

# SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Summarised consolidated statement of profit or loss and other comprehensive income (N\$'000)	Year ended 30 June	
	2022	2021
Revenue	6,506,042	6,549,907
Other income	85,385	108,780
Cost of Electricity	(5,075,449)	(4,457,840)
Employee costs	(992,546)	(996,642)
Depreciation and amortisation	(1,390,026)	(885,681)
Impairment: Loss on property, plant and equipment revaluation	-	(111,334)
Other expenses	(620,711)	(413,933)
Net impairment (loss)/gain on financial assets	(32,834)	124,180
Net fair value and foreign exchange (loss)/gain on financial instruments	(797,254)	1,181,279
<b>(Loss)/Profit before net finance income</b>	<b>(2,317,393)</b>	1,098,716
<b>Finance income - net</b>	<b>503,468</b>	517,512
Finance income	551,773	600,629
Finance costs	(48,305)	(83,117)
Share of profit of associates, net of taxation	11,346	27,846
<b>(Loss)/Profit before taxation</b>	<b>(1,802,579)</b>	1,644,074
Taxation	590,188	(437,513)
<b>(Loss)/Profit for the year</b>	<b>(1,212,391)</b>	1,206,561
<b>Other comprehensive income</b>		
<b>Items that will never be reclassified to profit or loss</b>		
Revaluation of property, plant and equipment	5,779,581	10,472,873
Revaluation of strategic inventory	73,985	(34,114)
Net change in fair value of listed equity instruments	(215)	61
Net change in fair value of debt instruments	10,607	5,584
Net change in fair value of unlisted equity	12,906	(4,147)
Remeasurements of employee benefit provisions	29,965	(12,055)
Share of other comprehensive income of associates, net of taxation	204,773	(439)
Related tax	(1,882,730)	(3,338,080)
<b>Other comprehensive income of the year, net of taxation</b>	<b>4,228,873</b>	7,089,683
<b>Total comprehensive income for the year</b>	<b>3,016,482</b>	8,296,244

Summarised consolidated statement of changes in equity (N\$'000)	Issued Share capital	Distributable reserves	Non-distributable reserves	Total
<b>Balance at 1 July 2020</b>	<b>165,000</b>	-	<b>22,711,518</b>	<b>22,876,518</b>
Profit for the year	-	1,206,561	-	1,206,561
<b>Other comprehensive income</b>				
Revaluation of property plant and equipment, net of taxation	-	-	7,120,019	7,120,019
Revaluation of strategic inventory	-	-	(23,198)	(23,198)
Net changes in fair value of listed, unlisted equity and debt instruments	-	-	1,498	1,498
Share of other comprehensive income of associates, net of taxation	-	(439)	-	(439)
Remeasurements of employee benefit provisions, net of taxation	-	(8,197)	-	(8,197)
Total other comprehensive income	-	(8,636)	7,098,319	7,089,683
Total comprehensive income for the year	-	1,197,925	7,098,319	8,296,244
<b>Allocation from retained income</b>	-	<b>(1,197,925)</b>	<b>1,197,925</b>	-
Transfer to reserve fund	-	(47,577)	47,577	-
Funds for capital expenditure requirements	-	(1,150,348)	1,150,348	-
<b>Balance at 30 June 2021</b>	<b>165,000</b>	-	<b>31,007,762</b>	<b>31,172,762</b>
<b>Balance at 1 July 2021</b>	<b>165,000</b>	-	<b>31,007,762</b>	<b>31,172,762</b>
Loss for the year	-	(1,212,391)	-	(1,212,391)
<b>Other comprehensive income</b>				
Revaluation of property plant and equipment, net of taxation	-	-	3,930,115	3,930,115
Revaluation of strategic inventory	-	-	50,310	50,310
Net changes in fair value of listed, unlisted equity and debt instruments	-	-	23,298	23,298
Share of other comprehensive income of associates, net of taxation	-	-	204,773	204,773
Remeasurements of employee benefit provisions, net of taxation	-	20,376	-	20,376
Total other comprehensive income	-	20,376	4,208,496	4,228,872
Total comprehensive income for the year	-	(1,192,015)	4,208,496	3,016,481
<b>Allocation from retained income</b>	-	<b>1,192,015</b>	<b>(1,192,015)</b>	-
Transfer to reserve fund	-	49,493	(49,493)	-
Funds for capital expenditure requirements	-	1,142,522	(1,142,522)	-
<b>Balance at 30 June 2022</b>	<b>165,000</b>	-	<b>34,024,243</b>	<b>34,189,243</b>

Summarised consolidated statement of financial position (N\$'000)	As at 30 June	
	2022	2021
		Restated
<b>Assets</b>		
<b>Total non-current assets</b>	<b>40,907,962</b>	34,209,966
Property, plant and equipment	37,651,243	31,949,871
Investment properties	18,473	17,048
Intangible assets	20,138	29,356
Investment in associates	824,089	607,970
Investments	2,373,659	1,587,554
Loans receivable	20,360	18,167
<b>Total current assets</b>	<b>8,851,703</b>	10,958,701
Inventories	86,063	114,246
Trade and other receivables	1,581,906	1,089,299
Tax receivable	33,780	33,780
Investments	5,340,527	7,370,908
Derivative assets	51,139	571,306
Cash and cash equivalents	1,758,288	1,779,162
Loans receivable	-	-
<b>Total assets</b>	<b>49,759,665</b>	45,168,667
<b>Equity</b>		
<b>Total equity attributable to equity holders</b>	<b>34,189,243</b>	31,172,762
<b>Liabilities</b>		
<b>Total non-current liabilities</b>	<b>12,668,695</b>	11,849,222
Interest bearing loans and borrowings	6,792	516,164
Deferred revenue liabilities	1,098,564	1,108,904
Employee benefit provisions	277,441	293,960
Retention creditors	80,772	17,610
Deferred tax liabilities	11,205,126	9,912,584
<b>Total current liabilities</b>	<b>2,901,727</b>	2,146,683
Trade and other payables	1,256,404	1,165,911
Derivative liabilities	442,883	-
Current tax payable	-	-
Interest bearing loans and borrowings	523,721	244,610
Deferred revenue liabilities	678,719	736,162
<b>Total liabilities</b>	<b>15,570,422</b>	13,995,905
<b>Total equity and liabilities</b>	<b>49,759,665</b>	45,168,667

Summarised consolidated statement of cash flows (N\$'000)	Year ended 30 June	
	2022	2021
		Restated
<b>Cash flows from operating activities</b>		
Cash receipts from customers	6,089,464	7,102,494
Cash paid to suppliers and employees	(6,439,687)	(6,110,075)
Cash (utilised)/ generated from operations	(350,223)	992,419
Interest received	71,612	52,335
Taxation paid	-	(287,261)
<b>Net cash from operating activities</b>	<b>(278,611)</b>	757,493
<b>Cash flows from investing activities</b>		
Proceeds from the sale of property, plant and equipment	2,911	5,118
Acquisitions of intangible assets	(2,942)	(18,748)
Extension and replacement of property, plant and equipment to maintain operations	(1,196,918)	(660,262)
Interest received	336,040	411,025
Dividend received	67	872
Proceeds from collective investment schemes	396,000	230,000
Proceeds from fixed deposits and treasury bills	3,117,066	4,080,680
Proceeds from money market funds	325,000	20,000
Payments for collective investment schemes	(60,000)	(275,000)
Payments for fixed deposits and treasury bills	(2,243,111)	(3,037,060)
Payments for money market funds	(100,000)	(455,000)
Proceeds from loans receivable	2,425	1,697
<b>Net cash used in investing activities</b>	<b>576,538</b>	303,322
<b>Cash flows from financing activities</b>		
Interest paid	(55,340)	(93,669)
Repayments	(212,072)	(633,486)
<b>Net cash generated used in financing activities</b>	<b>(267,412)</b>	(727,155)
Net increase in cash and cash equivalents	30,515	333,660
<b>Cash and cash equivalents at 1 July</b>	<b>1,779,162</b>	1,375,735
Effect of exchange rate fluctuations on cash held	(51,389)	69,767
<b>Cash and cash equivalents at 30 June</b>	<b>1,758,288</b>	1,779,162



## NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Reporting entity

Namibia Power Corporation (Proprietary) Limited is the holding company of the Group and is incorporated and domiciled in Namibia. The financial statements for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

### 2. Basis of preparation

The financial statements from which this information has been derived, have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and the requirements of the Namibian Companies Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

There have been no changes in accounting policies since the prior year.

### 3. Subsequent events

On 12 December 2022, the directors resolved to declare a dividend amounting to Nil (2021: Nil) in respect of the year under review.

In July 2022, the Company received a waiver for the breach of Debt Service Coverage ratio from the lenders.

## FINANCIAL PERFORMANCE COMMENTARY

NamPower has concluded another financial period marked with consistent availability of power to our customers. Such achievements within a region experiencing significant power shortages than ever before, came at a cost which is evident in the financial results presented. NamPower's role as a supplier of last resort stretched the Company's financial resources to avoid load shedding. Ensuring security of supply remains the guiding principle in our dealings with our counterparts within the region, as the cost of load shedding to the economy far outweighs high import prices. Namibia will remain dependent on imported electricity and will continue to experience the effects presented by other regional utilities, both positive and negative, until several new generation sources are implemented within the country by NamPower, supplemented by independent power producers.

Despite a 2.92% tariff increase awarded to NamPower by the regulator, group revenue for the 2021/2022 financial year remained the same as the prior year, at N\$6.5 billion. This is primarily driven by the decrease in sales volume of 5% (2020/2021:10.3%) from 3,903 GWh to 3,701 GWh, indicative of the prevailing challenging economic conditions in the country. Maximum demand increased to 638 MW compared to 617 MW achieved in June 2021, an increase of 3.4% (2020/21: 10.3% decrease) due to extreme weather conditions experienced in the country during June 2022.

NamPower relies on regional trading partners to meet the country's electricity demand. Ruacana Power Station operated mainly as a mid-merit peaking plant for the year, except between March 2022 and April 2022 when late rains were received in the middle-lower Kunene River catchment area. The flow averaged 78 cumecs (2020/2021: 93 cumecs), decreasing NamPower's generation to 19.9% of the total supply compared to 24.1% achieved in the previous year. Of the total 4,097 GWh units of electricity into the Namibian system during the year under review, 71.2% (2020/2021: 67.4%) was imported from the region.

The high cost of imported electricity was the main contributor to the increased cost of electricity, driven by the depreciation of the Namibia Dollar against the United States Dollar, in which some major import contracts are denominated.

NamPower acknowledges the financial challenges posed by the difficult economic situation in the country, the impact of the Covid-19 pandemic on businesses and has engaged customers to negotiate reasonable payment plans to settle their accounts. Although this initiative has not yet yielded the desired results, it is encouraging to report the improved debtors' collection days from 90 days to 77 days over the reporting period.

The operating losses incurred and the low collection rate from customers resulted in negative cash flow from operations being available to meet debt service obligations. As a result, the Group has informed the affected lenders that it failed to comply with the financial covenants under the various finance contracts, namely the Debt Service Coverage Ratio (DSCR). As a result of this notified event and pursuant to the terms of the contracts in place, the affected lenders would, inter alia, be entitled to demand immediate repayment of the loan outstanding.

After considering the funding requirements of the Group into the future, a decision was taken to delist the NamPower bond programme from both the Johannesburg Stock Exchange (JSE) and the Namibian Stock Exchange (NSX) subsequent to year end. Going forward, plans are underway to register an appropriate programme on the NSX. In addition, the Group is

in discussions with several Development Funding Institutions (DFIs) to source the financing needed to support its capital development programme. The successful conclusion of these initiatives will result in an increased level of debt being carried on NamPower's statement of financial position.

NamPower, the primary role player in the electricity supply industry, has recommitted itself by taking advantage of opportunities that guarantee a secure and reliable power supply to the country and its citizens.

## A WORD FROM THE CHAIRPERSON

Mr. Daniel Motinga

This reporting cycle has seen revenue flatlining against the backdrop of significantly expensive electricity imports. The Group's capacity to augment foreign currency denominated imports with local production was severely curtailed by limited generation by the Ruacana plant. The combined impact of Angola's large water infrastructure developments in the catchment area along with relatively low rainfall in southern Angola contributed greatly to reducing Ruacana's already limited capacity to a mere 781 GWh of energy generated during the reporting cycle, as opposed to 1,505 GWh generated in the 2019/20 financial year. Ruacana is normally a significant contributor to NamPower's in-country generation capabilities.

Consequently, there is a strong negative correlation between our cost of sales and local generation. The cost of electricity supply increased by nearly 14% from N\$4.5 billion to N\$5.1 billion. Ruacana produces electricity at comparatively low cents per kilowatt hour and thus impacts profitability positively when all turbines are operating optimally.

Despite these supply challenges, NamPower remained committed to honouring its mandate as a supplier of last resort and continued to meet the country's electricity needs through the dedication of the Board, management and employees.

On behalf of NamPower I wish to extend our thanks to our clients, the shareholder, and other stakeholders for their continued and unwavering support.

## A WORD FROM THE MANAGING DIRECTOR

Mr. Kahenge S Haulofu

NamPower will continuously strive to deliver sustainable security of supply and a least-cost tariff structure that supports economic growth and maintains its financial sustainability. It will simultaneously continue to uphold its corporate values, respecting the regulatory environment, consider its impact on the natural environment, society, and the economy as a whole, with the focus of the Integrated Strategic Business Plan (ISBP) being to create value over the short, medium, and long term. At the centre of these key deliverables are our people, who remain a focal point for the successful implementation of our strategy.

I want to thank the NamPower Board members for their sound leadership and guidance during the year and for charting the way forward. Thank you for your trust in us as a management team. To our stakeholders, we thank you for your continued support and collaboration. Finally, my thanks go out to the entire NamPower team. This was an incredibly challenging year for us on multiple levels. Still, despite this, our team has continued to work tirelessly to serve our country and our stakeholders and help build a company and future of which we can all be proud.