Sartorius Von Bach (Deputy Chairperson)	4		4	4
Martha Shingenge	4	3	4	
Fillemon Ndangi Katoma	3	2		2
James Arthur Cumming	4	4		4

Board-level governance and responsibilities

Board	BARC	HRCC	BIC
> S Amunkete CC > L Sartorius Von Bach DC > M Shingenge > FN Katoma > JA Cumming	> M Shingenge CC > FN Katoma > JA Cumming	> L Sartorius Von Bach CC > S Amunkete > M Shingenge	> JA Cumming CC > FN Katoma > L Sartorius Von Bach
The Board is responsible for NamPost's long-term success and 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.	Per identified risks, the BARC assists the Board with oversight and reviewing financial, risk, ICT, audit and internal control issues. BARC strategically monitors aspects of financial management, financial policies, technology, enterprise-wide risk management, and assurance functions.	The HRCC deals with strategic aspects of human capital management and alignment of the operational structure to NamPost's strategic intent. Following 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.	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.
Five-year focus areas: > Enhance shareholder value > Increase focus on customer centricity > Enhance operational effectiveness > Measure and manage business risks > Enhance human capital and cultivate a culture of effectiveness	**2023 focus areas:** > Drafting and implementation of required governance frameworks, i.e. PMO and compliance > Compliance with all relevant accounting standards	**2023 focus areas:** > Company-wide HR structure alignment with new operating model > Review and amendment of HR policies in line with best practices	**2023 focus areas:** > Revision of Treasury Policy > Portfolio Risk Management
	Future focus areas: > Technology and cyber risk > Implementation and roll-out of ERM Framework > Compliance > Embedding of combined assurance model	**Future focus areas:** > Embedding the new HR structure > Review and amendment of HR policies in line with best practices	**Future focus areas:** > Compliance with Treasury Policy > Prudent cost-of-funds management > Portfolio Risk Management

KEY

CC *Committee Chairperson*

DC *Deputy Chairperson*

Governance (continued)

Management level responsibilities

Executive Committee (Exco)	Procurement Committee	Asset and Liability Management Committee (ALCO)	Risk Committee
> FF Hangula CC > W Mouton > K Ndjarakana > M Feldmann > EC Harmse > B Pfigirai > D Claasen > E Mudjanima > J Schnoor > B van Eck > M Luvindao	> W Mouton CC > EC Harmse DC > B van Eck (alternate member) > B Jakobs (alternate member) > T Mwashekele > M Feldmann > R Knittle SI > T Shivolo SI > B Pfigirai (Financial Advisor)	> FF Hangula CC > D Claasen > M Luvindao > B Pfigirai > C Klazen SI > J Mouton SI > S Felix SI	> W Mouton CC > EC Harmse DC > D Claasen > A Kauatuuapehi > J Mouton > R Muranda > F Feris > C Viljoen > G Christ > G Groenewaldt > G van Wyk
The Exco Charter sets out the purpose of the Exco, which is to: > Assist the CEO in the overall leadership and management of NamPost to execute its mandate and fulfil the company's strategic objectives > Act as a medium of communication and coordination between business units, departments and the Board > Determine matters or make recommendations to the CEO and, through the CEO, make recommendations to the Board regarding the direction and operations of NamPost and progress made on strategic objectives > Individually and as a committee, support the CEO to lead, direct, coordinate and control NamPost's operations and performance per 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 training > Act as the central point for all risk enforcement in the organisation

KEY

CC *Committee Chairperson*

DC *Deputy Chairperson*

SI *Standing invitees*

COMPLIANCE

Overview of arrangements for governing and managing compliance

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

The Board-approved Risk Appetite Policy articulates the aggregate level and types of risk NamPost is willing to accept or avoid to achieve its strategic objectives. The company implements procedures to comply with 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.

Anti-money laundering

NamPost is an Accountable Institution as designated by the Financial Intelligence Act, Act 13 of 2012. NamPost consistently reviews its Governance and Policy Framework to ensure compliance with the legislation. During 2021/2022, the Board approved procuring a transactional monitoring tool as part of the company's AML compliance strategy. The monitoring system will equip the compliance team with a comprehensive and highly configurable view of transactions, thus empowering them to, among others, review alerts and make decisions on reportable suspicious activity to the regulator. The project implementation kicked off in August 2022, and the final module went live on 6 July 2023. This is envisaged to be completed in the next financial year.

CRAN postal licence

NamPost received a CRAN postal licence in 2020 (previously, the company had a postal licence under the provisions of the Post and Telecommunications Companies Establishment Act, Act 17 of 1992). This licence confers certain rights on NamPost while adding legal requirements. The government acknowledges that NamPost is largely self-regulating, and therefore, the requirements focus on consumer-driven issues. To this end, NamPost successfully implemented a customer portal dedicated to complaints, queries and resolutions. Our efforts towards CRAN licence compliance are ongoing and are subject to Internal Audit reviews. CRAN gave notice of its intention to amend the licence, mostly to the Quality of Service provisions and in line with postal standards world-wide.

Key areas of focus

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

The Compliance Division periodically reviews the company-wide compliance regulatory universe and finalises Compliance Risk Management Plans for all high-rated legislation. A compliance risk report is presented to Exco monthly and quarterly to the Board Audit and Risk Committee and the Board.

RISK MANAGEMENT

NamPost strives to **embed risk management** into all its **functions and business processes.** This enables us to be **agile and pivot** into **innovative products** and **services** to ensure that the **business is sustainable,** key risks are mitigated, and **new opportunities** are **exploited.**

Deon Claasen
Executive: Enterprise Risk Management

Performance in 2023

Highlights

- An ICT Business Continuity Plan (BCP) was successfully tested in an offline, work-from-home environment
- All business and support units successfully tested their BCPs both from home and backup sites
- Implementation of IT Governance Framework by the IT Governance Committee

Challenges

- Maintaining morale and assisting colleagues due to post-pandemic-related trauma or loss
- Demand on ICT resources to support both operations and implementation of all strategic projects
- Embedding new cyber security risk mitigation tools that required adjusting ICT support

NamPost's Enterprise Risk Management (ERM) process

- Risks are identified, assessed and collated into risk registers through established processes
- Risk registers are presented at the monthly risk management committee meetings with updated risk mitigation action plans
- A monthly summary of consolidated risks is submitted to the Exco
- 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, strategic risks, operational events, project risks and any emerging risks
- The Board, assisted by the BARC, does a comprehensive annual review of the Risk Framework and registers

RISK MANAGEMENT COMMITTEE

The Exco principal risk owners and the respective Risk Management Champions report to the Risk Management Committee, which ensures that risk awareness and management are instilled at an operational level.

Trade Receivables Committee (TRC)

This committee focuses on debt recoveries due to increased credit risk due to the weak macro-economic environment.

AML Compliance Sub-committee

The committee continues to focus on the regulatory requirements for the Financial Intelligence Act, Act 13 of 2012 (FIA).

ICT Governance Committee

The committee ensures that ICT planning, policy, and operations align with NamPost's strategic objectives. It oversees ICT Governance, ensuring that the strategic objectives of NamPost are not jeopardised by ICT failure.

The Risk, Compliance and Internal Audit Departments work closely to ensure a combined assurance model where additional controls are implemented to mitigate risk.

Risk management (continued)

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

The **Board** is accountable for risk management. It oversees the implementation of the ERM Framework with the support of the BARC and the BIC. 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 Board mandates the **Exco** to implement the ERM Framework. Exco is supported by the Risk Management Committee (see diagram above). 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 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 combined assurance model ensures that risk management and controls are effective. Internal Audit provides independent assurance over the adequacy and effectiveness of risk management controls, processes and practices.

ERM FRAMEWORK AND IMPLEMENTATION

NamPost's ERM Framework, based on the Committee of Sponsoring Organisations (COSO) of the Treadway Commission principles, provides a detailed set of principles to enable risk identification, measurement, management and control. The framework is in the process of being reviewed by the relevant governance committees.

The ERM Framework implementation is progressing steadily, with an achievement of 94% of our deliverables implemented against a target of 90% for 2023. Once the ERM Framework is fully implemented, Internal Audit will assess its effectiveness when Internal Audit Plan permits.

Operational Risk Policy

The ERM Framework forms the basis for business policies and procedures that must be ascribed to or adhered to. We have implemented an Operational Risk Policy at the enterprise level, 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 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 business unit structure. Some Board members and Exco attended a Risk Management Workshop in August 2023 that sensitised them to the subject matter. We also monitor fraud risk potential and fraud risk assessments for some departments that were performed to that effect.

Processes

Risk management explores the alignment of processes with the new systems, and as a result, process enhancements are underway due to system upgrades, overhauls, or system introductions.

External events

The Business Continuity Plan and Framework were tested in the current financial year. This ensures that NamPost fortifies its resilience against incidences, emergencies and disasters.

Risk Appetite Framework And Policy

There were no changes to the Risk Appetite Framework, which is reviewed every second year. 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 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. Still, the full implementation for all principal risks across the business units is in progress and will be prioritised for implementation. The implementation of the full Risk Appetite and Thresholds (RAT) will be extended to the 2024 financial year.

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 quickly. This means that some non-current assets are more liquid than current assets.

Basel III states, "The liquidity coverage ratio ensures financial institutions have the necessary assets to ride out short-term liquidity disruptions. 30-day Liquidity Coverage Ratio must be greater than 100%". On 30 September 2023, NamPost's liquidity coverage ratio was at 292.93%, down from 365% in the prior year.

Key risks and opportunities

Our key risks and opportunities are reviewed quarterly by Exco and facilitated by the Executive ERM. Each element has an owner and is ranked in terms of inherent and residual risk.

Nature of the risk/ opportunity	Context and sources	How we mitigate risk/use opportunity	Residual risk rating	Related strategic objective
To meet our financial growth targets in a challenging economic climate, NamPost has to ensure that business development initiatives and sales are aligned.	Operational areas such as payments and logistics require a clear strategy to respond to the current economic situation and drive transactional volumes. CRAN regulations can limit full implementation.	We reviewed the NamPost business model and structure to create a better focus on business development across all business units. Sales employees are in place for all business units. A weekly, vigorous monitoring system/process was implemented 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	**Financial stability** **Business transformation**
To effectively implement our strategy, we aim to become more customer-centric and improve our customer rating to 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	**Customer centricity**
To improve efficiency and cyber security, we must ensure that the NamPost enterprise architecture, business processes, data and network capacity are aligned with 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 employee 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 will inform our digital strategy.	Medium	**Business transformation**

Risk management (continued)

Nature of the risk/ opportunity	Context and sources	How we mitigate risk/use opportunity	Residual risk rating	Related strategic objective
To effectively execute our mandate to run a prosperous and efficient postal system, we rely on 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 post office's profitability and suitability of location.	High	**Financial sustainability** **High performance culture**
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	**High performance culture**
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, and ineffective physical security and access controls, are major management concerns.	We analyse current business processes that inform a risk register and management policy. We assess and conduct competency analysis to determine whether business acumen and knowledge are aligned with the latest NamPost strategic objectives. This should include assessing current job descriptions and 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 have been arranged.	High	**Financial sustainability**

Nature of the risk/ opportunity	Context and sources	How we mitigate risk/use opportunity	Residual risk rating	Related strategic objective
To ensure compliance with relevant regulatory requirements that include AML and Know Your Customer (KYC), business processes must be built on sound business principles.	The detection, analysis, monitoring and reporting suspicious transactions require sophisticated tools.	NamPost launched a process and implemented a tool to screen and monitor AML transactions. The AML Compliance Committee actively monitors high-rated AML risks monthly. A compliance monitoring plan remains in place.	High	**Business transformation**
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	**Financial sustainability**

Outlook and priorities

To ensure NamPost's sustainability and the successful implementation of our strategy, the risk management future focus areas are:

> Implementation of Operational Risk Incident reporting
> Focus on environmental risk management initiatives
> Strengthening of Operational Risk reporting
> Implement risk appetite thresholds for all principal risks
> Implement Environmental Risk Management Policy and Framework
> Strengthening ICT Governance and risk reporting

INTERNAL AUDIT AND FORENSIC SERVICES

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

Komao Ndjarakana
Head: Internal Audit

Internal Audit structure and processes

Internal Audit department

Auditing

The Audit division helps improve business practices by providing independent and objective assurance and insight into NamPost's culture, policies and procedures. The BARC approves the annual risk-based Internal Audit Plan.

Forensic Services

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

NamPost is in the process of gearing up for change to embrace digital transformation. In this state of flux, Internal Audit plays an important advisory role, assisting management in making business continuity and risk mitigation decisions.

Our Internal Audit reports have become increasingly more relevant to business unit executives, providing insight into our processes and visibly adding value to the control environment. As a result, business units are more disciplined in implementing the recommendations, such as updating policies and procedures and implementing controls for weaknesses identified to prevent or minimise the impact when a risk event occurs.

Audit focus areas 2023

Cyber security and data protection

Given the exacerbated depressed economy and environment where cyber attacks are rising, hackers are taking advantage of burgeoning ransomware. As a service industry, audits of key NamPost systems were re-prioritised to combat cyber attacks and to ensure operational continuity and efficiency. This remains a key risk and is continuously monitored.

Strategic relevance and the digital imperative

NamPost has embarked on the deployment of a digital transformation strategy. New digital solutions are introduced, and employees are geared towards embracing these transformations.

Liquidity and cost-cutting measures

Cashflow, liquidity, revenue and profit margins continued to be suppressed. This requires a holistic assessment of enterprise-level operations such as sales, advertising and marketing activities to reveal areas where significant cost reduction might be possible.

Effectiveness and efficiency of operational process

The effectiveness and efficiency of operations is a continuous process and comes at a cost.

Integrated enterprise risk management and monitoring

The Board and executive management teams are expected to manage risks proactively, especially considering the rapid pace of disruptive innovation and technological developments in an ever-advanced digital world and the need for resilience and agility in pivoting when new market opportunities and unexpected threats arise.

Internal Audit reviews

Generally, the control environment needs improvement based on the audit results. The evaluation of controls found that limited assurance was expressed in 11 out of 13 audits as the key controls mitigating key risk exposures were found inadequate or not functioning as intended. Follow-up audits will be conducted to assess whether the recommendations to improve the control environment were implemented satisfactorily by management.

Internal Audit and forensic services (continued)

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

Financial Services

An extract, transform and load (ETL) salaries review was performed. In the evaluation of the controls, limited assurance was provided. The Audit reports outline control improvement action steps, and we track this.

Mail and Logistics

The Mail and Logistics audit report details actions and steps to improve controls and are actively and continually monitored. Reviews completed for Mail and Logistics included:

> Damaged or expired stock write-off verification
> Courier claims administration process
> Hybrid mail stock write-off verification

Retail Channel

The Forensic Services division conducts post office inspections. A comprehensive inspection checklist was developed, focusing on critical items that guide the inspections.

Human Resources

The following audits were performed to assess the efficiency and effectiveness of operations and the impact this has on the control environment. Limited assurance was provided.

> Disciplinary process
> Leave management
> Salary increases
> Bonus payments

The Audit reports detailed control improvement action steps that are monitored.

Project Management Office

A project management framework review was performed to assess the effectiveness and efficiency of the PMO. Limited assurance was provided. The audit report details control improvement action steps, and we are tracking this.

Forensic Services (Inspectorate and Investigations)

The Forensic Services division is managed by the Supervisor: Inspectorate and Investigations, who reports to the Internal Audit Executive. The Fraud Risk Management Framework and the Fraud Risk Management Policy guide activities.

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 provided by yearly recommendations based on control environment assessments.

Fraud awareness initiatives, such as training, fraud surveys, and whistle blowing posters, continued during the current year. Efforts to find a viable online learning platform continue.

Company-wide fraud risk assessment

Fraud risk assessments were performed for the Marketing and Legal Departments. In the current disrupted environment, hackers increasingly take advantage of the burgeoning ransomware. As a service industry, fraud risk is present and prevailing. Identified mitigation action plans are followed up with management regularly.

Inspections

The Forensic Services division revived physical inspection of our post offices during the year, and the Central, South and North-East regions were visited. Control weaknesses noted are communicated with management for corrective actions, and the Forensic Division regularly follows up on the progress.

Outlook and future focus areas

The Internal Audit Department's focus areas are guided by the NamPost strategy. Overall, we are aiming to:

> Develop a more proactive approach to conduct audits and identify fraud risks before incidents arise
> Become more agile to secure assurance in the shortest time possible
> Follow the imperative of the new NamPost Digital Transformation Strategy and explore digital solutions.
> Reprioritise items that were deferred on our Audit Plan, including:

Financial Services

> Review of back-office processes to ensure accurate and timeous recording of investment transactions
> Review the integrity of the refund journals for Savings, which clears errors

Corporate Finance

> Vendor management
> Review the integrity of the refund journals for Finance, which clears errors

Mail and Logistics

> Courier cash outstanding audit

Human Resources

> Verify the data accuracy and integrity of the human resource leave automation audit

ICT GOVERNANCE

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

ICT Risk and Governance Framework

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

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

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

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

> Privileged user access control
> Cyber security management
> Network access control
> ICT Change & Incident Management
> ITIL-based service management
> COBIT and ISO 27000-based governance

NamPost started its ICT Risk and Governance Framework enhancements by introducing guidelines based on the US National Institute of Standards and Technology (NIST) criteria. In addition, NamPost recently appointed a Head of Business Support Unit that includes managing any/all changes or incidents. The Change and Incident Management Frameworks are under revision and are to be approved in early 2024. In addition to this, NamPost strengthened its ICT Governance Risk and Compliance team.

NamPost Technology Framework

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

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

Assurance

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

The annual PCI-DSS re-certification is under review and will be concluded at the end of 2023. The certification holds for participation in the National Payment System (NPS) and is based on PCI-DSS 3.2.1. A roadmap for migrating from PCI-DSS 3.2.1 to PCI-DSS 4.0 is in place, with the scope increased from the payment system platforms to the full banking operations. The NamPost business and technology teams plan on moving towards the latest compliance version in a staggered/staged approach.

Current and future focus areas

Cyber security awareness and maturity

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

NamPost continues to enhance cyber security awareness throughout the organisation. Various workshops were held within Savings Bank, Executives, Compliance and many other departments to enhance the awareness of the shared cyber security responsibilities. This will remain an ongoing activity.

Management Information System (MIS) automation

The automation of MIS was previously reported to have kickstarted during 2023. This initiative now forms part of business decisions and greatly drives the corrective measures to ensure consistent stakeholder value enhancement. The MIS/ business information continues to evolve so that productivity and profitability can be deduced for most of the NamPost business units.

ICT governance (continued)

Digital transformation

The business units can enhance their product and service offerings to their customers through digital transformation. Considering the investment made by NamPost, the digital transformation roadmap improved greatly. The digital transformation roadmap also includes the change management required to adjust our workforce to become digitally savvy. The Mobile Banking Application, Digital Postal Order, Internet Banking, Send-Money (Banking product), ETL (extract transform load) process) and many others were digitised during 2023.

Another exciting development is the digitisation of EFT, now in production pilot to be formally launched in April 2024. Enhanced Credit (EnCR) will be the first independent form of electronic funds transfers within the National Payment System.

In addition to the above, NamPost implemented fully-fledged AML and KYC (sanction screening) platforms, digitising the previously manual processes.

Growing the ICT Department

NamPost continues to grow the ICT department in line with the latest business strategies and governance needs. Until now, the focus was on developing and implementing strategic objectives and the necessary governance and compliance tools. Going forward, the focus is to enhance operations and infrastructure support. These tools require additional skills and Human Resources to administer, monitor and control. Further investment will be made into cyber security skills.

With NamPost operating in complex and ever-evolving business environments, Postal, Courier, Mail, Hybrid mail, Financial Services, Savings Bank and our large operations continue to demand further investment in skilled employees. NamPost's clearly defined strategic objectives underpin this to add value for its stakeholders.

ANNUAL FINANCIAL STATEMENTS

NAMIBIA POST LIMITED AND ITS SUBSIDIARY

(Registration number 92/284)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

General Information

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Namibia Post Limited Group is engaged in the supply of postal services, courier services, savings bank services and micro-lending, and operates principally in Namibia.
Directors	James A Cumming Leezhel Sartorius von Bach Martha Shingenge Ndangi Katoma Simeon Amunkete
Registered office	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Business address	Post Office Building Corner Independence Avenue and Daniel Munamava Street Windhoek
Postal address	P O Box 287 Windhoek Namibia
Holding company	Namibia Post and Telecom Holdings Limited Incorporated in Namibia
Bankers	Bank Windhoek Standard Bank Namibia
Auditors	PricewaterhouseCoopers Chartered Accountants (Namibia) Registered Accountants and Auditors
Secretary	Eldorette C Harmse
Legal advisors	Shikongo Law Chambers and ENSafrica/Namibia
Company registration number	92/284

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

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 controls 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 controls 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 2024 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on pages 87 to 89.

The annual financial statements set out on pages 90 to 151, which have been prepared on the going concern basis, were approved and authorized for issue by the board of directors and were signed on their behalf by:

Signed on behalf of the Board of Directors By:

Director | **Director**

Windhoek

Date: 1 December 2023

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 2023, 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 90 to 151 comprise:

- the directors' report for the year ended 30 September 2023;
- the consolidated and separate statements of financial position as at 30 September 2023;
- 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 Annual Financial Statements for the year ended 30 September 2023". 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.

PricewaterhouseCoopers, Registered Auditors
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Country Senior Partner: Chantell N Husselmann
The Firm's principal place of business is at 344 Independence Avenue, Windhoek, Republic of Namibia, Khomas Region, Republic of Namibia
Partners: Anna EJ Rossouw (Partner in charge: Coast), Gerrit Esterhuyse, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Willem A Burger, Nina A Coetzer
Practice Number 9406, VAT reg no. 00203281-015

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,
Namibia
Date: 8 December 2023

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Namibia Post Limited and its Subsidiary Limited, consolidated and separate for the year ended 30 September 2023.

1. Nature of business

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

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

2. Review of financial results and activities

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

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

3. Share capital

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

4. Dividends

A dividend of N$ 5 million was declared after year end and will be accounted for in the new financial year.
The N$ 8 million dividend which was declared for 2022 financial year was paid during the year under review.

5. Directorate

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

Directors	Office	Designation	Appointment Date
James A Cumming	Member	Non-executive Independent	1 October 2016
Leezhel Sartorius von Bach	Deputy Chairperson	Non-executive Independent	1 May 2021
Martha Shingenge	Member	Non-executive Independent	1 May 2021
Ndangi Katoma	Member	Non-executive Independent	1 May 2021
Simeon Amunkete	Chairperson	Non-executive Independent	1 May 2021

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

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
		-

	2023 N$ '000	2022 N$ '000
Subsidiaries		
Total profits after income tax	27,021	16,876
Joint arrangements		
Total profits after income tax	-	-
	27,021	**16,876**

There were no significant acquisitions or divestitures during the year ended 30 September 2023.

*SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised in 2021. The process of being legally wound down is on-going.

7. Holding company

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

8. Events after the reporting period

On 10 October 2023, the Group signed a N$ 406.8 million loan agreement with Kreditanstalt Fur Wiederaufbau (KfW), earmarked for NamPost Financial Brokers micro-lending business. The funds will be received during the 2023/24 financial year.

9. Terms of appointment of the auditors

PricewaterhouseCoopers continued in office as auditors for the company and it's subsidiary for the 2023 financial year in accordance with section 278(2) of the Companies Act of Namibia.

10. Secretary

The company secretary is Mrs. 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.

Directors' Report

12. Going concern

The directors have reviewed the Group's 2024 forecasts and considered the Group's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review the directors are satisfied that it has adequate resources to continue in business for the foreseeable future and the going concern basis has been adopted in the preparation of the annual financial statements.

Namibia Post Limited and its Subsidiary

(Registration number 92/284)
Annual Financial Statements for the year ended 30 September 2023

Statement of Financial Position as at 30 September 2023

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Assets					
Non-Current Assets					
Property, plant and equipment	4	16,966	12,362	16,160	11,094
Right-of-use assets	5	33,496	16,495	33,496	16,495
Intangible assets	6	49,873	54,757	49,490	54,201
Investments in subsidiaries	7	-	-	15,001	15,001
Loans to group companies	9	-	-	416,206	499,171
Other financial assets	10	3,222,171	3,824,281	2,892,248	3,465,038
Deferred tax	22	59,618	66,555	54,206	61,735
		3,382,124	**3,974,450**	**3,476,807**	**4,122,735**
Current Assets					
Inventories	12	13,523	13,557	13,523	13,557
Loans to group companies	9	-	-	91,234	98,232
Trade and other receivables	13	70,438	71,225	69,998	70,730
Other financial assets	10	3,618,765	3,455,884	3,340,961	3,216,237
Current tax receivable	23	6,934	12,822	7,969	14,315
Cash and cash equivalents	14	73,702	215,766	72,505	210,029
		3,783,362	**3,769,254**	**3,596,190**	**3,623,100**
Total Assets		**7,165,486**	**7,743,704**	**7,072,997**	**7,745,835**
Equity and Liabilities					
Equity					
Share capital	15	5,075	5,075	5,075	5,075
Fair value adjustments on FVOCI financial assets	35	(46,206)	(76,612)	(46,206)	(76,612)
Retained income		436,540	378,237	319,577	285,295
		395,409	**306,700**	**278,446**	**213,758**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	465,126	538,331	465,126	538,331
Retirement benefit obligation	17	12,360	13,361	12,360	13,361
Savings bank Investors	18	412,976	262,700	412,976	262,700
Lease liabilities	19	19,165	9,389	19,165	9,389
		909,627	**823,781**	**909,627**	**823,781**
Current Liabilities					
Trade and other payables	20	193,886	199,833	175,410	187,962
Other financial liabilities	16	88,857	88,454	88,857	88,454
Savings bank investors	18	5,559,894	6,315,403	5,602,844	6,422,347
Lease liabilities	19	17,813	9,533	17,813	9,533
		5,860,450	**6,613,223**	**5,884,924**	**6,708,296**
Total Liabilities		**6,770,077**	**7,437,004**	**6,794,551**	**7,532,077**
Total Equity and Liabilities		**7,165,486**	**7,743,704**	**7,072,997**	**7,745,835**

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Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Revenue	24	1,072,817	980,519	946,734	875,552
Cost of sales	25	(484,670)	(374,059)	(489,404)	(382,397)
Gross profit		**588,147**	**606,460**	**457,330**	**493,155**
Other operating income	26	29,872	8,145	25,527	5,621
Other operating expenses		(530,859)	(492,750)	(475,052)	(444,170)
Operating profit	28	**87,160**	**121,855**	**7,805**	**54,606**
Investment income	27	19,434	12,150	62,052	54,581
Finance costs	30	(43,523)	(45,373)	(43,523)	(45,373)
Profit before taxation		**63,071**	**88,632**	**26,334**	**63,814**
Taxation	31	(5,562)	(20,966)	7,154	(13,024)
Profit for the year		**57,509**	**67,666**	**33,488**	**50,790**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		1,167	(785)	1,167	(785)
Gains (losses) on fair value adjustments on FVOCI financial assets		44,715	(150,066)	44,715	(150,066)
Income tax relating to items that will not be reclassified		(14,682)	48,272	(14,682)	48,272
Total items that will not be reclassified to profit or loss		**31,200**	**(102,579)**	**31,200**	**(102,579)**
Other comprehensive income for the year net of taxation		**31,200**	**(102,579)**	**31,200**	**(102,579)**
Total comprehensive income (loss) for the year		**88,709**	**(34,913)**	**64,688**	**(51,789)**

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Statement of Changes in Equity

	Share capital N$ '000	Fair value adjustments on FVOCI financial assets N$ '000	Retained income N$ '000	Total equity N$ '000
Group				
Balance at 1 October 2021	**5,075**	**25,433**	**319,105**	**349,613**
Profit for the year	-	-	67,666	67,666
Other comprehensive income	-	(102,045)	(534)	(102,579)
Total comprehensive income for the year	**-**	**(102,045)**	**67,132**	**(34,913)**
Dividends	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(8,000)**	**(8,000)**
Balance at 1 October 2022	**5,075**	**(76,612)**	**378,237**	**306,700**
Profit for the year	-	-	57,509	57,509
Other comprehensive income	-	30,406	794	31,200
Total comprehensive income for the year	**-**	**30,406**	**58,303**	**88,709**
Balance at 30 September 2023	**5,075**	**(46,206)**	**436,540**	**395,409**
Note(s)	15			
Company				
Balance at 1 October 2021	**5,075**	**25,433**	**243,039**	**273,547**
Profit for the year	-	-	50,790	50,790
Other comprehensive income	-	(102,045)	(534)	(102,579)
Total comprehensive income for the year	**-**	**(102,045)**	**50,256**	**(51,789)**
Dividends	-	-	(8,000)	(8,000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**(8,000)**	**(8,000)**
Balance at 1 October 2022	**5,075**	**(76,612)**	**285,295**	**213,758**
Profit for the year	-	-	33,488	33,488
Other comprehensive income	-	30,406	794	31,200
Total comprehensive income for the year	**-**	**30,406**	**34,282**	**64,688**
Balance at 30 September 2023	**5,075**	**(46,206)**	**319,577**	**278,446**
Note(s)	15			

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Statement of Cash Flows

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Cash flows from operating activities					
Cash generated from operations	34	137,217	152,270	50,583	84,208
Interest income	27	2,553	1,070	48,390	48,632
Dividends received	27	16,881	11,080	19,881	11,080
Finance costs	30	(44,685)	(45,373)	(44,685)	(45,373)
Tax (paid) received	33	(7,419)	(5,487)	6,346	2,771
Net cash from operating activities		**104,547**	**113,560**	**80,515**	**101,318**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(10,770)	(4,703)	(10,334)	(4,194)
Proceeds from sale of property, plant and equipment	4	461	39	12	39
Purchases of intangible assets	6	(4,314)	(5,682)	(4,315)	(5,682)
Proceeds from sale of intangible assets	6	150	-	150	-
Net movement in financial assets	10	483,944	(362,052)	492,781	(251,781)
Cash receipts on repayments of loans to group companies	9	-	-	83,743	5,254
Net cash from investing activities		**469,471**	**(372,398)**	**562,037**	**(256,364)**
Cash flows from financing activities					
Movement in other financial liabilities	16	(78,721)	-	(78,721)	-
Movement in agency / third party funds		(4,983)	(5,124)	(4,983)	(5,124)
Movement in savings deposits liabilities	18	(605,233)	446,339	(669,227)	341,567
Lease payments	19	(19,145)	(15,741)	(19,145)	(15,741)
Dividends paid		(8,000)	-	(8,000)	-
Net cash from financing activities		**(716,082)**	**425,474**	**(780,076)**	**320,702**
Total cash movement for the year		**(142,064)**	**166,636**	**(137,524)**	**165,656**
Cash and cash equivalents at the beginning of the year		215,766	49,130	210,029	44,373
Cash and cash equivalents at the end of the year	14	**73,702**	**215,766**	**72,505**	**210,029**

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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.

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.

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1.1 Consolidation (continued)

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.

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.

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

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

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- 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.

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.

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Accounting Policies

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 improvements	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. Depreciation is charged as soon as the asset is available for use.

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

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

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

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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 period 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.

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1.5 Intangible assets (continued)

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 less accummulated impairment losses and are 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	Amortisation method	Amortisation period
Computer software	Straight line	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

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

In respect of its interests in jointly controlled operations, the company recognises in its annual financial statements:
- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.8 Financial instruments

Financial assets

The Group fully adopted IFRS 9 and classifies its financial assets in any of the following measurement categories:
- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit & loss

Debt investments:
Classification and subsequent measurement of debt instruments depend on:
- the Group's business model for managing the asset; and
- the cash flow characteristics of the asset.

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Accounting Policies

1.8 Financial instruments (continued)

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

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

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

Loans receivable at amortised cost

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 27).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

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Accounting Policies

1.8 Financial instruments (continued)

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Loans denominated in foreign currencies

When a loan receivable is denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 26).

Details of foreign currency risk exposure and the management thereof are provided in the specific notes.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime Expected Credit Losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

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

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

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.

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.

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Accounting Policies

1.8 Financial instruments (continued)

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 shareholders, directors, managers and employees

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

Trade and other receivables

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

Financial liabilities

Savings bank investors and long-term borrowings

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

Trade and other payables

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

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1.8 Financial instruments (continued)

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

1.9 Income tax

Current tax and Deferred tax

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

Current 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.

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year. The Group uses the balance sheet method in calculating deferred tax.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from:

- a transaction or event which is recognised in the same or a different year to other comprehensive income, or
- a business combination.

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1.9 Income tax (continued)

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 period, 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.

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.

For right-of-use assets which are amortised over their useful lives, the useful lives are presented in the following table:

Item	Amortisation method	Amortisation period
Property	Straight line	2 - 10 years
Motor 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.

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1.10 Leases (continued)

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

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 Minus 125 bps	10.25%
Vehicles	Prime Rate Minus 225 bps	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 increased during the year. However, NamPost's credit standing can enable it to access funding at below prime.

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, costs of conversion 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.

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1.11 Inventories (continued)

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.

1.12 Impairment of 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 periods 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.

Accounting Policies

1.14 Employee benefits

Short-term employee benefits

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

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

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

Defined benefit plans

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

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

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

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

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

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

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

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

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

1.15 Provisions and contingencies

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

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

Accounting Policies

1.15 Provisions and contingencies (continued)

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 from contracts with customers

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 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.

Step 2: Identify the performance obligations in the contract

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

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

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

- **Philately stamps-** Group ensures that the customer receives the purchased stamps upon payment.

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1.16 Revenue from contracts with customers (continued)

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

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

- each distinct good or service in the series that the entity promises to transfer consecutively to the customer would be a performance obligation that is satisfied 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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1.16 Revenue from contracts with customers (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.

Where consideration is paid in advance or in arrears, the Group considers whether the contract includes a significant financing arrangement and, if so, adjust for the time value of money.

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.

All of the above-mentioned Group revenue streams from contracts with customers is recognised at a point in time, except for the P.O Boxes rental which when received in advance at the end of the financial year will be deferred and subsequently released into the new financial year income statement.

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

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

Principal/Agency relationship

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

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

Accounting Policies

1.16 Revenue from contracts with customers (continued)

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 Namibia Dollars, 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 period or in previous annual financial statements are recognised in profit or loss in the year in which they arise.

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

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

1.19 Financial Liabilities

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

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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.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lease liability in a sale and leaseback	1 January 2024	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact

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3. Financial instruments and risk management

Capital risk management

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

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

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

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Liquidity risk;
- Credit risk; and
- Market risk (currency risk, interest rate risk and price 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.

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.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

'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 fair value through other comprehensive income (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.

Notes to the Annual Financial Statements

3. Financial instruments and risk management (continued)

Financial instruments at fair value through other comprehensive income (FVOCI)

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

Despite the fact that Namibia's non-investment grade was affirmed in 2023, based on the available Bank of Namibia's economic outlook, coupled with a history of no default by the counterparties, the Group believes that there is no risk of default on sovereign debt. GC23 was succesfully redeemed on 15 October 2023 and GC24 will mature in 12 months and we expect the Government to successfully redeem. On other instruments, the underlying assets of these instruments are unit trusts and money market instruments. They are short term, which can be liquidated on short notice. Based on internal credit risk evaluation, due to the short term nature of these investments , the quality of the underlying assets and also the available credit history of the counterparties, there is no risk of default anticipated and the impairment amounts were deemed immaterial.

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)

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3. Financial instruments and risk management (continued)

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

Measuring ECL – inputs, assumptions and estimation techniques

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

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

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

Group		2023 N$ '000			2022 N$ '000		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Government Bonds	10	3,121,120	-	3,121,120	3,652,158	-	3,652,158
Corporate Bonds	10	-	-	-	134,415	-	134,415
Unit trusts	10	289,471	-	289,471	318,713	-	318,713
Trade and other receivables (Excluding prepayments and VAT)	13	102,078	(32,080)	69,998	104,676	(33,451)	71,225
Fixed term deposits, call accounts and money market instruments	10	2,822,619	-	2,822,619	2,739,549	-	2,739,549
Loans and advances	10	628,594	(20,867)	607,727	617,869	(18,979)	598,890
Cash and cash equivalents	14	73,702	-	73,702	215,766	-	215,766
		7,037,584	**(52,947)**	**6,984,637**	**7,783,146**	**(52,430)**	**7,730,716**

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3. Financial instruments and risk management (continued)

Company		2023 N$ '000			2022 N$ '000		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	9	507,440	-	507,440	597,403	-	597,403
Government Bonds	10	3,121,120	-	3,121,120	3,652,158	-	3,652,158
Corporate Bonds		-	-	-	134,415	-	134,415
Unit trusts	10	289,471	-	289,471	318,713	-	318,713
Trade and other receivables	13	102,078	(32,080)	69,998	104,181	(33,451)	70,730
Fixed term deposits, call accounts and money market instruments	10	2,822,619	-	2,822,619	2,739,549	-	2,739,549
Cash and cash equivalents	14	72,505	-	72,505	210,029	-	210,029
		6,915,233	**(32,080)**	**6,883,153**	**7,756,448**	**(33,451)**	**7,722,997**

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. This forward looking information includes, but not limited to overall economic growth, inflation, industry trends etc. 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:

2023 (N$ '000')

Expected credit loss rate:	**Corporate trade debtors**	**Individual Cash clients**	**Government trade debtors**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0.2% (2022: 0.2%)	8,737	-	-	**17**
30 - 59 days past due: 1% (2022: 2%)	2,507	-	-	**25**
60 - 89 days past due: 2% (2022: 2%)	457	-	-	**5**
90 - 179 days past due: 5% (2022: 5%)	235	-	-	**12**
180 - 365 days past due: 50% (2022: 50%)	20	-	25	**28**
More than 365 days past due: 100% (2022: 100%)	648	7,094	1,927	**9,669**

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3. Financial instruments and risk management (continued)
2022 (N$ '000')

Expected credit loss rate:	Corporate trade debtors	Individual Cash clients	Government trade debtors	Loss allowance (Lifetime expected credit loss)
Not past due: 0.2% (2021: 0.2%)	8,317	-	-	**17**
30 - 59 days past due: 1% (2021: 2%)	3,416	-	-	**34**
60 - 89 days past due: 2% (2021: 2%)	572	-	-	**11**
90 - 179 days past due: 5% (2021: 5%)	184	-	-	**9**
180 - 365 days past due: 50% (2021: 50%)	28	-	651	**340**
More than 365 days past due: 100% (2021: 100%)	3,926	7,242	3,355	**14,523**

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

Other components of accounts receivables:

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

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.

A default on the loan is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Loans and advances are written off when there is no reasonable expectation of recovery, such as a borrower failing to engage in a repayment plan with the Group. The Group categorises a loan for write off when a borrower fails to make contractual payments more than 365 days past due. Where loans have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

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3. Financial instruments and risk management (continued)

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. 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 expected credit loss provision
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 2023

Group internal Credit rating	Expected credit loss rate*	Gross carrying amount (stage 1 (N$ 000)	Gross carrying amount (stage 2) (N$ 000)	Gross carrying amount (stage 3)
High-AAA	1 %	609,745	-	-
High-A	4 %	-	4,620	-
Moderate	3 %	-	3,215	-
Credit impaired	66 %	-	-	4,571
Fully impaired	100 %	-	-	6,442
	-	**609,745**	**7,835**	**11,013**

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3. Financial instruments and risk management (continued)

Group 2022

Group internal Credit rating	Expected credit loss rate*	Gross carrying amount (stage 1 (N$ 000)	Gross carrying amount (stage 2) (N$ 000)	Gross carrying amount (stage 3)
High-AAA	1 %	604,066	-	-
High-A	4 %	-	3,201	-
Moderate	3 %	-	1,680	-
Credit impaired	66 %	-	-	959
Fully impaired	100 %	-	-	7,963
	-	**604,066**	**4,881**	**8,922**

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 still ongoing. However according to internal credit risk management procedures, the total gross amount in this category is fully impaired.

Liquidity risk

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

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

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3. Financial instruments and risk management (continued)

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.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2023 (N$ '000')

		1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities					
Lease liabilities	19	-	19,199	19,199	19,165
Savings Bank Investors	18	-	441,803	441,803	412,976
Other financial liabilities	16	-	565,003	565,003	465,126
Retirement benefit obligation	17	-	12,360	12,360	12,360
		-	**1,038,365**	**1,038,365**	**909,627**
Current liabilities					
Trade and other payables (Excluding VAT)	20	189,845	-	189,845	189,845
Lease liabilities	19	19,894	-	19,894	17,813
Savings Bank Investors	18	5,552,978	-	5,552,978	5,559,894
Other financial liabilities	16	115,634	-	115,634	88,857
		5,878,351	**1,038,365**	**6,916,716**	**6,766,036**
Non-current assets					
Other financial assets	10	-	2,939,369	2,939,369	3,222,171
Loans and advances	9	-	458,983	458,983	329,923
		-	**3,398,352**	**3,398,352**	**3,552,094**

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3. Financial instruments and risk management (continued)

Current assets					
Trade and other receivables	13	70,438	-	70,438	70,438
Other financial assets	10	4,263,285	-	4,263,285	3,618,765
Cash and cash equivalents	14	73,702	-	73,702	73,702
Loans and advances	9	320,387	-	320,387	277,804
		4,727,812	**-**	**4,727,812**	**4,040,709**

Group - 2022 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Other financial liabilities	-	672,353	672,353	538,331
Savings Bank Investors	-	262,700	262,700	262,700
Lease liabilities	-	9,389	9,389	9,389
Retirement benefit obligation	-	13,361	13,361	13,361
	-	**957,803**	**957,803**	**823,781**
Current liabilities				
Trade and other payables	195,430	-	195,430	195,430
Other financial liabilities	119,439	-	119,439	88,454
Savings Bank Investors	6,315,403	-	6,315,403	6,315,403
Lease liabilities	9,533	-	9,533	9,533
	6,639,805	**957,803**	**7,597,608**	**7,432,601**
Non-current assets				
Other financial assets	-	4,649,669	4,649,669	3,824,281
Loans and advances	-	580,518	580,518	359,243
	-	**5,230,187**	**5,230,187**	**4,183,524**
Current assets				
Other financial assets	3,093,672	-	3,093,672	3,455,884
Trade & other receivables (excluding VAT)	71,225	-	71,225	71,225
Cash and Bank	215,766	-	215,766	215,766
Loans and advances	207,677	-	207,677	239,647
	3,588,340	**5,230,187**	**8,818,527**	**8,166,046**

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3. Financial instruments and risk management (continued)

Company - 2023 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Lease liabilities	-	19,199	19,199	19,165
Other financial liabilities	-	565,003	565,003	465,126
Savings Bank Investors	-	441,803	441,803	412,976
Retirement benefit obligation	-	12,360	12,360	12,360
	-	**1,038,365**	**1,038,365**	**909,627**
Current liabilities				
Trade and other payables	171,594	-	171,594	171,594
Lease liabilities	19,894	-	19,894	17,813
Other financial liabilities	115,634	-	115,634	88,857
Savings Bank Investors	5,598,495	-	5,598,495	5,602,844
	5,905,617	**1,038,365**	**6,943,982**	**6,790,735**
Non-current assets				
Other financial assets	-	2,939,369	2,939,369	2,892,248
Loans to Group Companies	-	492,879	492,879	416,206
	-	**3,432,248**	**3,432,248**	**3,308,454**
Current assets				
Other financial assets	4,263,285	-	4,263,285	3,340,961
Trade and other receivables (excluding VAT)	69,998	-	69,998	69,998
Cash and cash equivalents	72,505	-	72,505	72,505
Loans to Group	117,229	-	117,229	91,234
	4,523,017	**3,432,248**	**7,955,265**	**6,883,152**

Company - 2022 (N$ '000')

	1 year or less	More than 1 year	Total	Carrying amount
Non-current liabilities				
Other financial liabilities	-	672,353	672,353	538,331
Savings Bank Investors	-	262,700	262,700	262,700
Lease liabilities	-	9,389	9,389	9,389
Retirement benefit obligation	-	13,361	13,361	13,361
	-	**957,803**	**957,803**	**823,781**

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	Note	Group 2023 N$ '000	Group 2022 N$ '000	Company 2023 N$ '000	Company 2022 N$ '000

3. Financial instruments and risk management (continued)

	Note	Group 2023	Group 2022	Company 2023	Company 2022
Current liabilities					
Trade and other payables (excluding VAT)	20	183,862	-	183,862	183,862
Other financial liabilities		119,439	-	119,439	88,454
Savings Bank Investors		6,422,347	-	6,422,347	6,422,347
Lease liabilities		9,533	-	9,533	9,533
		6,735,181	**957,803**	**7,692,984**	**7,527,977**

	Group 2023	Group 2022	Company 2023	Company 2022
Non-current assets				
Other financial assets	-	4,649,669	4,649,669	3,465,038
Loans to Group	-	610,286	610,286	499,170

	Group 2023	Group 2022	Company 2023	Company 2022
Current assets				
Other financial assets	3,093,672	-	3,093,672	3,216,237
Trade and other receivables (excluding VAT)	70,730	-	70,730	70,730
Cash and Bank	210,029	-	210,029	210,029
Loans to Group	122,803	-	122,803	98,232
	3,497,234	**5,259,955**	**8,757,189**	**7,559,436**

Foreign currency risk

The Group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the Group deals primarily are US Dollars, Euros, 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.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Euro exposure:

	Group 2023	Group 2022	Company 2023	Company 2022
Non-current liabilities:				
Other financial liabilities	2,925	3,000	2,925	3,000

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		Group		Company	
		2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
3. Financial instruments and risk management (continued)					
SDR* exposure:					
Current assets:					
Trade and other receivables	13	431	390	431	390
Current liabilities:					
Trade and other receivables		111	127	111	127
SDR* exposure		**542**	**517**	**542**	**517**

*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.

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 2023, if interest rates on Namibia Dollar-denominated Group borrowings had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 65 million (2022: N$ 72 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

If interest rates on Namibia Dollar-denominated Group financial assets had been 1% (100bps) higher/lower with all other variables held constant, post-tax profit for the year would have been N$ 68 million (2022: N$ 73 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings; other components of equity would have been N$ 28 million (2022: N$ 4 million) lower/higher mainly as a result of a decrease/increase in the fair value of fixed rate financial assets at fair value through profit and loss.

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

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group	2023	2023	2022	2022
100bps Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	737	(737)	2,158	(2,158)
Other financial assets	68,409	(68,409)	72,802	(72,802)
Other financial liabilities	(5,540)	5,540	(6,268)	6,268
Savings Bank investors	(59,729)	59,729	(65,781)	65,781
	3,877	**(3,877)**	**2,911**	**(2,911)**

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3. Financial instruments and risk management (continued)

Company	2023	2023	2022	2022
100bps Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:				
Cash and cash equivalents	725	(725)	2,100	(2,100)
Other financial assets	62,332	(62,332)	66,813	(66,813)
Other financial liabilities	(5,540)	5,540	(6,268)	6,268
Loans to Group Companies	5,074	(5,074)	5,974	(5,974)
Savings Bank investors	(60,158)	60,158	(66,850)	66,850
	2,433	**(2,433)**	**1,769**	**(1,769)**

Price risk

The Group is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio. Diversification of the portfolio is done in accordance with the limits set by ALCO.

The Group is not exposed to commodity price risk.

There have been no significant changes in the price risk management policies and processes since the prior reporting year.

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.

4. Property, plant and equipment

Group (N$ '000)	2023		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	9,630	(6,892)	2,738
Motor vehicles	3,641	(1,958)	1,683
IT equipment	61,597	(54,859)	6,738
Leasehold improvements	5,450	(2,957)	2,493
Other equipment	48,219	(44,905)	3,314
Total	**128,537**	**(111,571)**	**16,966**

Group (N$ '000)	2022		
	Cost	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	8,774	(6,442)	2,332
Motor vehicles	2,724	(2,047)	677
IT equipment	56,203	(52,214)	3,989
Leasehold improvements	4,110	(2,558)	1,552
Other equipment	47,497	(43,685)	3,812
Total	**119,308**	**(106,946)**	**12,362**

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4. Property, plant and equipment (continued)

Company (N$ '000)	2023		
	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,735	(6,217)	2,518
Motor vehicles	3,322	(1,729)	1,593
IT equipment	59,196	(52,950)	6,246
Leasehold improvements	5,450	(2,957)	2,493
Other equipment	48,194	(44,884)	3,310
Total	**124,897**	**(108,737)**	**16,160**

Company (N$ '000)	2022		
	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	8,035	(5,869)	2,166
Motor vehicles	1,528	(1,451)	77
IT equipment	54,082	(50,586)	3,496
Leasehold improvements	4,110	(2,558)	1,552
Other equipment	47,472	(43,669)	3,803
Total	**115,227**	**(104,133)**	**11,094**

Reconciliation of property, plant and equipment - Group - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,332	1,063	(12)	(645)	2,738
Motor vehicles	677	1,794	(449)	(339)	1,683
IT equipment	3,989	5,791	-	(3,042)	6,738
Leasehold improvements	1,552	1,340	-	(399)	2,493
Other equipment	3,812	782	-	(1,280)	3,314
	12,362	**10,770**	**(461)**	**(5,705)**	**16,966**

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

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

Reconciliation of property, plant and equipment - Company - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,166	908	(12)	(544)	2,518
Motor vehicles	77	1,794	-	(278)	1,593
IT equipment	3,496	5,511	-	(2,760)	6,246
Leasehold improvements	1,552	1,340	-	(399)	2,493
Other equipment	3,803	782	-	(1,275)	3,310
	11,094	**10,335**	**(12)**	**(5,256)**	**16,160**

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4. Property, plant and equipment (continued)

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

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,044	604	-	(482)	2,166
Motor vehicles	114	-	-	(37)	77
IT equipment	5,746	2,912	(35)	(5,126)	3,496
Leasehold improvements	1,478	386	-	(312)	1,552
Other property, plant and equipment	5,035	292	(4)	(1,521)	3,803
	14,417	**4,194**	**(39)**	**(7,478)**	**11,094**

5. Right-of-use assets

Group (N$ '000)	2023		
	Cost	Accumulated depreciation	Carrying value
Property	24,385	(17,445)	6,940
Motor vehicles	90,054	(63,498)	26,556
Total	**114,439**	**(80,943)**	**33,496**

Group (N$ '000)	2022		
	Cost	Accumulated depreciation	Carrying value
Property	20,817	(13,299)	7,518
Motor vehicles	56,422	(47,445)	8,977
Total	**77,239**	**(60,744)**	**16,495**

Company (N$ '000)	2023		
	Cost	Accumulated depreciation	Carrying value
Property	24,385	(17,445)	6,940
Motor vehicles	90,054	(63,498)	26,556
Total	**114,439**	**(80,943)**	**33,496**

Company (N$ '000)	2022		
	Cost	Accumulated depreciation	Carrying value
Property	20,817	(13,299)	7,518
Motor vehicles	56,422	(47,445)	8,977
Total	**77,239**	**(60,744)**	**16,495**

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5. Right-of-use assets (continued)

Reconciliation of right-of-use assets - Group - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	7,518	3,568	-	(4,146)	6,940
Motor vehicles	8,977	34,209	(576)	(16,054)	26,556
	16,495	**37,777**	**(576)**	**(20,200)**	**33,496**

Reconciliation of right-of-use assets - Group - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	8,617	3,407	(5)	(4,501)	7,518
Motor vehicles	15,003	4,062	(50)	(10,038)	8,977
	23,620	**7,469**	**(55)**	**(14,539)**	**16,495**

Reconciliation of right-of-use assets - Company - 2023 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	7,518	3,568	-	(4,146)	6,940
Motor vehicles	8,977	34,209	(576)	(16,054)	26,556
	16,495	**37,777**	**(576)**	**(20,200)**	**33,496**

Reconciliation of right-of-use assets - Company - 2022 - (N$ '000)

	Opening balance	Additions	Disposals	Depreciation	Total
Property	8,617	3,407	(5)	(4,501)	7,518
Motor vehicles	15,003	4,062	(50)	(10,038)	8,977
	23,620	**7,469**	**(55)**	**(14,539)**	**16,495**

6. Intangible assets

Group (N$ '000)	2023		
	Cost	Accumulated amortisation	Carrying value
Computer software	132,703	(89,653)	43,050
Work in progres (WIP)	6,823	-	6,823
Total	**139,526**	**(89,653)**	**49,873**

Group (N$ '000)	2022		
	Cost	Accumulated amortisation	Carrying value
Computer software	128,388	(80,604)	47,784
Work in progres (WIP)	6,973	-	6,973
Total	**135,361**	**(80,604)**	**54,757**

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6. Intangible assets (continued)

Company (N$ '000)

	2023		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	131,031	(88,364)	42,667
Work in progress (WIP)	6,823	-	6,823
Total	**137,854**	**(88,364)**	**49,490**

Company (N$ '000)

	2022		
	Cost	**Accumulated amortisation**	**Carrying value**
Computer software	126,716	(79,488)	47,228
Work in progress (WIP)	6,973	-	6,973
Total	**133,689**	**(79,488)**	**54,201**

Reconciliation of intangible assets - Group - 2023 - (N$ '000)

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	47,784	4,314	-	(9,048)	43,050
Work in progress (WIP)	6,973	-	(150)	-	6,823
	54,757	**4,314**	**(150)**	**(9,048)**	**49,873**

Reconciliation of intangible assets - Group - 2022 - (N$ '000)

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

Reconciliation of intangible assets - Company - 2023 - (N$ '000)

	Opening balance	**Additions**	**Disposals**	**Amortisation**	**Total**
Computer software	47,228	4,315	-	(8,876)	42,667
Work in progress (WIP)	6,973	-	(150)	-	6,823
	54,201	**4,315**	**(150)**	**(8,876)**	**49,490**

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

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

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

7. Investments in Subsidiary

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

Company

Name of company	% holding	% holding	Carrying amount	Carrying amount
NamPost Financial Brokers (Pty) Ltd	100 %	100 %	15,001	15,001

Nature of business of subsidiary

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

Directors valuation:

The directors have valued the subsidiary at its net asset value of N$ 132 million (2022: N$ 108 million).

8. Investment in Joint Ventures

Joint Venture - Hollard

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

Joint Venture - SmartSwitch Namibia (Pty) Ltd

SmartSwitch Namibia (Pty) Ltd was discontinued and derecognised in 2021. The process of being legally wound down is on-going.

9. Loans to group companies

Subsidiaries

	Group 2023	Group 2022	Company 2023	Company 2022
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.	-	-	6,187	12,290

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
9. Loans to group companies (continued)				
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.	-	-	9,749	15,402
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. The loan was advanced in December 2019.	-	-	289,458	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. The loan was advanced in March 2020.	-	-	202,046	235,720
	-	**-**	**507,440**	**597,403**
Split between non-current and current portions				
Non-current assets	-	-	416,206	499,171
Current assets	-	-	91,234	98,232
	-	**-**	**507,440**	**597,403**
10. Other financial assets				
At fair value through other comprehensive income				
Unit trusts and Bonds*	3,410,590	3,941,726	3,410,590	3,941,726
	3,410,590	**3,941,726**	**3,410,590**	**3,941,726**
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	2,822,619	**2,739,549**	**2,822,619**	**2,739,549**

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	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

10. Other financial assets (continued)

At amortised cost				
Other financial assets	607,727	598,890	-	-
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

* Limited surety in the form of Internal Registered Stock GC027 to the nominal value of N$235 million (2022: N$235 million) issued by the Republic of Namibia has been provided on the Agence Française de Développement (AFD) loan.

Non-current assets				
At fair value through other comprehensive income	2,800,699	3,325,038	2,800,699	3,325,038
At fair value through profit or loss	91,549	140,000	91,549	140,000
Other financial assets - at amortised cost	329,923	359,243	-	-
	3,222,171	**3,824,281**	**2,892,248**	**3,465,038**
Current assets				
At fair value through other comprehensive income	609,893	616,688	609,893	616,688
At fair value through profit or loss	2,731,068	2,599,549	2,731,068	2,599,549
Other financial assets - at amortised cost	277,804	239,647	-	-
	3,618,765	**3,455,884**	**3,340,961**	**3,216,237**
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

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.

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

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

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets, currently there is none (2022: Nil).

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

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

Level 2				
Unit trusts and Bonds	3,410,590	3,941,726	3,410,590	3,941,726
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

10. Other financial assets (continued)

Level 3				
Other instruments	607,727	598,890	-	-
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

Financial assets				
Opening balance	7,280,165	7,068,047	6,681,275	6,579,560
Additions	18,248,429	16,686,108	18,239,592	16,575,705
Disposals	(18,779,124)	(16,419,096)	(18,779,124)	(16,419,096)
Interest and similar interest on investments	46,751	95,172	46,751	95,172
Fair value adjustments	44,715	(150,066)	44,715	(150,066)
	6,840,936	**7,280,165**	**6,233,209**	**6,681,275**

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

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

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

Credit rating				
Bank Windhoek Limited AA (Global credit rating)	312,254	688,630	312,254	688,630
Standard Bank Namibia Limited AA+ (Fitch credit rating)	773,242	411,694	773,242	411,694
Namibian Government bond Baa1 (Moody's credit rating)	3,629,881	3,381,960	3,629,881	3,381,960
South African Government bond BB (Moody's credit rating)	382,568	270,198	382,568	270,198
Entities with no external credit rating*	616,830	1,550,752	616,830	1,550,752
Nedbank Namibia Limited F1+	109,168	108,569	109,168	108,569
Sanlam Namibia AA (National credit rating)	19,237	29,446	19,237	29,446
First National Bank Ba3 (Moody's credit rating)	390,029	240,026	390,029	240,026
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**

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

Credit quality of other financial assets - at amortised cost

Loans and advances are issued to individuals with no external credit ratings. ITC check is done on each applicant before the loan is issued.

The credit quality of loans and advances can be assessed by reference to historical information about counterparty default rates.

Loans and advances				
Gross	628,594	617,869	-	-
Less expected credit loss	(20,867)	(18,979)	-	-
	607,727	**598,890**	**-**	**-**

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

10. Other financial assets (continued)

Expected credit loss allowance on loans and advances				
Opening balance	18,979	15,600	-	-
Additional provision raised during the current year	4,486	4,878	-	-
Interest in suspense	(2,598)	(1,499)	-	-
	20,867	**18,979**	**-**	**-**

Refer to note 3 detailed information on credit risk management, credit quality, assusmptions 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.

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	-	-	507,440	597,403
Other instruments	607,727	598,890	-	-
Trade and other receivables (excluding VAT and prepayments)	39,846	42,607	39,769	42,533
	647,573	**641,497**	**547,209**	**639,936**
At fair value through other comprehensive income				
Unit trusts and Bonds	3,410,590	3,941,726	3,410,590	3,941,726
At fair value through profit and loss				
Fixed term deposits, call accounts and money market instruments	2,822,619	2,739,549	2,822,619	2,739,549
	6,233,209	**6,681,275**	**6,233,209**	**6,681,275**
At amortised cost				
Loans and advances	607,727	598,890	-	-
Cash and cash equivalents	73,702	215,766	72,505	210,029
	681,429	**814,656**	**72,505**	**210,029**

12. Inventories

Goods for resale	1,512	1,365	1,512	1,365
Stamps	4,056	3,954	4,056	3,954
Stationery	6,467	6,277	6,467	6,277
Other inventories (Smartcards, philately new range)	1,488	1,961	1,488	1,961
	13,523	**13,557**	**13,523**	**13,557**

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
13. Trade and other receivables				
Financial instruments:				
Trade receivables	26,871	30,722	26,871	30,722
Other receivables (Agency fees etc)	10,954	9,202	10,877	9,128
Non-financial instruments:				
Employee loans	2,021	2,683	2,021	2,683
Prepayments (mobile products, licences and insurance fees)	30,592	28,618	30,229	28,197
Total trade and other receivables	**70,438**	**71,225**	**69,998**	**70,730**
Split between non-current and current portions				
Non-current assets	-	-	-	-
Current assets	70,438	71,225	69,998	70,730
	70,438	**71,225**	**69,998**	**70,730**
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	37,825	39,924	37,748	39,850
Non-financial instruments	32,613	31,301	32,250	30,880
	70,438	**71,225**	**69,998**	**70,730**

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.

Trade receivables

	Group 2023	Group 2022	Company 2023	Company 2022
Counterparties in their respective categories				
State owned entities	3,102	2,924	3,102	2,924
Government of the Republic of Namibia	4,443	9,739	4,443	9,739
Corporate clients	10,306	12,154	10,306	12,154
Private individuals	7,093	7,242	7,093	7,242
	24,944	**32,059**	**24,944**	**32,059**
Trade and other receivables				
Gross	102,518	104,676	102,078	104,181
Less expected credit loss	(32,080)	(33,451)	(32,080)	(33,451)
	70,438	**71,225**	**69,998**	**70,730**
Expected credit loss allowance on trade and other receivables				
Opening balance	33,451	47,514	33,451	47,514
Impairment adjustment for the year	(1,371)	(14,063)	(1,371)	(14,063)
	32,080	**33,451**	**32,080**	**33,451**

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

13. Trade and other receivables (continued)

Exposure to currency risk

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

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:

	Group 2023	Group 2022	Company 2023	Company 2022
Cash on hand	15,391	16,245	15,385	16,230
Bank balances	58,311	199,521	57,120	193,799
	73,702	**215,766**	**72,505**	**210,029**

The company has undrawn bank overdraft facilities of N$15m (2022: N$14m) applicable to all current accounts. The overdraft facilities are unsecured. There are specific covenants attached to the facility with which Namibia Post Limited needs to comply with.

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

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

	Group 2023	Group 2022	Company 2023	Company 2022
Credit rating				
Bank Windhoek Limited (AA) Global credit rating	1,191	5,722	-	-
Standard Bank Namibia Limited (AA+)	56,844	192,616	56,844	192,616
First National Bank Namibia (AA+)	276	1,183	276	1,183
	58,311	**199,521**	**57,120**	**193,799**

15. Share capital

	Group 2023	Group 2022	Company 2023	Company 2022
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

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16. Other financial liabilities				
Held at amortised cost				
Kreditanstalt Fur Wiederaufbau loan (KfW) This is made of three loans, KfW 1,KfW 2 & KfW 3. In 2006, KfW 1 amounting to EUR883,767 Euros, was issued to Government of the Republic of Namibia (GRN) and on lent to Namibia Post Limited in local currency, payable over 30 year period commencing 30 June 2015. In 2014, KfW 2, amounting to EUR3 million was received from KfW, with a 30 year term, at an interest rate of 2% p.a, with capital repayments starting from June 2023 to December 2042. KfW 3 amounting to N$ 325 million was received in December 2020, bearing interest of 7.3% and is repayable bi-annually over 10 years ending in 2027, with a 3 year grace period for the capital portion. KfW 2 and KfW 3 are both guaranteed by the GRN.	351,937	391,065	351,937	391,065
Agence Française de Développement (AFD) The loan bears interest at 7.46% and is repayable bi-annually over a period of 10 years , with a 3 year grace period for the capital portion. The loan is secured with GC27 bonds. Commencement period was March 2020.	202,046	235,720	202,046	235,720
	553,983	**626,785**	**553,983**	**626,785**
Non-current liabilities				
At amortised cost	465,126	538,331	465,126	538,331
Current liabilities				
At amortised cost	88,857	88,454	88,857	88,454
	553,983	**626,785**	**553,983**	**626,785**

Kreditanstalt Fur Wiederaufbau loan (KfW)	**KFW 2023 N$ '000**	**KFW 2022 N$ '000**	**KFW 2023 N$ '000**	**KFW 2022 N$ '000**
Opening balance	391,065	390,062	391,065	390,062
Interest expense	23,165	25,596	23,165	25,596
Foreign exchange (gain) / loss	7,001	500	7,001	500
Payments	(69,294)	(25,093)	(69,294)	(25,093)
	351,937	**391,065**	**351,937**	**391,065**

Agence Française de Développement (AFD)	**AFD 2023 N$ '000**	**AFD 2022 N$ '000**	**AFD 2023 N$ '000**	**AFD 2022 N$ '000**
Opening balance	235,720	235,720	235,720	235,720
Interest expense	16,795	17,529	16,795	17,529
Payments	(50,469)	(17,529)	(50,469)	(17,529)
	202,046	**235,720**	**202,046**	**235,720**

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	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 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 employee 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	(12,360)	(13,361)	(12,360)	(13,361)

Movements for the year

Opening balance	(13,361)	(12,485)	(13,361)	(12,485)
Benefits paid	1,544	1,433	1,544	1,433
Actuarial gain/ (loss)	1,167	(785)	1,167	(785)
Net expense recognised in profit or loss	(1,710)	(1,524)	(1,710)	(1,524)
	(12,360)	**(13,361)**	**(12,360)**	**(13,361)**

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

Current service cost	(81)	(102)	(81)	(102)
Interest cost	(1,629)	(1,422)	(1,629)	(1,422)
Actuarial gains (losses)	1,167	(785)	1,167	(785)
	(543)	**(2,309)**	**(543)**	**(2,309)**

The actuarial gain is comprised of:
- change in financial assumption of N$ 368 thouand, and
- experience variance of N$ 799 thousand.

Key assumptions used

Assumptions used on last valuation on 30 September 2023.

Average retirement age	60	60	60	60
Discount rates used	13.60 %	12.70 %	13.60 %	12.70 %
Health care cost inflation	9.00 %	8.50 %	9.00 %	8.50 %

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 benefit plan, 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 2023, which indicate that the fund was in a sound financial position.

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.

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

17. Post employment benefits (continued)

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	12,396	13,410	12,396	13,410
Valuation assumption	12,360	13,361	12,360	13,361
Heavier mortality	11,728	12,677	11,728	12,677

For mortality for continuation members, PA(90) life table less a one year age adjustment was used, making an allowance for improvements in mortality of 0.5% per annum from 2007 onwards, which is consistent with pensioner mortality assumption used in retirement funds valuation in Namibia.

Medical Aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a change in the medical aid inflation assumption. The effect is as follows:

Balance of liability with change in assumption:				
1% decrease in medical aid inflation	13,372	14,531	13,372	14,531
Valuation assumption	12,360	13,361	12,360	13,361
1% increase in valuation assumption	11,479	12,352	11,479	12,352

Projected Company liability as at 30 September 2024

The expected past service liability as at 30 September 2024 amounts to N$ 12.8 million, with estmated interest cost of N$ 1.6 million, service cost of N$ 54 thousand and benefits which will be paid within one year of approximately N$1.2 million.

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

18. Savings bank Investors

Composition of savings bank investors				
Savings accounts	674,477	658,611	674,477	658,614
Save as you earn	57,103	49,032	57,103	49,032
Fixed term deposits	4,865,606	5,541,848	4,908,556	5,648,789
Call and notice accounts	367,271	318,399	367,271	318,399
Mychoice accounts	8,413	10,213	8,413	10,213
	5,972,870	**6,578,103**	**6,015,820**	**6,685,047**
The current and long term portions of the portfolio is split as follows:				
Non current portion	412,976	262,700	412,976	262,700
Current portion	5,559,894	6,315,403	5,602,844	6,422,347
	5,972,870	**6,578,103**	**6,015,820**	**6,685,047**

19. Lease Liabilities

Group - 2023

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	8,997	3,375	846	(5,027)	8,191
Motor vehicles	9,925	33,826	2,754	(17,718)	28,787
	18,922	**37,201**	**3,600**	**(22,745)**	**36,978**

Group - 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
	27,194	**7,469**	**2,086**	**(17,827)**	**18,922**

Company 2023

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	8,997	3,375	846	(5,027)	8,191
Motor vehicles	9,925	33,826	2,754	(17,718)	28,787
	18,922	**37,201**	**3,600**	**(22,745)**	**36,978**

Company 2022

	Opening Balance	Current year Additions	Interest expense	Cash payments	Closing balance
Property	9,952	3,407	977	(5,339)	8,997
Motor vehicles	17,242	4,062	1,109	(12,488)	9,925
	27,194	**7,469**	**2,086**	**(17,827)**	**18,922**

Maturity analysis of lease liabilities

	Group 2023	Group 2022	Company 2023	Company 2022
Within 1 year	17,813	9,533	17,813	9,533
From 1 to 5 years	19,165	9,389	19,165	9,389
	36,978	**18,922**	**36,978**	**18,922**

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

19. Lease Liabilities (continued)

Amounts recognised in the income statement relating to leases

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

Property	4,146	4,501	4,146	4,501
Motor vehicles	16,054	10,038	16,054	10,038
Total depreciation charge for the right-of-use assets	20,200	14,539	20,200	14,539
Interest expense on lease liabilities (included in finance cost)	3,600	2,086	3,600	2,086
Expense relating to short-term leases (included in cost of sales)	4,831	8,616	4,831	8,616
Expense relating to short-term leases (included in operating expenses)	34,779	38,371	34,779	37,089
	63,410	**63,612**	**63,410**	**62,330**

20. Trade and other payables

Financial instruments:				
Trade payables	37,592	34,520	25,763	28,598
Amounts received in advance	6,651	5,198	6,155	4,440
Telecom- telephone payments	259	265	259	265
Provisions and Accruals	40,336	42,504	34,598	42,504
Third party funds payable	93,191	98,174	93,191	98,174
Other payables	11,816	14,769	11,629	9,881
Non-financial instruments:				
VAT	4,041	4,403	3,815	4,100
	193,886	**199,833**	**175,410**	**187,962**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	189,844	195,433	171,594	183,862
Non-financial instruments	4,041	4,403	3,815	4,100
	193,885	**199,836**	**175,409**	**187,962**

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	553,983	626,785	553,983	626,785
Trade and other payables (excluding VAT payable)	190,071	195,430	171,595	183,862
Savings bank investors	5,972,870	6,578,103	6,015,820	6,685,047
Lease liabilities	36,978	18,922	36,978	18,922
	6,753,902	**7,419,240**	**6,778,376**	**7,514,616**

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

22. Deferred tax

Deferred tax asset (liability)				
Property plant and equipment	(25,455)	(22,728)	(25,023)	(21,876)
Fair value adjustments	43,744	49,610	43,744	49,610
Terminal dues	(2,529)	(1,937)	(2,529)	(1,937)
Stock - Consumables	(1,786)	(1,645)	(1,786)	(1,645)
Prepayments and other deferred tax liabilities	2,909	1,042	3,025	1,178
	16,883	**24,342**	**17,431**	**25,330**
Deferred tax asset				
Retirement benefit obligation	3,955	4,276	3,955	4,276
Provisions	24,281	24,584	18,590	19,277
Deferred tax balance from temporary differences other than unused tax losses	28,236	28,860	22,545	23,553
Income received in advance	1,509	1,420	1,509	1,420
	29,745	30,280	24,054	24,973
Other deferred tax	12,990	11,933	12,721	11,432
Total deferred tax asset, net of valuation allowance recognised	**42,735**	**42,213**	**36,775**	**36,405**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law
allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset (liability)	16,883	24,342	17,431	25,330
Deferred taxation liability to be recovered after more than 12 months	16,883	24,342	17,431	25,330
Deferred tax asset	42,735	42,213	36,775	36,405
Deferred taxation asset to be recovered after more than 12 months	42,735	42,213	36,775	36,405
Total net deferred tax asset	**59,618**	**66,555**	**54,206**	**61,735**

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	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

22. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	Group 2023	Group 2022	Company 2023	Company 2022
At beginning of year	66,555	30,523	61,735	26,487
Temporary differences on terminal dues and parcel credits	(2,529)	(1,937)	(2,529)	(1,937)
Temporary differences on income received in advance	1,509	1,420	1,509	1,420
Originating temporary differences on tangible fixed assets	(25,455)	(22,729)	(25,023)	(21,877)
Originating / (Reversing) temporary differences on Post retirement obligation	3,955	4,276	3,955	4,276
Temporary differences on fair value adjustments	43,744	49,610	43,744	49,610
Originating temporary differences on provisions	24,281	28,534	18,590	23,227
Originating temporary differences on stock - consumables	(1,786)	(1,645)	(1,786)	(1,645)
Temporary differences on prepayments	(2,635)	(2,180)	(2,519)	(2,045)
Other deferred tax (unrealised forex, workmen compensation, etc.)	(48,021)	(19,317)	(43,470)	(15,781)
	59,618	**66,555**	**54,206**	**61,735**

23. Current tax receivable

	Group 2023	Group 2022	Company 2023	Company 2022
Current tax receivable	6,934	12,822	7,969	14,315

Net current tax receivable (payable)

	Group 2023	Group 2022	Company 2023	Company 2022
Current assets	7,969	14,315	7,969	14,315
Current liabilities	(1,035)	(1,493)	-	-
	6,934	**12,822**	**7,969**	**14,315**

Reconciliation for current tax receivable / (payable):

	Group 2023	Group 2022	Company 2023	Company 2022
Opening balance	12,822	15,826	14,315	16,854
Other prior year minor adjustments	-	234	-	455
Current tax for the year	(25,896)	(22,686)	(14,315)	(15,442)
Provisional tax payment - 2023	20,008	19,448	7,969	12,448
	6,934	**12,822**	**7,969**	**14,315**

Balance of provision for taxation consists of:

	Group 2023	Group 2022	Company 2023	Company 2022
2021	(13,045)	(6,626)	-	1,867
2022	19,979	19,448	7,969	12,448
	6,934	**12,822**	**7,969**	**14,315**

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24. Revenue				
Revenue from contracts with customers				
Philately stamps revenue	994	935	994	935
Mail revenue	86,853	99,355	86,853	99,355
Agency commission	26,382	26,606	26,382	26,606
Logistics services	134,593	128,287	134,593	128,287
Savings bank fees	149,319	104,755	149,319	104,755
Other	3,496	3,473	3,496	3,473
	401,637	**363,411**	**401,637**	**363,411**
Interest and similar income				
Interest and similar income on investments	545,097	512,141	545,097	512,141
Interest on loan advances	126,083	104,967	-	-
	671,180	**617,108**	**545,097**	**512,141**
	1,072,817	**980,519**	**946,734**	**875,552**
25. Cost of sales				
Cost of sales	484,670	374,059	489,404	382,397
26. Other operating income				
Gain on asset disposal	29	28	18	27
Recoveries	4,318	2,512	-	-
Other income	31,633	5,329	31,617	5,318
Sundry income/(loss)	(6,108)	276	(6,108)	276
	29,872	**8,145**	**25,527**	**5,621**
27. Investment income				
Dividend income				
Dividends received	16,881	11,080	19,881	11,080
Interest income				
Interest received (group loans and corporate current account)	2,553	1,070	42,171	43,501
Total investment income	**19,434**	**12,150**	**62,052**	**54,581**

28. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	3,398	2,344	2,703	1,909
Remuneration, other than to employees				
Consulting and professional services	15,385	13,684	9,722	8,939

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28. Operating profit (continued)				
Employee costs				
Salaries, wages, bonuses and other benefits	299,926	282,173	276,278	261,949
Leases				
Short-term leases	36,170	46,538	34,727	45,704
Total lease expenses	**36,170**	**46,538**	**34,727**	**45,704**
Depreciation and amortisation				
Depreciation of property, plant and equipment	5,705	7,858	5,256	7,478
Depreciation of right-of-use assets	20,200	14,539	20,200	14,539
Amortisation of intangible assets	9,048	9,058	8,876	8,886
Total depreciation and amortisation	**34,953**	**31,455**	**34,332**	**30,903**
Expenses by nature				
Employee costs	299,926	282,173	276,278	261,949
Short-term lease charges	36,170	37,740	34,727	37,089
Depreciation, amortisation and impairment	34,953	31,455	34,332	30,903
Advertising	9,182	5,612	8,152	4,861
Subscriptions	17,709	19,140	17,709	19,140
IT expenses	17,099	15,266	17,099	15,266
Security	9,582	9,343	9,582	9,343
Municipal expenses	3,379	2,450	2,400	2,450
Consulting and professional fees	15,385	13,684	9,722	8,939
Bad debts	16,661	(5,097)	1,719	(5,097)
Telephone and fax	12,629	12,242	12,468	12,094
Commission paid	9,175	11,003	7,096	7,370
Other expenses	49,009	57,739	43,768	39,863
	530,859	**492,750**	**475,052**	**444,170**
29. Depreciation, amortisation and impairment losses				
Depreciation				
Property, plant and equipment	5,704	7,858	5,256	7,478
Right-of-use assets	20,200	14,539	20,200	14,539
	25,904	**22,397**	**25,456**	**22,017**
Amortisation				
Intangible assets	9,049	9,058	8,876	8,886
Total depreciation, amortisation and impairment				
Depreciation	25,904	22,397	25,456	22,017
Amortisation	9,049	9,058	8,876	8,886
	34,953	**31,455**	**34,332**	**30,903**

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	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
30. Finance costs				
Other financial liabilities	39,939	43,287	39,939	43,287
Interest on lease liabilities	3,584	2,086	3,584	2,086
Total finance costs	**43,523**	**45,373**	**43,523**	**45,373**
31. Income tax expense				
Major components of the tax expense (income)				
Current				
Local income tax - current period	13,307	8,726	-	-
Deferred				
Current year	1,251	12,923	1,842	13,707
Arising from prior period adjustments	(8,996)	(683)	(8,996)	(683)
	(7,745)	**12,240**	**(7,154)**	**13,024**
	5,562	**20,966**	**(7,154)**	**13,024**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	63,071	88,632	26,334	63,814
Tax at the applicable tax rate of 32% (2022: 32%)	20,183	28,362	8,427	20,420
Tax effect of adjustments on taxable income				
Net Permanent differences	(5,625)	(6,713)	(6,585)	(6,713)
Prior year adjustments	(8,996)	(683)	(8,996)	(683)
	5,562	**20,966**	**(7,154)**	**13,024**
32. Income tax expense (other comprehensive income)				
Major components of the income tax expense				
Current tax relating to other comprehensive income				
Local income tax - current year	-	-	-	-
Deferred tax relating to other comprehensive income / (loss)				
Current year	14,682	(48,272)	14,682	(48,272)
Reconciliation of the income tax expense				
Reconciliation between other comprehensive income and tax expense Other comprehensive income / (loss)	45,882	(150,851)	45,882	(150,851)
Tax at the applicable tax rate of 32% (2022: 32%)	14,682	(48,272)	14,682	(48,272)
	14,682	**(48,272)**	**14,682**	**(48,272)**

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	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**

33. Tax (paid) refunded

Balance at beginning of the year	12,822	15,826	14,315	16,854
Current tax recognised in profit or loss	(13,307)	(8,726)	-	-
Prior year adjustment	-	235	-	232
Balance at end of the year	(6,934)	(12,822)	(7,969)	(14,315)
	(7,419)	**(5,487)**	**6,346**	**2,771**

34. Cash generated from operations

Profit before taxation	64,238	87,847	27,501	63,029
Adjustments for non-cash items:				
Depreciation, amortisation, impairments and reversals of impairments	34,953	31,455	34,332	30,903
Losses (gains) on exchange differences	6,196	(255)	6,196	(255)
Movement in retirement benefit assets and liabilities	(1,001)	876	(1,001)	876
Adjust for items which are presented separately:				
Interest income	(2,553)	(1,070)	(42,171)	(43,501)
Dividends received	(16,881)	(11,080)	(19,881)	(11,080)
Finance costs	43,523	45,373	43,523	45,373
Changes in working capital:				
(Increase) decrease in inventories	34	639	34	639
(Increase) decrease in trade and other receivables	1,672	(1,860)	1,617	(1,616)
Increase (decrease) in trade and other payables	7,036	345	433	(160)
	137,217	**152,270**	**50,583**	**84,208**

35. Equity Reserves

The fair value adjustments on FVOCI, has been separately presented from the retained earnings on the Statement of Financial Position. The adjustment is a mere reclassification within equity,hence has an overall zero effect on equity at both company and group level.

36. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Commitments in respect of contracts placed	1,570	2,692	1,570	2,692
Not yet contracted for and authorised by directors	19,633	16,623	19,633	16,623
Guarantees				
Ministry of Finance	20	20	20	20
Avon and Justine	800	1,500	800	1,500
Puma Energy	2,000	2,000	2,000	2,000

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	Group		Company	
	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000

37. Related parties

Relationships

Ultimate holding company	Government of the Republic of Namibia
Holding company	Namibia Post and Telecom Holdings Ltd
Subsidiaries	NamPost Financial Brokers (Pty) Ltd, Refer to note 7
Joint ventures	SmartSwitch Namibia (Pty)Ltd, Refer to note 7
NamPost directors	Refer to directors' report on page 90
Directors (NamPost Financial Brokers (Pty) Ltd)	Festus F Hangula James A Cumming Erastus Hoveka Sonia Bergh
Fellow Subsidiaries	Telecom Namibia Limited Mobile Telecommunications Limited
Key members of management	Festus Hangula (Chief Executive Officer: Namibia Post Limited) Patrick Gardiner (Chief Executive Officer: NamPost Financial Brokers (Pty) Ltd) - retired 31 July 2023 Willem Mouton (Chief Operating Officer) Batsirai Pfigirai (Executive: Finance) Jorn Schnoor (Executive: Information Technology) Ekonia Mudjanima (Executive: Human Resources) Mbo Luvindao (Executive: Financial Services) Berlindi van Eck (Executive: Marketing) Eldorette Harmse (Executive: Legal, Compliance and Governance) Bennie Jakobs (Executive: Retail Channels) Deon Claasen (Executive: Enterprise Risk Management) Michael Feldmann (Executive: Mail and Logistics) Komao Mbuende (Head: Internal Audit)

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	Group		Company	
	2023 N$ '000	**2022 N$ '000**	**2023 N$ '000**	**2022 N$ '000**
37. Related parties (continued)				
Related party balances				
Receivable from related parties				
Mobile Telecommunications Limited	6,650	1,126	6,650	1,126
Telecom Namibia Limited	533	1,118	533	1,118
NamPost Financial Brokers (Pty) Ltd	-	-	31	74
Payable to related parties				
Mobile Telecommunications Limited	8,971	8,177	8,971	8,177
Telecom Namibia Limited	-	-	-	-
Hollard Life Namibia Limited	1,764	1,498	1,764	1,498
Loans to related parties				
NamPost Financial Brokers (Pty) Ltd	-	-	507,470	597,403
Related party transactions				
Sales of goods / services				
Telecom Namibia Limited	6,680	6,829	6,680	6,829
Namibia Post and Telecom Holdings Limited	4	7	4	7
Mobile Telecommunications Limited	3,749	4,498	3,749	4,498
NamPost Financial Brokers (Pty) Ltd	-	-	42,920	43,373
Hollard Life Namibia Ltd	24,185	16,124	24,185	16,124
Purchases from (sales to) related parties				
Namibia Post and Telecom Holdings Limited	32,969	33,090	32,969	33,090
Mobile Telecommunications Limited	283,057	328,947	283,057	328,947
Telecom Namibia Limited	7,069	6,498	7,069	6,498
Directors' emoluments				
James A Cumming	304	319	175	201
Simeon Amunkete	192	221	192	221
Leezhel Sartorius von Bach	175	194	175	194
Martha Shingenge	168	193	168	193
Ndangi Katoma	139	169	139	169
Festus F Hangula	97	88	-	-
Erastus Hoveka	97	88	-	-
Sonia Bergh	97	88	-	-
Compensation: Key management				
Short -term employee benefits	31,211	25,981	24,047	19,548

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Detailed Income Statement

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Revenue					
Philately stamps revenue		994	935	994	935
Mail revenue		86,853	99,355	86,853	99,355
Agency commission		26,382	26,606	26,382	26,606
Courier services		134,593	128,287	134,593	128,287
Interest on loan advances		126,083	104,967	-	-
Savings bank investments		545,097	512,141	545,097	512,141
Savings bank fees		149,319	104,755	149,319	104,755
Other revenue		3,496	3,473	3,496	3,473
	24	**1,072,817**	**980,519**	**946,734**	**875,552**
Cost of sales					
Opening stock		(13,557)	(14,196)	(13,557)	(14,196)
Purchases		(484,636)	(373,420)	(489,370)	(381,758)
Closing stock		13,523	13,557	13,523	13,557
	25	**(484,670)**	**(374,059)**	**(489,404)**	**(382,397)**
Gross profit		**588,147**	**606,460**	**457,330**	**493,155**
Other operating income					
Bad debts recovered		4,318	2,512	-	-
Other income		31,633	5,329	31,617	5,318
Sundry (loss) / income		(6,108)	276	(6,108)	276
Gain on asset disposal		29	28	18	27
	26	**29,872**	**8,145**	**25,527**	**5,621**
Expenses (Refer to page 70)		**(530,859)**	**(492,750)**	**(475,052)**	**(444,170)**
Operating profit	28	**87,160**	**121,855**	**7,805**	**54,606**
Investment income	27	19,434	12,150	62,052	54,581
Finance costs	30	(43,523)	(45,373)	(43,523)	(45,373)
Profit before taxation		**63,071**	**88,632**	**26,334**	**63,814**
Taxation	31	(5,562)	(20,966)	7,154	(13,024)
Profit for the year		**57,509**	**67,666**	**33,488**	**50,790**

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Detailed Income Statement

		Group		Company	
	Note(s)	2023 N$ '000	2022 N$ '000	2023 N$ '000	2022 N$ '000
Other operating expenses					
Advertising		(9,182)	(5,612)	(8,152)	(4,861)
Amortisation		(9,049)	(9,058)	(8,876)	(8,886)
Auditor's remuneration - external audit	28	(3,398)	(2,344)	(2,703)	(1,909)
Bad debts		(16,661)	(6,706)	(1,719)	5,097
Bank charges		(3,822)	(3,884)	(3,788)	(3,853)
Cleaning		(108)	(44)	(49)	-
Commission paid		(9,175)	(11,003)	(7,096)	(7,370)
Computer expenses		(3,145)	(2,292)	-	-
Consulting and professional fees		(15,385)	(13,684)	(9,722)	(8,939)
Depreciation		(25,904)	(22,397)	(25,456)	(22,017)
Employee costs		(299,926)	(282,173)	(276,278)	(261,949)
Municipal expenses		(3,379)	(3,219)	(2,400)	(2,449)
Insurance		(5,875)	(4,392)	(5,812)	(4,327)
IT expenses		(17,099)	(15,266)	(17,099)	(15,266)
Short-term leases		(36,170)	(37,740)	(34,727)	(37,089)
Motor vehicle expenses		(77)	(55)	-	-
Other expenses		(25,768)	(25,669)	(25,495)	(24,238)
Postage		(662)	(714)	(188)	(156)
Printing and stationery		(3,278)	(2,856)	(3,054)	(2,669)
Repairs and maintenance		(2,679)	(2,712)	(2,679)	(2,712)
Security		(9,582)	(9,343)	(9,582)	(9,343)
Subscriptions		(17,709)	(19,140)	(17,709)	(19,140)
Telephone and fax		(12,629)	(12,242)	(12,468)	(12,094)
Training		(116)	(136)	-	-
Travel - local		(81)	(69)	-	-
		(530,859)	**(492,750)**	**(475,052)**	**(444,170)**

GLOSSARY

AGM	Annual general meeting
AML	Anti-Money Laundering
ALCO	Asset and Liability Management Committee
ATM	Automated teller machine
BARC	Board Audit and Risk Committee
BCP	Business Continuity Plan
BIC	Board Investment Committee
CEO	Chief Executive Officer
COSO	Committee of Sponsoring Organisations
CRAN	Communications Regulatory Authority of Namibia
EFT	Electronic funds transfer
ERM	Enterprise Risk Management
EnCR	Enhanced Credit
EVP	Employee Value Proposition
Exco	Executive committee
FIA	Financial Intelligence Act, No 13 of 2012
GDP	Gross domestic product
GIPF	Government Institutions Pension Fund
GSMA	Global System for Mobile Communications
HRCC	Human Resources and Compensation Committee
I-ACT	Integrity, Accountability, Caring, Teamwork (NamPost Values)
ICT	Information and Communications Technology
International Integrated Reporting Framework	(International <IR> Framework)
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
KYC	Know Your Customer establishing and verifying customer identity
NAMFISA	Namibia Financial Institutions Supervisory Authority
NamPost	Namibia Post Ltd
NBFS	Non-bank financial institution
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
RAT	Risk Appetite and Thresholds
ROE	Return On Equity
ROI	Return On Investment
SSN	SmartSwitch Namibia (Pty) Ltd
TMS	Transport Management Software
TRC	Trade Receivables Committee
TRG	Technology Risk Governance
VAT	Value-added tax
WPSP	Wider postal sector players

NOTES

nampost®

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