



2021 Annual Report

for the year ended 31 December

NSX DETAILS

NATURE OF BUSINESS

Stock Exchange
Transfer Agent
Property Owning Company
Guarantee Fund
Central Securities Depository Services

AUDITORS

Deloitte & Touché

BANKERS

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Nedbank Namibia Limited

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Table of Contents

PART ONE: CHAIRMAN'S REPORT.....	1
1. INTRODUCTION.....	1
2. CAPITAL MARKETS AND TRADING STATISTICS.....	1
3. SUSTAINABLE DEVELOPMENT GOALS.....	4
PART TWO: BOARD APPROVAL.....	6
PART THREE: THE NSX'S VALUE PROPOSITION.....	7
1. BACKGROUND.....	7
2. WHO WE ARE.....	7
3. PRINCIPAL ACTIVITIES AND MARKETS - WHAT WE DO.....	8
4. THE NSX'S ROLE IN CREATING VALUE.....	10
5. NSX GROUP STRUCTURE.....	10
6. CORPORATE SOCIAL RESPONSIBILITY.....	11
PART FOUR: OUR PERFORMANCE - CHIEF EXECUTIVE OFFICER'S REPORT	12
1. INTRODUCTION.....	12
2. MEASURING THE PERFORMANCE OF THE NSX.....	12
3. REGULATION AND LISTINGS REQUIREMENTS.....	12
4. COST OF TRADING ON THE NSX.....	12
5. GROWTH OF THE NSX.....	13
6. TRADES IN EQUITIES.....	17
7. TRADES IN BONDS.....	18
PART FIVE: CORPORATE GOVERNANCE.....	20
1. INTRODUCTION.....	20
2. THE BOARD CHARTER.....	20
3. REPORT OF THE BOARD.....	20
4. BOARD OF DIRECTORS.....	21
5. BOARD COMMITTEES.....	26
6. EXECUTIVE TEAM.....	30
7. NSX GROUP STAFF STRUCTURE.....	31
8. RISK, GOVERNANCE AND MANAGEMENT	32
9. BUSINESS CONTINUITY MANAGEMENT	35
PART SIX: AUDITED ANNUAL FINANCIAL STATEMENTS	37
1. DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING.....	38
2. DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS	38
3. INDEPENDENT AUDITOR'S REPORT	39
4. FINANCIAL STATEMENTS.....	41-44
5. NOTES TO THE FINANCIAL STATEMENTS.....	45-62
Schedule 1 NSX Founder Members.....	63
Schedule 2 Broker and Sponsor Details.....	64
Schedule 3 Glossary.....	66



Chairman's Report

1. Introduction



I have pleasure in presenting this Chairman's report of the Namibian Stock Exchange ("NSX") for the year ended 31 December 2021.

The global market recovery continued well into 2021 with the Namibian economy rebounding to a positive growth rate for the first time since recession began in 2017, growing by 2.4 percent in 2021 compared to a contraction of 7.9 percent recorded in 2020 during the height of the COVID-19 pandemic.

The Namibian market's growth is primarily driven by the primary industries especially mining, quarrying, fishing, and agricultural sectors.

Key drivers for growth were diamond mining and tertiary industries, all contributed to the economy because of an increased demand for goods and services in the wholesale and retail sector.

Namibia a land of contrast with 2 million people is rich in resources and is the world's 6th largest diamond producer and recently revived its uranium industry making it the 2nd largest uranium producer in Africa.

On the agricultural front, severe drought conditions experienced in 2019 constrained agricultural output and led to a sharp decline in harvests. The reduction in precipitation also affected the broader economy through lower electricity and water generation, with repercussions on industrial production. These developments, along with lower diamond and mineral production, in a context of planned fiscal consolidation, have created challenging conditions for growth.

2. Capital Markets and Trading Statistics

Despite the subdued economic environment Namibian bond yields continue to surprise on the upside. In the capital market, the overall comparative value traded was N\$11,070 billion for the year ending December 2021 increasing by 1% compared to the previous year. At 31 December 2021 the total market capitalisation was N\$2,168 trillion or US\$136 billion.

The Local Index gained 16% in 2021 (2020: 26% decrease) on turnover of N\$448 million (2020: N\$536 million), all in an illiquid market, while the Overall Index gained 28% (2020: 6% decrease) against the JSE All Share Index which increased by 24%. The graph below tracks the month-end movement of the NSX Overall Index on the left-hand scale and the Local Index on the right-hand scale for the last 10 years from 2011 to 2021.



Selected highlights of the NSX contributions to deepening and diversifying the capital markets in Namibia during 2021 include:

- ❑ Total net assets of the NSX and its Guarantee Fund now exceeds N\$110 million;
- ❑ Year-to-date bond trades, nominal value traded N\$2,4 million, a decrease of 9%;
- ❑ A market steering committee has been established for the purpose of obtaining input in implementing a central securities depository and dematerialising the Namibian capital market.

On the listing's front, Mobile Telecommunications Limited ("MTC") successfully listed on the Main Board of the NSX on 30 November 2021 raising N\$2,5 billion bringing more opportunities to the market. This is the largest capital raising on the NSX to date and the first by a state-owned company. Nine (9) new bonds were issued including a Sustainable bond and registration of four (4) new bond programmes.

Traditionally the legislative updating processes in Namibia are slow and this is more evident in the preceding years, however:

- ❑ The NSX is continuing to participate in the debate on the requirement of the New Equitable Economic Empowerment Framework ("NEEEF") and the impact on the financial sector;
- ❑ The Namibia Financial Institutions Supervisory Authority ("NAMFISA") provided the second draft standards for the Central Securities Depository ("CSD"). The NSX is awaiting the gazetted standards under the Stock Exchanges Control Act of 1985 ("SECA") to proceed with the CSD license application.

The intended plans of formalising the bond market, which will entail additional trading functionality and transparency for on market bond trading, are on track for 2022 implementation. We are optimistic that the numbers in coming years will increase even more with the additional trading functionality for on-market bond trading. Revision of the bond trading activities and how they can be amended to accommodate on-market trading and full reporting of trades is currently conducted by the NSX.

The annual Scholar Investment challenge was launched on 8 March 2021 with sponsorships by Old Mutual (Headline Sponsor) for a three-year term together with FutureMedia, Simonis Storm Securities, Namibia Savings & Investment Association, and the Financial Literacy Initiative. The competition is done with both university students and secondary schools, from grades 10 to 12.

The NSX, being a not for profit members association continues to engage in the clarification and planning for demutualisation as envisaged in the Financial Institutions and Markets Act, 2021 ("FIMA") and intends to self-list as many other exchanges in the region. It is in a position to do so, as it is cash positive and self-funding.

Work in progress items:

- ❑ Revision of the bond trading activities and how they can be amended to accommodate on-market trading and full reporting of trades;
- ❑ Clarification and planning for demutualisation as envisaged in the FIMA;
- ❑ Additional trading system functionality for bond and derivative trading in conjunction with the CSD project; and
- ❑ World Federation of Stock Exchanges ("WFE") candidacy membership.

In June 2017, NAMFISA passed a circular, amending guiding regulations where it increased the minimum domestic asset requirement from 35% to 45%, which was to be complied with by 1 October 2018. The much-discussed modalities of Regulation 13 to the Pensions Fund Act prescribing 45% of its total fund in Domestic Assets remains a challenge to the pension fund and long-term insurance industries. As per the statement of the Chief Executive Officer of NAMFISA, Mr Kenneth Matomola in July 2021, pension funds are still struggling to meet the 45% threshold. It is therefore clear localised products are required to fill the void, as the current investment in dual listed stocks decline. The traded value of primary listed equities (local trades) amounted to 4% (2020: 5%) of the total trades. In 2021, African Oxygen Limited ("Afrox") delisted from the NSX Main Board.

The NSX remains confident it has and will continue to serve the Namibian market well and has sufficient reserves to weather any competitive environment. The total of Government debt securities at the end of 2021 is N\$91,8 billion (consisting of N\$60 billion Government bonds plus Inflation Linked Bonds ("ILBs") and N\$31,7 billion treasury bills) up from N\$9,9 billion at the end of 2010 plus N\$11,9 billion (at the exchange rate of 31 December 2021) internationally and N\$2 million listed on the JSE. This may have deflected investments from the exchange

as did the introduction of Regulation 13 to the Pensions Fund Act. The NSX believes that the unlisted investments (Regulation 13) are inherently riskier than listed investments where corporate governance and disclosures are in keeping with best practices and subjected to transparent price discovery. We believe that as capital flows into the market and trading volumes and liquidity increase, it will encourage more retail investors to take a serious look at equities and more companies to list.

These factors are crucial to the further development of the NSX. The largest uncertainties were the sustainability of the trading results of the NSX, in part due to the above-mentioned points but offset by the accumulated reserves as highlighted in the table. The net income takes into account the ever-increasing operating costs which include the cost of accommodation, staffing and providing for the state-of-the-art technology and ensuring best practices governance. As at 31 December 2021 the NSX reported net investment income of N\$9,8 million (2020: N\$4,7 million), net income of N\$11,1 million (2020: N\$8,5 million) and accumulated income of N\$91,2 million (2020: N\$80,1 million).

Summary of trading results of the NSX and composition of the accumulated reserves

Year	# of Deals	Trading value in N\$ billions	Year on year % Change	Volume of shares in 000s	Transaction levies	NSX Fees as % of trade value	NSX Investment Income	NSX Net Income	Accumulated reserves
2011	2,765	3,272	-57%	98,865	1,555,423	0.0475%	1,657,844	435,689	25,103,705
2012	2,697	3,648	11%	83,063	1,698,026	0.0466%	1,862,951	414,973	25,518,678
2013	2,800	5,507	51%	114,625	2,568,508	0.0466%	4,112,481	4,808,922	30,327,600
2014	4,118	8,332	51%	174,427	3,712,723	0.0459%	3,123,337	5,470,783	35,798,383
2015	4,384	17,196	106%	267,537	6,927,056	0.0418%	4,421,171	10,332,858	46,131,241
2016	5,154	14,411	-16%	219,398	6,038,265	0.0424%	2,289,800	6,641,817	52,773,058
2017	4,412	13,859	-4%	228,607	5,881,576	0.0431%	6,070,318	7,876,659	60,649,717
2018	5,005	12,219	-12%	193,101	5,526,283	0.0463%	1,953,473	6,402,307	63,416,910
2019	4,911	8,872	-27%	205,813	3,649,172	0.0424%	6,143,037	8,216,123	71,633,033
2020	5,232	11,011	24%	222,655	4,860,387	0.0524%	4,698,532	8,470,583	80,103,616
2021	5,872	11,070	1%	229,089	4,753,665	0.0463%	9,855,488	11,153,903	91,257,519

Trading value and number of deals include trading in ETFs, which was a new asset class added in 2014 and in 2017, and the first capital pool companies to come to market with successful listings to the main board.

The Development Capital Market or DevX, at the end of 2021 comprises four dual listed uranium companies and one cobalt company. In addition, MCUBE Investments One Limited and Omajowa Properties Limited listed in July 2020 as Capital Pool Companies. Shares listed on the DevX are not included in either of the NSX indices which are calculated by FTSE in London. NAMFISA has advised that economic activity in Namibia is not a prerequisite for listing a company's equity on the NSX.

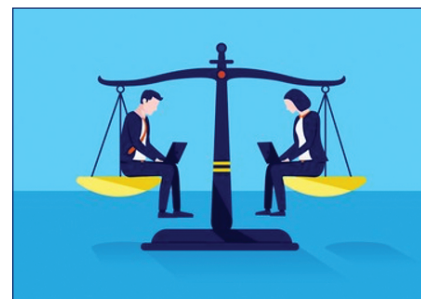
The graphs presented in this report highlight the volatility in share prices and exchange rates which all severely affect the share prices more than the incomes of these listed companies; the Bank of Namibia ("BON") economic outlook for December 2021 projected uranium mining to expand in 2021 before moderating in 2022. Overall, the domestic economic growth is expected to improve in 2022, supported by robust growth in the diamond mining and gradual recoveries in secondary and tertiary industries. The Covid-19 pandemic is expected to remain a health risk going forward and therefore, we are not expecting fast recoveries in sectors that depend on travelling i.e., hotels, restaurants and transport.

The domestic economy is projected to grow by 1.2% in 2021, by 2.9% in 2022 and accelerating to 3.7% in 2023. The projected growth for 2022 is 0.7% lower than growth estimated in the Mid-Year Budget Review, mainly due to the impact of Covid. The BON further reports that better than expected recovery in the secondary industries and positive growth of 4.9% for net tax revenue is expected to provide support for overall growth.

3. Sustainable Development Goals

In the last three years the NSX has actively engaged with stock exchanges over the world and the Chartered Financial Analyst (“CFA”) Society South Africa in celebrating Women’s Day with a “Ring the Bell Ceremony” for gender equality.

A partnership has been signed with the United Nations Sustainable Stock Exchanges Initiative (“SSE”) together with the stock exchanges of Botswana and Tanzania since 2016. We are pleased to advise that the NSX moved into Carbon footprinting by making sure all listed companies comply with the Corporate Governance Code for Namibia (“NamCode”) chapters 3 and 9 as well as the new Directive regarding principles on sustainability reporting (environmental, social and governance (“ESG”)).



The NamCode has continued to be widely accepted and implemented in all sectors of the Namibian market. **All NSX primary listed companies are required to comply with the NamCode on an “apply or explain” basis or to comply with King IV on an “apply and explain” basis.** The NamCode booklet is available on the NSX website free of charge and hard-copies are available for purchase at the NSX. This enhancement of the governance landscape has continued to position Namibia on the African investment scene and resulted in the deepening of the Namibian capital markets as it opens our market to a larger international investing pool. Many more steps are required to truly open our markets, not least of which are the formalisation of our bond market and setting up a CSD for the trading in electronic scrip.



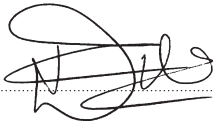
The NSX has, from its reserves, funded the project to launch a CSD in the Namibian market in partnership with the Bank of Namibia. During the latter of 2019, NAMFISA issued a license to the exchange for the trading of debt on an additional trading system, being the Bond Trading System Multi Instrument Trading System (“MITS”). We reported expectations of formalisation of the bond market to occur during 2020 but had to postpone due to the unforeseen world-wide COVID-19 pandemic outbreak. The eventual launch of derivatives is expected to follow the CSD launch as soon as FIMA is implemented. FIMA was passed by Parliament on 07 July 2020 and promulgated on the 30 September 2021, published in the Government Gazette on 01 October 2021, but is not yet operational because the “critical” regulations and standards needed to operationalise FIMA must still be finalised. During an industry information session held on 8 November 2021, NAMFISA’s CEO, Mr Kenneth Matomola, indicated that FIMA is expected to come into force on 1 October 2022. We hope by developing the market in these projects, more Namibian companies will open their shareholder base and come to market by listing. As in most African markets, ours is plagued by small size and illiquidity and can only change by having more choice and depth. However, the exchange cannot force anyone to list their company and if they perceive uncertainty in the regulatory space, listing is a difficult step to take. It is therefore of the utmost importance to have clear guidelines on any requirements for Namibianisation, Black Economic Empowerment / NEEEF and localisation. The NSX is confident it can play a meaningful role in these areas if the rules of the game are clear and consistent. The NSX has maintained world class regulation of listed companies and shall continue to do so, as dilution of these requirements may lead to lower levels of investment due to institutional investors not being allowed to participate in the market.

Africa remains one of the most attractive investment destinations for emerging markets investors, we therefore believe with the implementation of the CSD, it will open the Namibian market to additional interest from the international market which would increase the demand even more, not only for shares, but specifically on the bond market. The NSX is proud to be leading both these projects with the CSD expected to go live in the near future with the promulgation of the FIMA.

After the first part of the Harambee Prosperity Plan (“HPP”), launched in 2016 and lasting till 2020, President Hage Geingob introduced the second part (“HPP II”) on March 18, 2021, covering the period from 2021 to 2025. The HPP II builds on the solid foundation of the inaugural HPP 2016-2020. It continues to prioritise the implementation of targeted policy programmes in order to enhance service delivery, contribute to economic recovery and engender inclusive growth. HPP II aims to ensure Namibia is poised to respond to domestic socioeconomic challenges and global opportunities, during and after the COVID-19 pandemic. The HPP Pillars remain firmly anchored on the construct of an inclusive Namibian House, built on the solid foundation of peace, stability and the rule of law.

The NSX contributes to expanding the markets in the region by its participation in the Committee of SADC Stock Exchanges ("CoSSE") and the African Securities Exchange Association ("ASEA"). The NSX has been an affiliate to the WFE for a good number of years. In the latter part of 2021, the NSX was informed that it could apply for full membership at the WFE.

I would like to offer my thanks to the Board, management and to the teams of committed employees, who remained focused and fastidious during the period and managed to successfully oversee projects. You have all been instrumental in moulding the operations of the NSX, its subsidiaries and I thank and commend all of you, wishing you continued success and always striving for service excellence.

A handwritten signature in black ink, appearing to read 'D. Nujoma', is written over a horizontal dotted line.

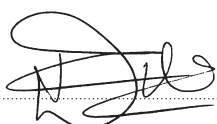
David Nujoma
Chairman

Board Approval

In accordance with Principle C9 – 3 of the NamCode, the board of directors (“**the Board**”) of the Namibian Stock Exchange acknowledge responsibility for the integrity, accuracy and completeness of this annual report.

The Board assisted by the Audit, Risk and Investment Committee endorse the disclosures made in this Report and approve the material matters determined by management.

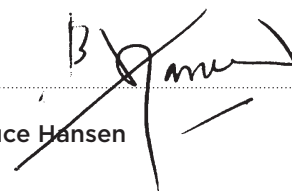
The directors have applied their minds to the report and believe that it covers all the material matters, that the information contained in this report is reliable and that it fairly presents the performance of the Namibian Stock Exchange.



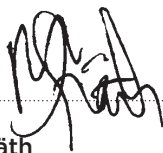
David Nuyoma
Chairperson



Hans-Bruno Gerdes



Bruce Hansen



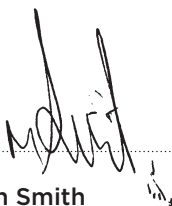
Mark Späth



Oscar Capelao



Debbie Smit



Madelein Smith



Grant Marais



Tiaan Bazuin

The NSX's Value Proposition

1. Background

The NSX is a not for profit members association licensed by NAMFISA to operate as a stock exchange within Namibia in terms of the SECA. The NSX is the only registered stock exchange in Namibia.

The NSX has 43 founder members and 6 stock broking members (collectively referred to as “the rights holders”) who may attend general meetings of the association and annually elect the directors to supervise the management of the NSX and appoint the auditors of the NSX and its subsidiaries in accordance with the NSX Rules. One of the more onerous obligations on becoming a stockbroker is to acquire six rights at the valuation shown in the statement of changes in rights and reserves. At year end a total of 78 rights had been issued.

NAMFISA has been authorised to draft FIMA to replace various financial sector Acts including the SECA. The FIMA was tabled in Parliament this year and signed by the President on 01 October 2021. It is envisaged that the FIMA will come into force on or about 01 October 2022.

The NSX participated in the debates and consultations leading to the drafting of the Namibian Financial Sector Strategy. At the November 2012 consultative meeting with members of the financial sector, NAMFISA announced that the NSX would be required to convert to a company within 12 months of the enactment of the FIMA, i.e. to demutualise. The principle was approved in 2015.

Demutualisation will require the registration of a company (with share capital) and the transfer of the assets of the NSX to the newly established company. This could lead to the NSX being listed when the existing rights holders approve the terms of the demutualisation and listing. At the Annual General Meeting (“AGM”) of the NSX in 2015 the existing rights holders approved the principle of demutualisation and self-listing in terms of the FIM Bill (known as such at the time). With FIMA now in place, the imminent change will be significant and have consequences which will require further interaction with and the approval of the rights holders. The NSX is proactively preparing for this eventuality as it is an extensive process.

2. Who we are

2.1. Our Mission

The **Mission** of the NSX is to enable, develop, diversify and deepen capital markets in Namibia. Working in partnership with stakeholders in government and the financial sector, the NSX will:

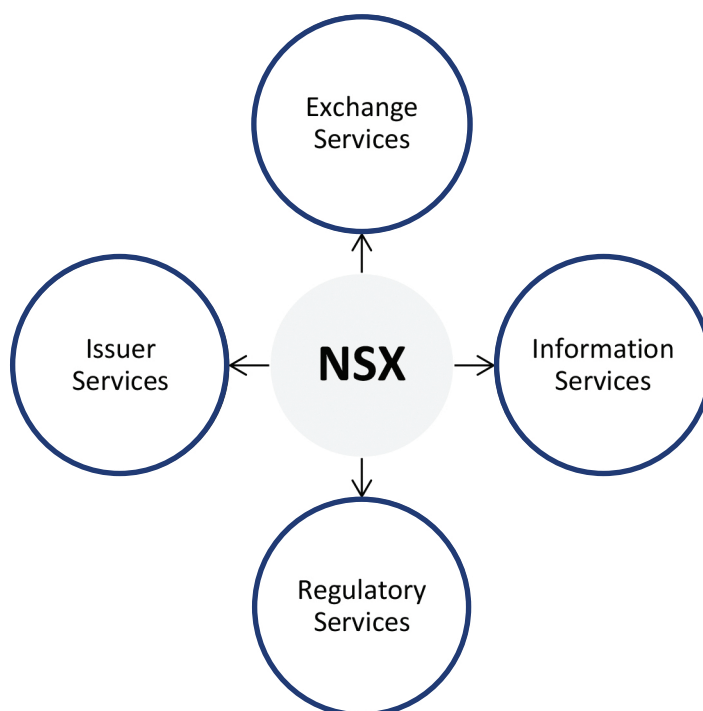
- ❑ make investment in capital markets easier, providing a range of appropriate tradable instruments;
- ❑ create and maintain an effective, regulated environment to facilitate the way issuers of securities and investors get together to transact safely and securely; and
- ❑ contribute to the development of a supportive investment climate / culture in Namibia.

2.2. Our Vision

The Vision of the NSX is to contribute to economic growth and prosperity by providing an efficient marketplace for companies to raise capital locally and for savings to be used for the benefit and development of Namibia.

In so doing the NSX will contribute to the integrity of market pricing through increased liquidity, protect Namibia's macro-economic interests and build pride in Namibia's sovereignty.

3. Principal Activities and Markets – What we do



3.1. Exchange Services

The NSX is an electronic marketplace for the primary listing and secondary trading of financial securities such as equities and bonds, known as the Primary Market and Secondary Market respectively. In addition, the NSX administers an Over The Counter (“OTC”) marketplace where unlisted shares of public companies are quoted (not listed) on the exchange through which unlisted shares may be routed in an easy and transparent manner.

The main function of the NSX is to:

- ❑ develop the capital market as the engine of economic growth, development and prosperity of Namibia;
- ❑ assist listed companies to raise capital; and
- ❑ provide a trading platform in these shares after listing with transparent price discovery in a regulated environment where corporate governance best practices are prescribed and enforced which encourages investors to buy equities / shares.

The equities marketplace provides trading in equities. Products in this marketplace include primary and dual-listed ordinary shares, preference shares, depository receipts special-purpose acquisition companies (“SPACs”), capital pool companies (“CPCs”), structured products and exchange-traded products (exchange-traded funds (“ETFs”) and exchange-traded notes (“ETNs”)).

The bonds marketplace provides trading in debt securities, securities issued in respect of debt of the Issuer including, but not limited to, notes, bonds, debentures, index linked and credit linked notes, Asset-backed Debt Securities, green, social and sustainable bonds. This market includes government-issued securities as well as corporate debt securities. Trading in bonds has been entirely OTC, with secondary bond trades reported to the NSX on a daily basis – trades are not yet offered on the trading system of the NSX. The NSX has been consulting with the market to implement a dedicated trading system and is in process of implementing the bonds trading system during 2022, with CSD to follow as soon as the licensing regime is completed.

3.2. Information Services

The NSX publishes and disseminates information about trading, listed company information and general information about stock exchanges via the Namibian Exchange News Service (“NENS”) platform.

The NSX also provides NSX-related information services, including market data, reference data, corporate actions, client data, indices, and statistics. This data is provided to subscribers in the form of Reports on a daily, weekly, and monthly basis and real-time information for each instrument traded on the System for the NSX. The market data services available in the System for the NSX are JSE Reference Data Full (FTP), Level 1 BBO service (FIX/FAST), Level 2 Full Depth (ITCH), Regulatory News (FIX/FAST) and Indices service (FIX/FAST).

3.3. Regulatory Services

It is an integral function of the NSX to oversee and regulate the activities and trading of its member stockbrokers, sponsors, and listed companies in an orderly marketplace.

The NSX facilitates this function in accordance with the NSX Listings Requirements and the NSX Rules.

The Listings Requirements apply to companies seeking a listing for the first time, presently listed companies, all other securities that applicants may wish to list and those presently listed and, where applicable, to directors (as defined in each relevant section) of applicant issuers.

The Listings Requirements contain the rules and procedures governing new applications, all corporate actions and continuing obligations applicable to issuers and issuers of specialist securities. They are furthermore aimed at ensuring that the business of the NSX is carried on with due regard to the public interest.

The NSX Rules oversee, amongst others, the transactions and trading procedures of stockbrokers operating in the NSX marketplace, with the principal focus of detecting potential market abuse.

3.4. Issuer Services

The NSX's subsidiary, Transfer Secretaries (Proprietary) Limited, provides Issuer Services for listed and unlisted companies.

These Services include:

- ☐ registry and transfer services, including the maintenance of companies' share registers;
- ☐ treasury services, for example, calculating and managing the disbursements of dividends, interest and distributions for companies;
- ☐ corporate actions, for example, planning and managing rights issues, elections, and dispersion of information on behalf of companies; and
- ☐ assistance with annual general meetings, amongst others, proxy facilitation or representation.

3.5. Custodian of The NamCode

The NSX, with the assistance of the Institute of Directors in Southern Africa (IoDSA), published The Corporate Governance Code for Namibia (“NamCode”) in 2013.

The NamCode became necessary because of:

- ☐ the inability for the NSX in particular and the Namibia business in general to adopt the King III Code as a result of the introduction of the new South African Companies Act which differed significantly from the former 1973 Companies Act which applied to both countries and the Namibian Companies Act, 2004; and
- ☐ changes in governance internationally.

The NSX in its pursuit of enabling, developing and deepening capital markets in Namibia endeavoured to create and maintain an effective, regulated environment to facilitate the way issuers of securities and investors communicate; thereby contributing to the integrity of market pricing based on sound governance

standards, and the protection of Namibia's macro-economic interests and building pride in Namibia's sovereignty. Therefore, the need arose to create a corporate governance code based on the principles contained in King III and other international best practices but adapted to suit the Namibian legislative landscape.

The principles of NamCode applied to all NSX primary listed companies as part of the *Continuing Obligations* under the *Listings Requirements* on an “*apply or explain*” basis. With the accession of the King IV Report on Corporate Governance in South Africa in 2016, the NSX issued a Directive requiring all NSX primary listed companies to comply with the NamCode on an “*apply or explain*” or King IV on an “*apply and explain*” basis.

As custodian of the NamCode, the NSX continuously aligns with international best practices and issues Directives accordingly as and when the need arises. In this regard, the NSX issued a NamCode Directive directing institutions that subscribe to the NamCode to appoint a social, ethics and sustainability committee (“the SESC”) as an annual standing committee in line with the evolving recognition and importance of ESG factors for investors and issuers alike.

4. The NSX's role in creating value

As a critical functionary in the development of the capital markets, the NSX is an engine of economic growth, development, and prosperity of Namibia.

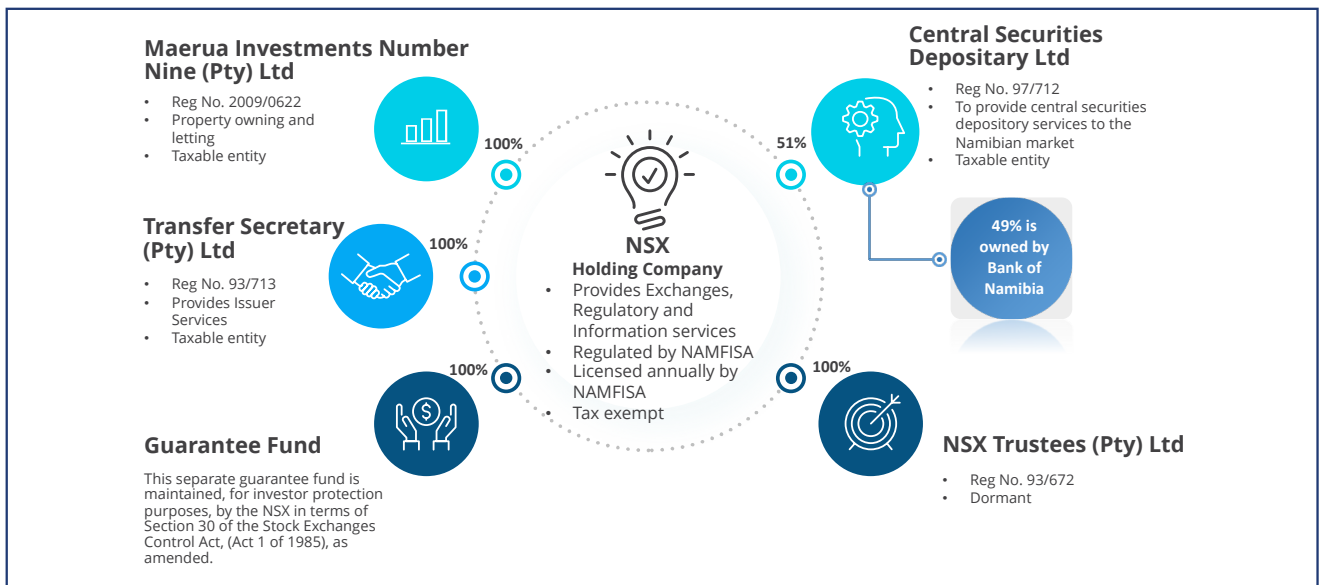
The NSX delivers this value through its principal activities, products and services by providing:

- ▣ assistance to companies to list their equity and /or debt securities in order to raise capital accordingly;
- ▣ a trading platform post listing with transparent price discovery in a regulated environment where corporate governance best practices are prescribed and enforced, which encourages investors to buy equities and bonds in the first place.

It is important to understand that the stock exchange itself does not create or market the business ideas that require finance - that is the responsibility of the stockbrokers and sponsors. The ability of a company to raise money on an exchange and the performance of the company's share price after listing depends entirely on the company itself and external economic factors including the government's management of the economy in terms of the legislative framework.

The NSX regularly engages with local, regional and international standard setting bodies (as discussed above), policy makers and regulators, providing our exclusive insights to policy and legislative initiatives that may affect the effectiveness and veracity of the Namibian capital markets.

5. NSX Group Structure



6. Corporate Social Responsibility

The NSX values the positive contribution it can make to the community it serves.

The CFA Program is a postgraduate professional certification offered internationally by the American-based CFA Institute to investment and financial professionals. Due to the scarce skill of this discipline in Namibia the NSX embarked on a programme to increase capacity in the CFA profession by reimbursing the course fees of those who successfully complete the course and these professionals are required to remain in Namibia for 3 years after the qualification is obtained. During 2021 the NSX has reimbursed N\$190,200 (2020: N\$84,503) for the CFA Program.

The Namibian Scholars' Investment Challenge ("NSIC") is an annualised competition for Namibian Secondary Schools and University students in Namibia. The NSIC has received pledges over the years from a number of entities with the most recent sponsorships from Old Mutual and FutureMedia (a 3-year commitment period (2021-2023)), Namibia Savings & Investment Association, and the Financial Literacy Initiative. The NSX has set aside a budget for any shortfalls on the prize money and additional costs that may arise.

Our Performance

Chief Executive Officer's Report

1. Introduction



This Chief Executive Officer's ("CEO's") Report, provides additional context to users of the annual financial statements of the NSX and the Group which includes Transfer Secretaries (Proprietary) Limited, the Guarantee Fund, the property owning company Maerua Investments Number Nine Property Limited and the CSD, all of which have been prepared in accordance with International Financial Reporting Standards.

This Report provides integrated information that explains the performance of the NSX and the amounts presented in the financial statements specifically the NSX's financial position, financial performance and cash flows, and serves as a basis for understanding management's objectives and its strategies for achieving the stated objectives.

The NSX, even though small in size, is determined to start applying integrated thinking, a journey which will move towards full integrated reporting, which is particularly important as we simultaneously journey towards demutualisation.

2. Measuring the Performance of the NSX

The profits of an exchange depend directly on how much their services are used and on sustainability which is underpinned by the certainty of continued licensing and sound investing of its retained income.

The services provided by the NSX include the trading system, publishing reliable, prompt information about trading, and compliance with sound regulation as well as investor relations.

The share prices of those stock exchanges that have demutualized and listed on their exchange are therefore good indicators of their performance. As the NSX is still an association not for gain, and has no share price by which to measure its performance, instead a number of other indicators have to be examined in addition to the normal financial statements to which this report is attached and the movement in reserves included in the table on page 43 of the annual financial statements.

The number of listing applications and actual new listings are good indicators of how many companies want to raise money and have their share capital traded on the exchange. On 30 November 2021 Mobile Telecommunications Limited "MTC" successfully listed on the Main Board of the NSX raising N\$2,541 billion bringing more opportunities to the market. This is the largest capital raising on the NSX to date and the first by a state-owned company. A total of nine (9) new bonds were issued including a Sustainable bond and registration of four (4) new bond programmes. As at year-end a total of nine Namibian bonds inclusive of the IFC21 bond, however the IFC Bond Programme is still registered, three SA listed bonds and the USD 500m Eurobond matured.

The trades on the exchange can be measured by the number and value of shares traded. The 2021 trades were worth N\$11,070 billion or 1% higher than 2020. The liquidity of the exchange can be measured by dividing the value of shares traded by the free-float market capitalisation of the exchange — the so-called liquidity ratios.

3. Regulation and Listings Requirements

As stated above, the NSX is regulated by NAMFISA in terms of the SECA and has adapted the Johannesburg Stock Exchange's Listing Requirements, which will be amended with changes required when the FIMA comes into force.

4. Cost of Trading on the NSX

Namibia's stockbrokers must comply with the NSX's non-negotiable and fixed charges. An application can be made for concessionary brokerage limited to trades in Namibian companies in excess of N\$40 million. In a small market it is essential that level playing fields are maintained and that the brokers earn sufficient income

to provide a full service in Namibia and not be controlled by foreign companies. Therefore in terms of the Stockbroking rules, the Stockbroker must be a Namibian and the managing director of the corporate member.

Trading costs, as shown on page 3 as a percentage of the traded value are:

	2021	2020
Brokers' fees, on average	0.463%	0.524%
NSX Levy, 10% of brokers' fees	0.046%	0.052%
NAMFISA levy on trade value (Nov 2017 onwards)	0.079%	0.079%
Total cost for each leg of a local trade	0.588%	0.655%

These fees can be as high as 1.14% for trades under N\$10,000 as the brokerage is charged at 1% for the first N\$10,000 of the traded value.

5. Growth of the NSX

The NSX has grown significantly with more than 92 companies being listed over the years across a range of sectors including both domestic and international.

As at December 2021 a total of 51 (2020: 51) companies are listed on the Main Board, the Development Capital Board (DevX) and Exchange Traded Funds of the NSX.

In categorising the 51 listed companies, there are 37 companies with more than one listing and 14 local listed companies inclusive of the two CPC listed companies on the NSX.

	2021	2020
Namibia - NSX	14	13
Australian - ASX	5	5
London - LSE	2	2
South Africa - JSE	15	16
South Africa - JSE - ETF	11	11
Toronto - TSX	2	2
Mauritius - SEM	2	2
Total	51	51

Total market capitalisation is the sum of the number of shares in issue multiplied by the closing share price, in this case the price at 31 December of each year. ETFs are excluded in the market capitalisation calculation but included in the total listings and trading statistics.

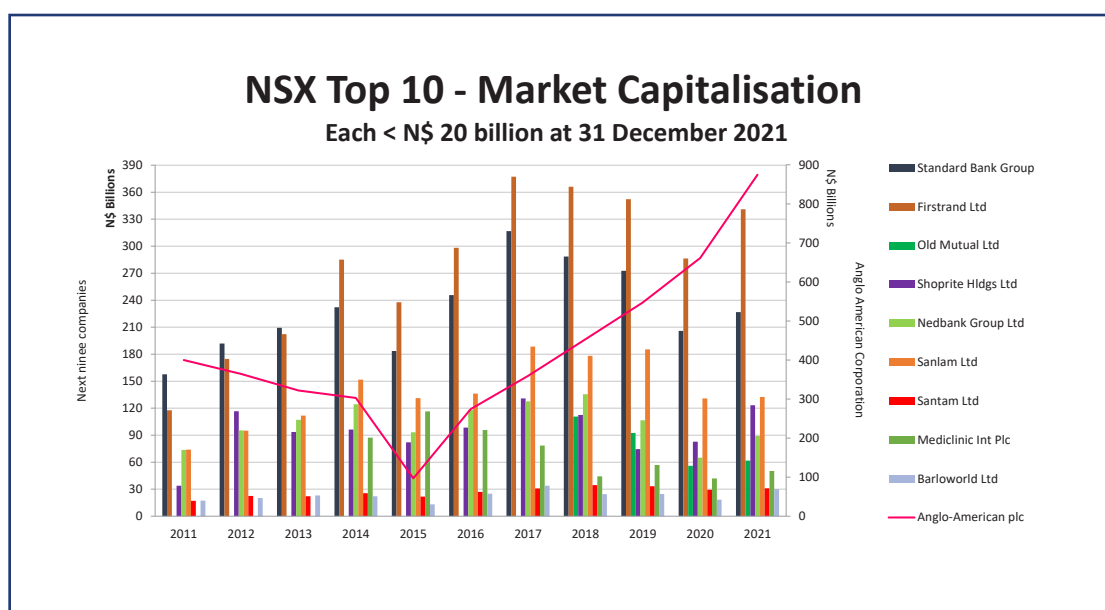
In the table below, the price at 31 December of each year and free float market capitalisation is the total multiplied by the percentage of shares which are not held by controlling shareholders and associates.

MARKET CAPITALISATION								
N\$ million	Primary Listed on the							
Year	Total	NSX	JSE	LSE	TSX	AIM	ASX	SEM
2012	1,225,744	11,057	716,717	483,086	11,350	-	6,534	-
2013	1,407,168	19,501	892,123	482,423	8,911	-	4,210	-
2014	1,680,439	22,322	1,172,937	472,897	305	-	11,978	-
2015	1,414,811	29,430	1,068,890	301,253	6,640	-	5,043	3,555
2016	1,726,583	32,017	1,132,767	539,834	13,481	-	1,649	6,835
2017	2,083,149	36,018	1,399,261	625,125	14,672	-	1,602	6,470
2018	1,989,913	35,406	1,431,788	497,271	16,294	-	2,285	6,869
2019	1,944,532	36,508	1,277,473	603,970	20,794	-	2,793	2,994
2020	1,741,220	27,440	969,491	703,090	32,440	-	7,816	942
2021	2,177,612	38,040	1,152,874	924,560	24,855	-	36,262	1,023

The NSX has over the years benefited from the Namibian asset requirements of Pension Funds and the similar Regulation for long-term insurance companies by the dual / cross / secondary listing of companies listed on other international exchanges. Since 1994 pension funds have been required to invest 35% of their respective assets in deemed Namibian assets which include dual listed shares purchased through a Namibian Stockbroker on the NSX. Amendments to the Pension Funds Act in 2017, albeit increased the local asset requirement from 35% to 45% in three phases during the year 2018. Only 10% of these domestic assets may now be invested in Dual listed stocks on the NSX, which has led to lowered interest in the segment and ETFs not being included in any category of domestic assets.

At the end of each day, the NSX publishes information about trading that has taken place and has contracted with Financial Times Stock Exchange ("FTSE") to calculate various indices, each of which is a single number reflecting the price movement of its various components. To cover the costs of preparation, this information is only available to subscribers and posted to the NSX website weekly. At the end of each day, week and month, reports are compiled and distributed to subscribers, brokers, fund managers and other interested parties apart from the live data subscriptions.

In the next graph the solid line highlights the movement in the market capitalisation of Anglo American Corporation plc against the right hand vertical axis, in billions of Namibia dollars, since December 2011 and compares this to the largest companies listed on the NSX.



The graph below shows the composite growth based on the price movement in the components of the Overall Index and is compared to the JSE All Share index. The NSX overall index includes some companies of high market capitalisation, such as FirstRand, Anglo American and Old Mutual, which makes it a difficult index to track, as investors would be unlikely to be so overweight in a few stocks. It must therefore be acknowledged that the index does not reflect an investible benchmark.



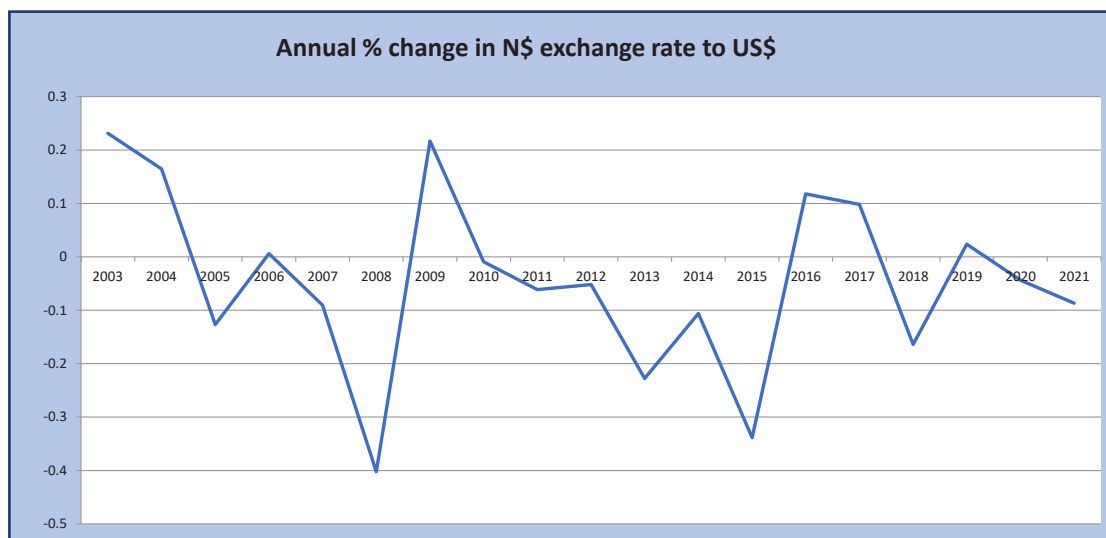
As at year end the NSX Overall and JSE All Share indices closed at:

- ❑ NSX Overall Index closed at 1,571.65 increasing with 28% compared to 2020;
- ❑ JSE All share index closed at 73,709.40 at the end of the year or 24% up compared to 2020.

Notable dual listed comparative numbers are:

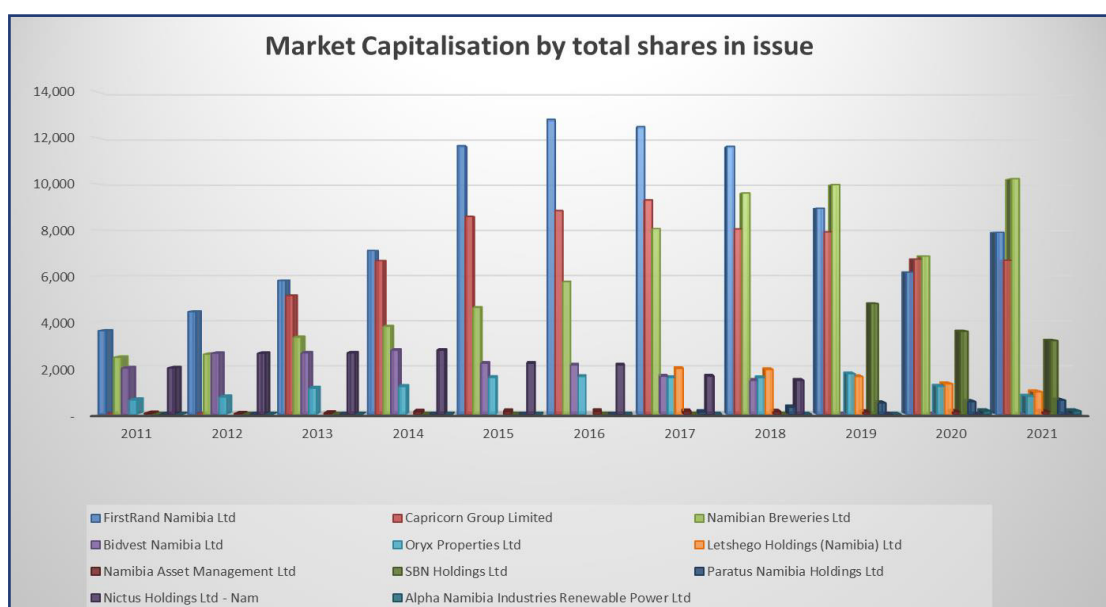
- ❑ Anglo American at N\$485.00 at 31 December 2020 and closed at N\$651.72 or 34.4% up as at 31 December 2021;
- ❑ FirstRand at N\$51.04 at 31 December 2020 and closed at N\$60.80 (19% up) at 31 December 2021.

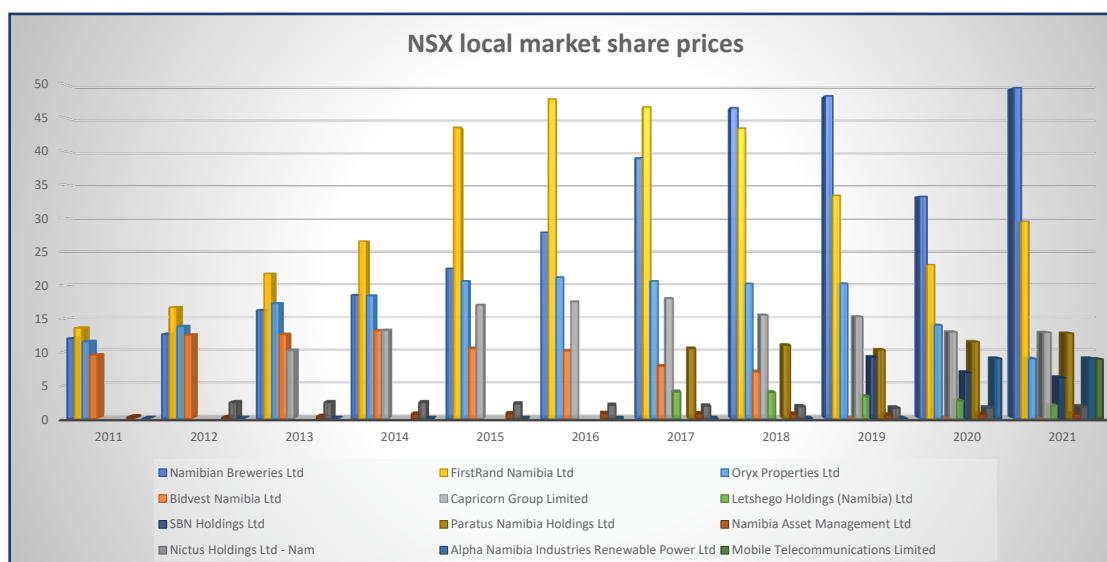
Although the London Stock Exchange shares were initially considered to be Rand (N\$) hedges, the volatility of the Namibia Dollar / ZA Rand against the US Dollar and the introduction of dividend withholding taxes on shareholders included on the South African register (STRATE); and the decline in the Anglo share price since the 2008 financial crisis has diluted any benefit from being a Rand hedge.



The local index which includes only Namibian Primary listed equities is calculated and published on a daily basis. The local index increased by 16% in 2021. Although Regulation 13 has been the basis of creating a large demand side of the market on the local securities, foreign taxation legislation has made local more attractive in the last few years. South African legislation implemented a 20% withholding tax on dividends, so local investors have a commercial incentive to buy local securities where they receive the full dividend. When analysing the performance of the Namibian securities over a 10-year period it is clear that the local market has become more active of late and there is a demand for local securities that is not currently being met, both from regulatory as well as a commercial perspective. Due to the regulation most pension funds also have a “buy and hold” philosophy, which decreases the liquidity of the securities even further. The implementation of the CSD is expected to open the Namibian market to additional interest from the international market which would increase the demand even more, not only for shares, but specifically on the bond market. It is clear that more Namibian companies need to come to market and expand their shareholding base if the liquidity problem is to be addressed.

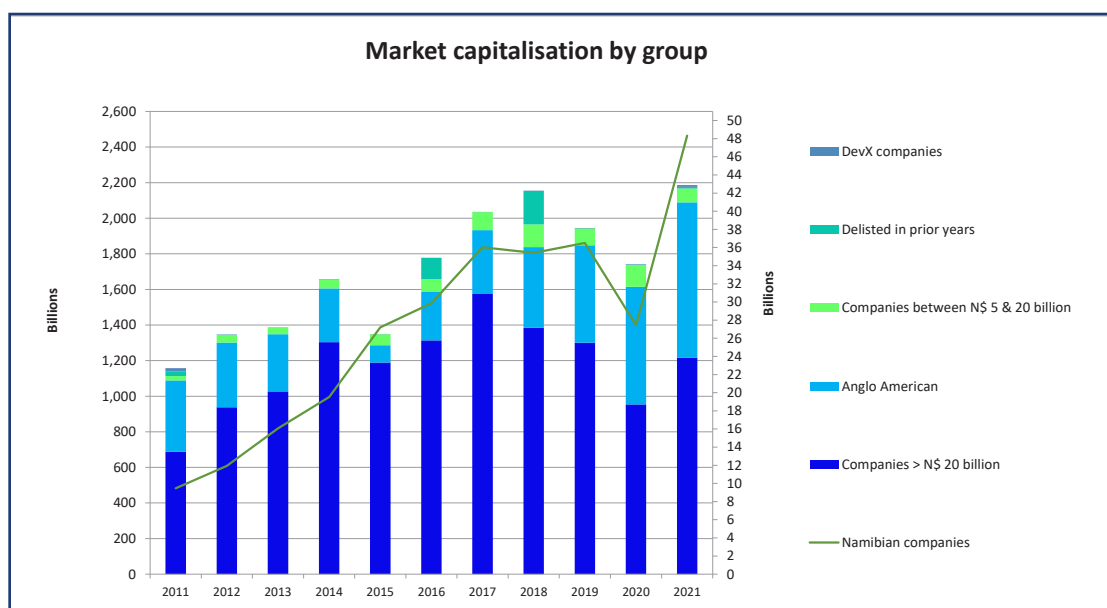
The graphs below examine the price and market capitalisation growth of selected Namibian securities, without taking dividend payments into account.





6. Trades in Equities

Trades are reported by a calendar year and trends, if any, are examined to determine if the value of trades is likely to exceed the forecast for the year, being the average of the preceding three years. To assist in understanding the value of the secondary trades reported by the NSX a stacked column graph has been prepared to highlight the value of each segment.



As shown above Anglo-American Corporation plc is shown separately as it significantly influenced the trading and reporting on the NSX. Other companies are grouped together as follows:

- ☐ Companies with a market capitalisation greater than N\$20 billion;
- ☐ Namibian companies (irrespective of size or primary listing);
- ☐ Companies other than Namibian incorporated with a market cap of between N\$5 billion and N\$20 billion;
- ☐ Companies which have been delisted on either the NSX or JSE since 2003;
- ☐ All companies on the development capital board – at present only ASX and TSX companies;
- ☐ Exchange Traded Funds; and
- ☐ The trades referred to above as concessionary trades, which would not have been traded on the NSX without applying the discretionary brokerage.

Concessionary trades are large blocks (> N\$40 million) of a single primary listed entity for which a preferential trading cost is approved by the NSX to encourage all secondary trades to be reported to the market.

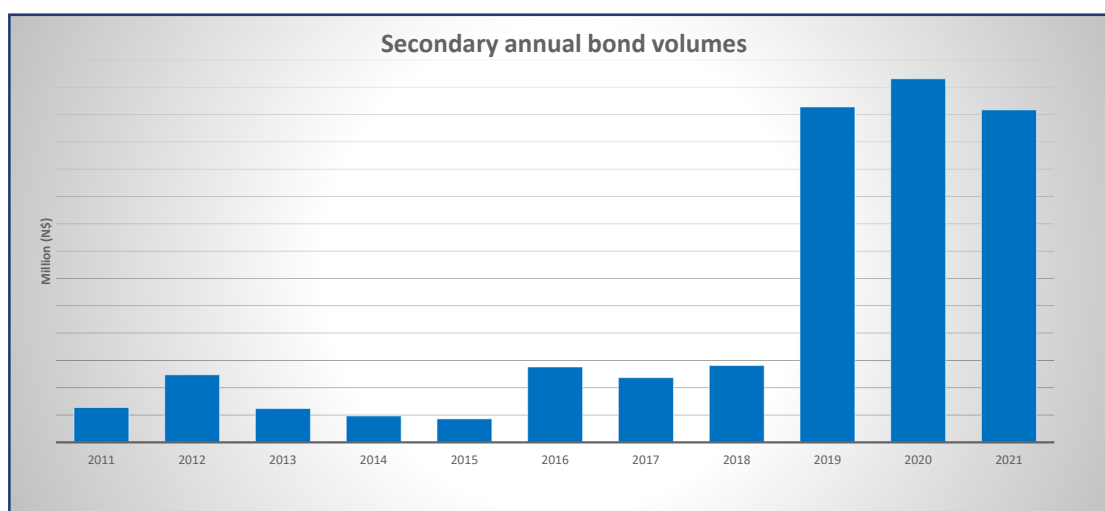
Traded values have been decreasing since the high of 2007 to 2012 with trading levels picking up ever since and 2015 being an exceptional year with an increase of 106% on 2014. Traded values for 2021 increased by 1% when compared to 2020, as the dual listed portion of Domestic assets reduce, this trend is expected to continue.

7. Trades in Bonds

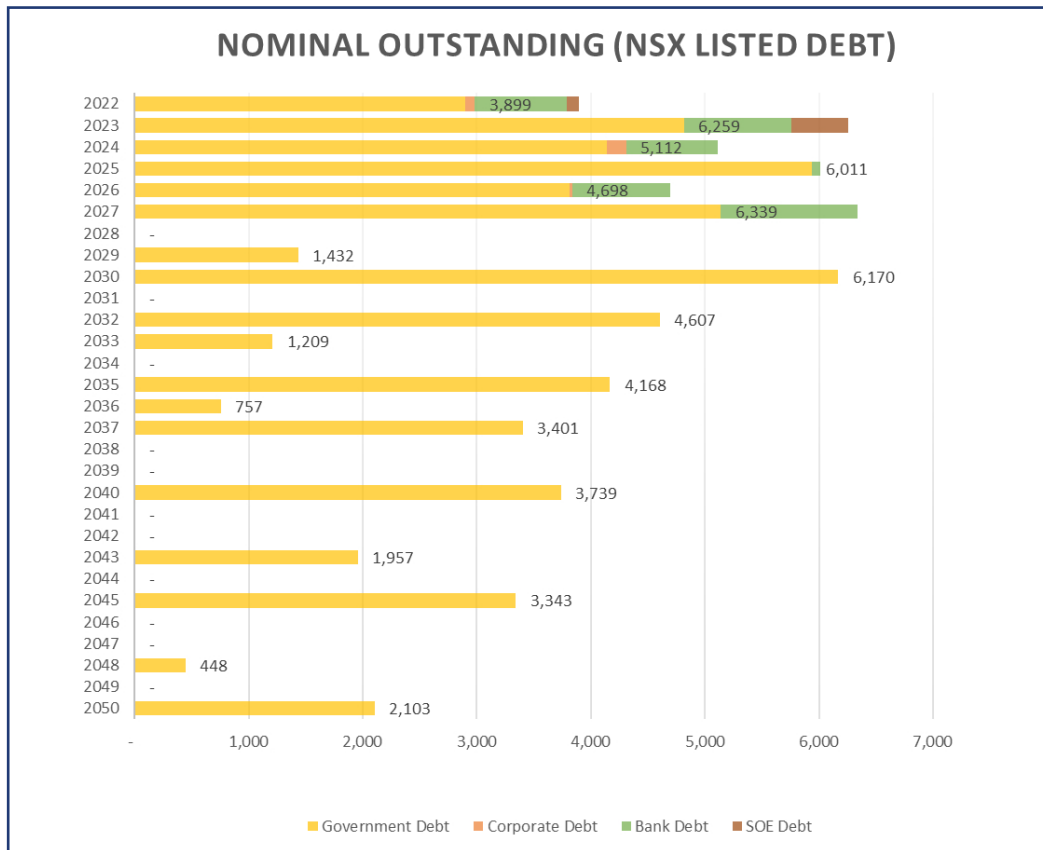
The values of issued bonds in N\$ million are:

	2021	2020
Government	60,079	46,443
State Owned Enterprises Namibia, only	606	606
Commercial Banks	4,277	4,258
Green Bond	407	66
Dual listed on JSE	1,921	1,570
Corporate	283	263

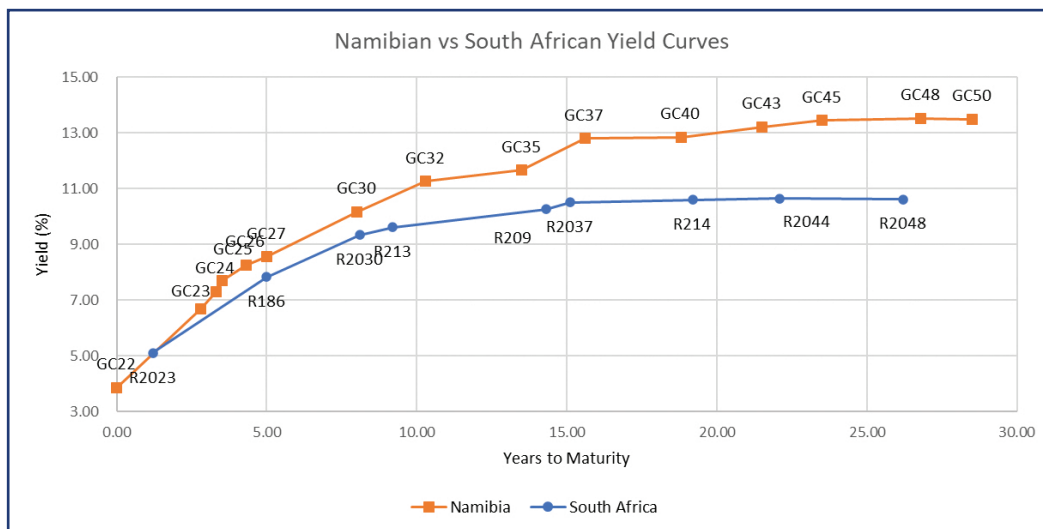
This is in addition to the US\$750 million raised in 2015; ZAR2,052 billion listed on the JSE and the N\$31,765 billion outstanding Treasury Bills.



The number at the end of the bar is the total value of maturities for the year.



The number at the end of the bar is the total value of maturities for the year.



Extracted from IJG Resources

Corporate Governance

NSX Corporate Governance Structure

NSX not for profit members Association

Custodian of the license to operate the stock exchange
Comprises of 43 founder members and 6 Trading members

Board of Directors of the NSX elected from specified categories:
Non-Executive Directors



D Nuyoma*
Investing Public
(Chairman)



HB Gerdes*
Practicing Lawyer
(Deputy Chairman)



B Hansen
Financial
Sector



O Capelao*
Primary Listed
Companies



D Smith*
Registered
Auditor



M Smith
Stockbroking
Community



M Späth
Stockbroking
Community



G Marais*
Any Other

Executive Directors



T Bazuin
Business Community
(Chief Executive
Officer)

*Independent

1. Introduction

The Board of the NSX is responsible for the ongoing assessment of NSX policies relating to the duties and responsibilities of the Board and the delegation of powers.

The NamCode details the importance of corporate governance in achieving financial objectives and fulfilling corporate responsibilities. This is to ensure that corporate governance requirements are met and that the core principles of accountability, integrity and transparency are adhered to.

The Board diligently strives to adhere to the principles detailed in the NamCode.

2. The Board Charter

The Board Charter guides the Board in respect to, amongst others, their duties and responsibilities, composition, meetings and proceedings and codes of ethics.

In addition, the Board Charter provides for a clear division of powers to ensure unfettered discretion in carrying out the duties and responsibilities of the respective directors.

3. Report of the Board

The directors have pleasure in presenting their report on the activities of the NSX Group for the year ended 31 December 2021.

3.1. Internal Controls

The Board is of the opinion, based on the information and explanations given by management that the Exchange's internal controls are adequate and effective and can be relied upon in compiling the annual financial statements and for maintaining accountability for assets and liabilities; and in part by the receipt of an unqualified independent audit report.

The Board believes that the NSX's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

3.2. Preparation of Annual Financial Statements

In preparing the annual financial statements, the NSX has used appropriate accounting policies supported by reasonable and prudent judgments and estimates and has complied with International Financial Reporting Standards.

The Board is of the opinion that the annual financial statements fairly present the financial position of the NSX and the Group as at 31 December 2021 and the results of operations and cash flow information for the year then ended.

3.3. Results for the Year

The operating results and state of affairs of the group and the NSX for the year ended 31 December 2021 are fully disclosed in the attached financial statements. The net profit for the 2021 year of the Group and NSX was, respectively, N\$13,426,855 and N\$11,153,903 (2020: N\$9,775,664 and N\$8,470,583) and the net assets as at 31 December 2021 was, respectively, N\$114,799,708 and N\$94,078,019 (2020: N\$101,582,853 and N\$82,924,116).

3.4. Going Concern

The members of the Board have a reasonable expectation that the Group and NSX has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the annual financial statements.

The going concern basis of preparation assumes that the NSX will continue operating in the foreseeable future and that the NSX will be able to realise its assets and discharge its liabilities in the normal course of business. The going concern assumption is based on the financial results for the year above.

The COVID-19 pandemic had a significant impact and disruption on economic activity in Namibia. The directors considered the impact of the pandemic on the business of the NSX and believes the Group is well positioned with sufficient liquid reserves to continue as a going concern.

3.5. Events After the Reporting Period

There were no material subsequent events between the statement of the financial position date and the date of the approval of the financial statements

4. Board of Directors

4.1. Composition

In terms of the NSX Constitution, which is incorporated in the NSX Rules, the Board is required to consist of 9 (nine) natural persons resident in Namibia, constituted as follows:

- ❑ 7 (seven) members, who shall be elected from the following categories and each category must have at least one representative:
 - investing public (pension funds, asset and unit trust managers);
 - financial sector (banks, short and long-term insurance, investment companies, real estate and speciality finance);
 - primary listed companies;
 - general business community;
 - a registered auditor;
 - practicing lawyer; and
- ❑ 2 (two) members elected from the stockbroking community.

The majority of the Board members are required to be non-executive.
At 31 December 2021 the Board comprised:

Board Member	Category Represented
David Nuyoma	Investing Public (pension funds, asset and unit trust managers)
Bruce Hansen	Financial Sector (banks, short and long-term insurance, investment companies, real estate and speciality finance)
Oscar Capelao	Primary Listed Companies
Tiaan Bazuin	General Business Community
Debbie Smit	Registered Auditor
Hans-Bruno Gerdes	Practising Lawyer
Madelein Smith	Member elected from the Stockbroking Community
Mark Späth	Member elected from the Stockbroking Community
Grant Marais	Any Other

In terms of Section 46 of the SECA, NAMFISA has a right to nominate an individual to attend all Board and committee meetings of the NSX. Absalom Kapenda, General Manager: Capital Markets, has been nominated accordingly.

4.2. Rotation

In terms of the NSX Constitution, at least a third in number of the members of the Board are required to retire by rotation each year at the NSX's AGM.

The retiring Board members are eligible for re-election at the AGM.



4.3. Profiles of Board Members



David Nujoma

Chairman of the NSX Board
Member of the Listings Committee

Mr Nujoma completed his Masters Degree in Industrial Development and BA (Honours) respectively at the University of East Anglia, School of Development Studies, UK. David is the CEO and Principal Officer of the Government Institution Pension Fund (GIPF). Before he joined the Fund he was the first CEO of the Development Bank of Namibia and prior to that he was the Executive Director of the Namibia Investment Centre. He is currently the Non-Executive Chairman of the Pupkewitz Holdings (Proprietary) Limited.

David also served as Board member of various corporate entities in Namibia and was Chairman of the SADC Investment Promotion Agencies and was also Chairman of the SADC Development Finance Institution Network. He served as Commissioner of the National Planning Commission and was member of the President's Economic Advisory Council.



Hans-Bruno Gerdes

Deputy Chairman of the NSX Board
Chairperson of the Listings Committee
Chairperson of the Brokers Screening & Disciplinary Committee
Chairperson of the Demutualisation Committee
Chairperson of the Remuneration Committee

Mr Gerdes (Habo) is an associate of the Institute of Chartered Secretaries and holds a BProc degree from the University of Cape Town. He was admitted to practice in the High Court during 1985 and was the Managing Partner of Engling, Stritter and Partners until 2015 and continues to consult with the firm in respect of corporate/commercial matters. Habo holds a number of directorships in both listed and unlisted companies and serves on various governance committees. He was the chairperson of the Legal Practitioners Fidelity Fund and a Commissioner of the Law Reform and Development Commission until recently. He is the Honorary Consul for the Kingdom of Belgium in Namibia and serves on the Advisory Board of the Namibia Investment Promotion and Development Board.



Bruce Hansen

Member of the Audit, Risk and Investment Committee
Member of the Branding, Marketing and Scholars Investment Challenge Committee
Member of the Demutualisation Committee
Member of the Listings Committee

Mr Hansen holds a Master's degree in Economics as well as an MBA from Oxford Brooks University. He is currently the MD of Simonis Storm Securities and was the Director of the Simonis Storm Money Market from 2006 to 2015. Prior to SS, Bruce worked for 8 years in various capacities for GIPF including benefits administration, customer services and information systems.



Oscar Capelao

Chairperson of the Audit, Risk and Investment Committee
Member of the Listings Committee

Oscar holds a MBA in Digital Business from Zigurat Global Institute of Technology (Barcelona), as well as BCom Hons (Accounting) and a BCompt and is a Chartered Accountant (Namibia). Prior to joining FirstRand Namibia Limited, Oscar worked for Old Mutual Namibia and PWC Namibia in various roles. Oscar's experience spans over 20 years in the financial services industry. He also serves as a Commissioner for the Public Office Bearers Remuneration and Benefits Commission.

4.3. Profiles of Board Members - continued



Debbie Smit

Member of the Audit, Risk and Investment Committee
Member of the Remuneration Committee
Member of the Listings Committee

Mrs Smit is qualified as a CA(NAM), B.Acc (Hons), B.Acc and serves on the Audit, Risk and Investment, Remuneration and Listing Committee.

Debbie adds value to the Board with her experience and knowledge gained in the property, banking, insurance, investment and various other industries from her time spend at Deloitte, Nedbank Namibia Limited, Oryx Properties Limited and various directorships. She is a registered auditor with her own Audit practice.



Madelein Smith

Member of the Branding, Marketing and Scholars Investment Challenge Committee
Member of the Demutualisation Committee
Member of the IT Committee
Member of the Listings Co

Ms Smith has a strong trading background in Forex, Money Market and Equity instruments and earned various industry qualifications in the 1990's before passing the NSX broker entrance examinations. She was appointed Managing Director of Namibia Equity Brokers (Proprietary) Limited at the beginning of 2008 with 13 years' experience in the Namibia Financial Industry. Madelein was elected to the Board at the 2011 AGM and was subsequently re-elected.



Mark Späth

Member of the IT Committee
Member of the Listings Committee

Mr Späth is the Group Managing Director of the IJG Group of Companies. Mark joined IJG in September 2003 as Head of Research. Following the completion of his stockbroking exams in 2005, he was appointed as MD of the Securities business and in 2007 was appointed as the Group MD. Mark holds a B.Bus. Science (Honours Finance) from the University of Cape Town and has completed an executive management course at the renowned Stanford Graduate School of Business. Mark was rated no. 1 sell-side analyst in the category "Other African Markets & Economies" in May 2006 in the prestigious Financial Mail broker ratings. Mark has been directly involved as corporate advisor and sponsor to numerous

companies that have listed (primary / dual / debt issues) on the NSX since September 2006 and has helped build IJG's Advisory, Private Equity, Wealth Management and Business Broking businesses over the years. Prior to joining IJG, Mark worked in the derivatives department of WestLB in London for two years and completed an internship with Schwabe, Ley & Greiner, an Austrian consultancy firm.

4.3. Profiles of Board Members - continued

**Grant Marais**

Member of the Remuneration Committee
Member of the Listings Committee

Mr Marais retired from mainstream financial services to focus on key projects. He was the Group CEO of Momentum Metropolitan Namibia Limited (MMN) until 31 August 2021 where he was responsible for the entire operations of the Life, Asset Management, Short Term Insurance and Health Administration businesses. His previous work experience includes 31 years in banking and financial services of which 21 years were served at Executive Committee level with the last 13 years at Executive Director/Board level. Prior to the MMN contract he ventured into the mining industry being a member of the Swakop Uranium project and owned a successful Financial services consultancy business. Qualifications include a B Comm in Economics and Business Economics and a Certified Associate of the Institute of Bankers along with numerous personal development initiatives.

**Tiaan Bazuin**

Chief Executive Officer of the NSX

Mr Bazuin (Tiaan) has a B.Comm (Economics + Law) and an LLB degree from the North West University in South Africa and was admitted as Legal Practitioner in the High Court of Namibia in 2006 with broad management experience in banking, telecommunications and capital markets. Tiaan is the Chief Executive officer of the Namibian Stock Exchange since 2013 and has served on various Boards including Chairman of the Namibian Employers Association and currently serves as Chairman of the Audit and Risk Committee of the Law Society of Namibia, Board member of the Legal Practitioners Fidelity Fund and a Trustee of Namibia Medical Care. Tiaan is a co-author of the NamCode.

4.4. Remuneration of the Board Members

The annual fee for the Board is split into a retainer and meeting attendance fee.

For 2021, Directors fees were based on a retainer of N\$21,285 for each Board member and a sitting fee of N\$10,642 for meetings attended.

Board Members	Date of Election	2021		25 Mar	03 Jun	30 Jul	02 Sep	17 Nov	2020
		Total N\$	Retainer N\$						Total N\$
Bazuin T	Elected 30 April 2021	-	-	✓	✓	✓	✓	✓	
Capelao O	Re-elected 26 April 2019	53,211	21,285	✓	-	-	✓	✓	52,000
Gerdes H	Re-elected 30 April 2021	53,211	21,285	✓	✓	-	-	✓	52,000
Hansen B	Re-elected 26 April 2019	63,853	21,285	-	✓	✓	✓	✓	52,000
Marais G	Elected 30 April 2020	74,495	21,285	✓	✓	✓	✓	✓	36,400
Nuyoma D	Re-elected 30 April 2020	85,137	42,569	✓	✓	✓	-	✓	72,800
Smit D	Re-elected 30 April 2020	53,211	21,285	-	✓	✓	✓	-	41,600
Smith M	Re-elected 30 April 2020	63,853	21,285	-	✓	✓	✓	✓	52,000
Späth M	Re-elected 30 April 2021	63,853	21,285	-	✓	✓	✓	✓	52,000
Sauls L	Resigned 19 November 2020	-	-	-	-	-	-	-	41,600
Van Rensburg B	Voluntarily resigned 30 April 2020*	-	-	-	-	-	-	-	15,600
		510,824	191,564						468,000

* Mr van Rensburg (a member stockbroker of the NSX) opted to voluntarily resign in order to ensure the Board is majority independent as per NAMCODE Principle C2 - 18.

4.5. Potential Conflicts

The Board has taken cognisance of the potential conflicts and has taken steps to mitigate any such conflicts via disclosure and recusals.

The Board believes that its composition and regular elections ensure that no one individual has undue influence in its deliberations and ultimate decisions.

5. Board Committees

5.1. Introduction

The Board has delegated certain of its functions to well-structured committees, but without abdicating its own responsibilities.

The Board has established the following Board Committees:

- ❑ Audit, Risk and Investment Committee;
- ❑ Remuneration Committee;
- ❑ Listings Committee;
- ❑ Marketing and Branding Committee;
- ❑ IT Committee;
- ❑ Brokers Screening and Disciplinary Committee; and
- ❑ Demutualisation Committee.

The Board Committees each have Charters that set out, amongst others, the objectives, composition, meetings and procedures, duties and responsibilities, and authority of the relevant committee member.

Each Committee is comprised of members who are suitably skilled to perform the role required and is chaired by suitably qualified members.

This rest of this chapter will focus on and highlight the key Committees.

5.2. The Listings Committee

The Listing Committee Panel includes the Board Members and, amongst others, representatives of major accounting and legal firms in Namibia.



Top Left to Right: J Badenhorst, H Bossau, JJG Cornelissen, K Ndilula
Below Left to Right: A Swanepoel, J Mandy, S de Bruin, R Mostert

The quorum for each meeting is three non-conflicted Board Members and all of its meetings must be chaired by an independent senior lawyer designated and appointed by the Board as Chairman and Vice Chairman of the Listings committee.

The Vice-Chairman does not have to be a member of the Board.

This Committee meets on an ad hoc basis to approve all primary listing applications and the approval of note programmes for non-government bonds.

Members attending the listing meetings are selected on availability and their particular skills and training.

As discussed above, the NSX Listings Requirements are modelled on those of the JSE Limited trading as the Johannesburg Securities Exchange (JSE), but with the introduction of the 2004 Namibian Companies Act on 1 November 2010 a number of unique listings requirements are being considered as the Namibian legislation diverges from that in South Africa.

The Board considers the JSE Listing Requirements to be best practices and has requested that the NSX regularly updates, where applicable, practicable, and permitted by Namibian legislation, for changes made by the JSE. A major review will be undertaken on the enforcement of FIMA and the publication of the related prudential and market conduct standards and regulations being drafted by NAMFISA. This review and the resultant update of the harmonisation with best practices are also in line with the aims of the CoSSE to have a regional stock exchange as soon as possible in terms of the SADC Finance and Investment Protocol.

Applications for approval of the medium-term note programmes or individual bonds were processed in accordance with the NSX Debt Requirements.

The meetings and attendance by the members as well as remuneration is detailed below. The Chairman and Vice Chairman of the Listings Committee are each paid a retainer in addition to the meeting fee for consultations during the year on listing requirement interpretations, but a Board member chairs the actual meeting in the absence of the Chairman.

Listing Committee Panel	2021		14 Jan	27 Apr	20 Jul	27 Sep	08 Nov	2020
	Total N\$	Retainer N\$						Total N\$
Bossau H	90,140	21,285	✓	-	✓	✓	-	31,200
Capelao O	-	-	-	-	-	-	-	10,400
Gerdes H	48,785	31,927	-	✓	-	-	✓	71,413
Smit D	65,493	-	✓	✓	-	✓	✓	40,213
Smith M	73,794	-	-	✓	✓	✓	✓	18,270
Späth M	11,919	-	✓	-	-	-	-	31,893
JJG Cornelissen	20,220	-	-	-	✓	-	-	-
	310,351	53,212						203,389

5.3. The Audit, Risk and Investment Committee

The Audit, Risk and Investment Committee is chaired by O Capelao plus two members of the Board, being B Hansen and D Smit.

Representatives from the external auditors, the NAMFISA representative, the Chief Executive Officer, the Chief Financial Officer and the Chairman of the Board attend the Committee meetings by invitation.

The Committee meets a minimum of twice a year to review the audit plan, annual financial results and other significant audit issues.

The meetings and attendance by the members as well as remuneration is detailed below. The annual fee for the Audit Committee is split into a retainer and a meeting fee.

Audit, Risk and Investment Committee	2021		23 Mar	30 Nov	2020
	Total N\$	Retainer N\$			Total N\$
Capelao O	53,211	31,927	✓	✓	52,000
Hansen B	10,642	-	✓	-	20,800
Smit D	21,284	-	✓	✓	20,800
	85,137	31,927			93,600

It is the responsibility of the Audit, Risk and Investment Committee to review the annual financial statements of the NSX and its subsidiaries and the Guarantee Fund, and to make appropriate recommendations regarding their approval to the Boards of the NSX, Transfer Secretaries (Proprietary) Limited, Maerua Investments Number Nine (Proprietary) Limited, Central Securities Depository (Proprietary) Limited and a dormant subsidiary company.

The Audit, Risk and Investment Committee has the responsibility to oversee the implementation and annual review of the risk management process and the maintenance of the risk register.

The NSX Investment Policy Statement provides a framework for the management and investment of the assets of the NSX. The objective of the Group in the management of capital is to safeguard the Group's ability to continue as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund created in terms of the SECA and to deepen the capital markets in Namibia.

To improve the returns on investments and to benefit from the positive returns experienced in the capital market since the international financial crisis, management recommended to the Board to appoint a number of Namibian unit trust asset managers with a prudential and balanced mandate to manage the funds of the NSX and the Guarantee Fund and not to rely on the interest income approach of prior years. The Board has decided to impose a limit of 40% of total funds in any one fund or bank.

The returns earned on these investments are reported through the income statement in terms of IFRS requirements as the assets are marked-to-market at year end.

5.4. The Remuneration Committee

The Remuneration Committee comprises of three independent non-executive directors and is chaired by H-B Gerdes. The Chairman of the Board and the NAMFISA representative are invited to attend.

This committee is responsible for strategic human resources issues such as managerial succession planning, human resources policies, and the remuneration of staff and office-bearers and attendance fees for Board Members.

The meetings and attendance by the members as well as remuneration is detailed below.

Remuneration Committee		2021	24 Mar	2020
		Total N\$		Total N\$
Capelao O	Resigned 30 April 2020	-	-	5,200
Gerdes H	Re-elected 30 April 2021	5,321	✓	10,400
Smit D	Re-elected 30 April 2020	5,321	✓	10,400
Marais G	Elected 30 April 2020	5,321	✓	5,200
		15,963		31,200

5.5. The Brokers Screening & Disciplinary Committee

A Broker Screening Committee reviews all applications for broking membership of the NSX to determine if the applicant is fit and proper in terms of the Rules of the NSX.

The Committee also has the responsibility of ensuring adherence to the Supervision and Enforcement Rules contained in the NSX Rules, fairness in membership and disciplinary matters, and ensuring that stockbrokers and the corporate member and its employees comply with the SECA, the NSX Rules and Directives.

This committee comprises of two members of the Board and is chaired by H-B Gerdes.

There were no Brokers Screening Committee meeting was held during the 2021 financial year.

6. Executive Team

The size of the Executive Team is concomitant with the size of the NSX.

At 31 December 2021 management comprised of:

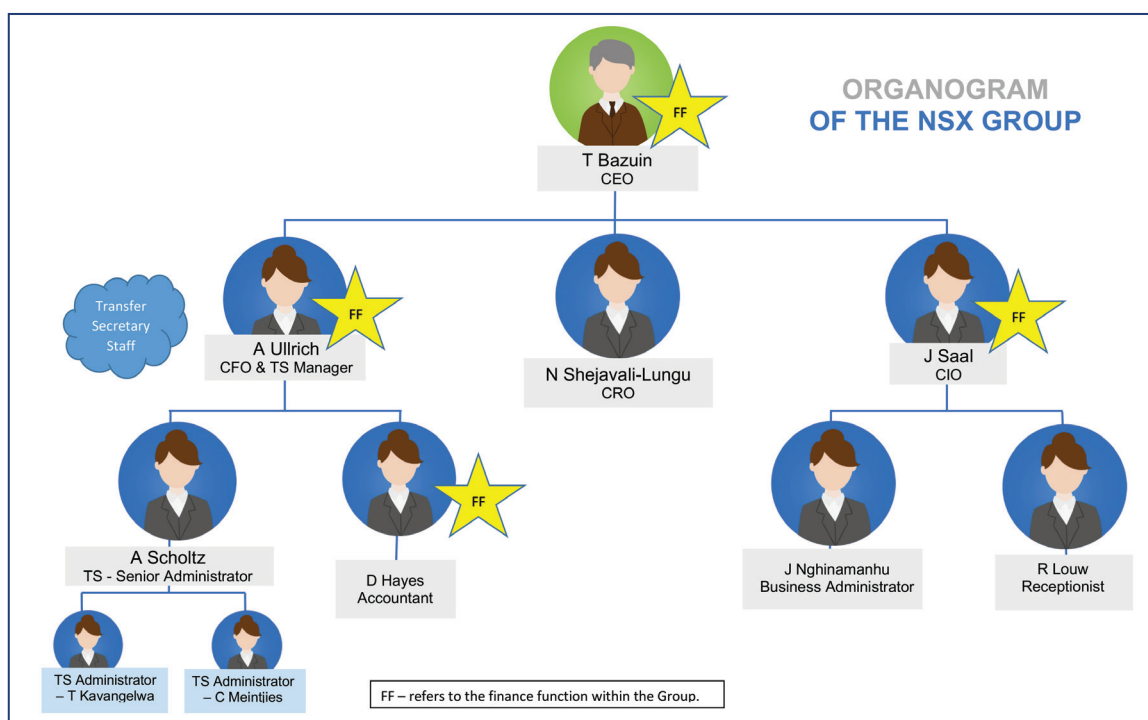
Tiaan Bazuin	Chief Executive Officer ("CEO")
Appointed:	1 January 2013 as CEO
Years of Service:	11 years
Qualifications:	BCom (Economics + Law) and LLB degrees from the University of the North West in South Africa and admitted as a Legal Practitioner in the High Court of Namibia.

Alexandrea Ullrich	Chief Financial Officer ("CFO")
Appointed:	1 January 2018 as CFO
Years of Service:	6 years
Qualifications:	BCom (Accounting) and BCom Honours (Chartered Accounting) from the University of Johannesburg in South Africa and a registered Chartered Accountant member of the Institute of Chartered Accountants of Namibia.

Johene Saal	Chief Information Officer ("CIO")
Appointed:	1 January 2018 as CIO
Years of Service:	21 years (NSX and Transfer Secretaries (Proprietary) Limited)
Qualifications:	Higher Certificate in Office Administration – Damelin Management School

Namene Shejavali-Lungu	Chief Regulatory Officer ("CRO")
Appointed:	1 April 2021
Years of Service:	1 year
Qualifications:	LLB and LLM (Company Law) degrees from University of the Witwatersrand in South Africa and admitted as a Legal Practitioner in the High Courts of Namibia and South Africa.

7. NSX Group Staff Structure



Left to Right: C. Meintjies, J. Nghinamanhu, D. Hayes, A. Scholtz, T. Kavangelwa, T. Bazuin, N. Shejavali-Lungu, J. Saal, R. Louw, A. Ullrich

8. Risk, Governance and Management

8.1. Risk Management Review

The NSX has updated its Risk Register for the Risk Management Committee which is chaired by an independent non-executive committee to assist its board with the identification, assessment, evaluation and monitoring actual and potential risks and the mitigation thereof.

The South African Institute of Chartered Accountants in 2004 issued an updated Stockbrokers: Audit and Accounting Guide to provide practical guidance on the auditing and accounting issues related to the accounts of Stockbrokers.

In addition, regular reviews of the Broker Deal Accounting ("BDA") systems were undertaken by an independent auditing firm for use by all auditors to stockbrokers; this review was last completed in March 2021 for the period ended February 2020 by PricewaterhouseCoopers Advisory Services (Proprietary) Limited for the JSE Limited and NSX.

Risks influencing the environment in which the NSX and its trading subsidiary, Transfer Secretaries (Proprietary) Limited operates are described below. As the property is occupied by the NSX and Transfer Secretaries the risks are substantially reduced. As part of its risk management procedures, the NSX has extensive insurance cover across all areas of its business and regularly reviews the mandatory insurance cover held by its members and the capital in the Guarantee Fund.

8.2. Principal Risk

Principal risk is the risk of a party losing the full value of a transaction which may result from a delay between payment and the transfer of ownership of securities.

The implementation of [STRATE](#) eliminated the major portion of this risk on dual listed transaction through the simultaneous, final irrevocable delivery versus payment for the South African leg of the transaction, thereby substantially reducing the overall risk of participating in the equities market.

The clearing of Namibian primary listed equities and bonds is settlement against delivery, but this is being hampered by the limits on the Namibia dollar size of cheques and the abolishing of cross border cheques. The Namibian CSD will address this risk in the same way [STRATE](#) addressed it in South Africa.

8.3. Technology and Systems Risk

The NSX provides a market for the dealing in securities and financial instruments that is information technology intensive. Equity dealing is matched electronically on MIT Millennium Exchange which is developed and maintained by the JSE. In addition, trades in securities conducted through the JSE are settled through the electronic settlement engine [STRATE](#). In parallel with the provision of this service the NSX and JSE (the Exchanges) also oblige all stock broking members to maintain their general ledger (exemptions are permitted) and client accounting through the JSE maintained BDA system.

The technology and systems risk is the inability of the systems and applications to manage and control the business processes and information. The JSE bears the risk for the dual listed trades but is largely exempt from legal liability should either or all of the systems referred to above not function efficiently or at all, resulting in the Exchanges being unable to provide an efficient operational market.

To address this risk the JSE employs a significant portion of its staff, under the supervision of the Director: Information Technology to manage the risk associated with BDA, MIT Millennium Exchange, Info Wiz and the ATS, which includes a comprehensive redundancy and disaster recovery infrastructure and plan.

The NSX has a Namibia based IT service provider managing its IT systems and to provide the required Disaster Recovery ("DR") server, located off-site, and the NSX continues to provide an operational terminal for use by any of the brokers should part of their essential trading system fail. These services are continually reviewed and updated when considered necessary.

8.4. Settlement and Liquidity Risk

Settlement risk relates to where a party to an outstanding transaction fails to perform on the prescribed settlement date and a transaction fails as a result.

Liquidity risk is closely associated with settlement risk and is the risk that a party will not have sufficient liquidity to meet its settlement obligations.

The NSX, accept any settlement or liquidity risk in respect of off-market trades. The NSX accepts no settlement or liquidity risk in respect of listed bond trades. The contracting parties in Namibia to an off-market trade or bond trade bear this risk.

Settlement performance is the cornerstone of every securities exchange, and therefore the Exchanges, in certain prescribed circumstances (on-market trades between two members) guarantees settlement and the Exchanges are required to manage settlement, bearing the liquidity and price risk for both the cash and securities.

The failure by a party to perform its settlement obligations may result in a counterparty having an open position. To address this situation, it is necessary to incur the cost of replacing, at current market prices, the securities subject to the agreed transaction. This risk is exacerbated by liquidity risk and price risk, which is the possibility that the price of replacing the required securities has materially and negatively changed. The Exchanges environment comprises a hierarchical risk structure with the obligations of the client being guaranteed by the client's stock broking member. The stock broking member's obligations in this regard are in turn guaranteed by the respective Exchanges. The settlement risk to the NSX is therefore directly proportional to the extent that both the client and the stockbroker are not able to perform their respective obligations. the NSX has recourse in respect of any negative price movement against the stock broking member who introduced the trade.

The JSE has, through its rules, taken steps to address and limit settlement, price and liquidity risk. To ameliorate its inherent risks the NSX has adopted with appropriate amendments, for local laws and size of the market the JSE Listing requirements and general operating procedures. The JSE Settlement Authority is appointed in terms of the JSE rules and is currently - The Director: Clearing and Settlement, who is dedicated to facilitating and managing settlement. This Settlement Authority has a wide range of intellectual and information technology resources at its disposal as well as far reaching powers to manage the relevant risks and facilitate the settlement of listed securities.

8.5. Systemic Risk

The 2004 Companies Act allows listed Namibian companies to dematerialise share certificates and the NSX and Transfer Secretaries are investigating how this will impact on the current share registers, maintained for the primary listed companies as the required enabling legislation is still being drafted by NAMFISA. This 2004 Act allows any Namibian incorporated company to buy back its shares, under certain conditions instead of following the reduction of capital prescribed in the repealed act. A number of consequential changes to the Listings Requirements will be finalised together with the changes arising from the enactment of the FIMA and consideration will be given to changes introduced by the JSE, as the leading SADC exchange, as best practices. The intention of the NSX is to implement the CSD and give shareholders the option to dematerialise their shares into electronic scrip is dependent on the CSD obtaining its license.

Both the Exchanges are subject to systemic risk, which is managed by the various stakeholders who participate in the financial markets. The NSX and the JSE both have Guarantee Funds, financial reserves and the JSE has a Fidelity Fund all of which are in place in the event that control procedures in place fail.

8.6. Fidelity Risk

This is the risk of employees or agents of the NSX and its subsidiary committing fraud or an unauthorised activity.

The NSX has significant funds under its management, including monies of the NSX Guarantee Fund. The Chief Executive Officer is responsible for managing this risk which is mitigated through the enforcement of the maximum delegation of powers, segregation of duties, rules setting out checks and balances, low risk investment policies as well as fidelity and similar insurance.

8.7. Legal Risk

This is the risk that a transaction or contract cannot be consummated due to a legal impediment. The NSX is subject to this risk. The Chief Executive Officer is responsible for addressing this risk and in conjunction with external legal counsel attends to managing this risk. The Rules and Directives of the NSX will also be reviewed.

8.8. Currency Risk

This is the risk of defaulting on foreign currency payment obligations as a result of the devaluation of the Namibia Dollar which is linked to the South African Rand. The NSX is not exposed to this risk because payments for its service agreements are mostly in local currency or SA Rands.

The listing on the DevX and main board by Canadian and Australian uranium, gold, oil and phosphate exploration and mining companies has introduced a new currency risk in the trading cycle as well as some of the data vendors being billed in US Dollars; however, to-date the trading in these dual listed companies has been low and the Board is satisfied that the procedures approved by the Bank of Namibia, including the introduction in 2012 of depository receipts are adequate to safeguard the investors from any operational risk.

8.9. Reputational Risk

Reputational risk is the risk of damage to the Exchanges' reputation. Given the nature of a financial market and the importance of the integrity of the market, this is a very grave risk and is a risk which is a natural consequence of all other risks set out above.

STRATE is a crucial element of the equities market. The risk associated with electronic settlement is not directly within the control of the JSE. This risk, if not managed, will result in the tarnishing of the Exchange's reputation and affect the ongoing viability of the securities market. The JSE, through its investment in and representation on the STRATE Board of Directors, participates in the guidance of the STRATE business, including the management of all STRATE related risk issues. In this way, the reputational risk to the Exchanges resulting from a STRATE related default, is managed and mitigated. International research has highlighted the enormous improvements to operational and settlement risks which should have a beneficial effect, particularly on the non-resident clientele of the market.

The Chief Executive Officer is generally responsible for managing this risk and under his guidance all aspects of the NSX business are focused on ensuring an honest, safe, transparent and efficient market.

8.10. Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems.

Operational risks are those risks of a non-speculative nature with no potential of showing a profit. The objective of operational risk processes is therefore to mitigate the downside impact of these risks as far as possible, thereby ensuring the optimal application and protection of physical assets, while ensuring the continuity of the Exchange's business.

Operational risk elements can be classified as follows:

- ☐ Process risk;
- ☐ Employee risk; and
- ☐ Systems risk.

The Board accepts overall responsibility for operational risk with the responsibility of day-to-day management of operational risk delegated to management of the NSX.

Risk management controls are in place to lower the probability of operational risk occurring and the impact thereof.

8.11. Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

At year end there were no significant concentrations of credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Credit risk on the NSX's own funds is minimised through ensuring that funds are mainly placed with registered banking institutions with maximum investment limits prescribed for each bank, other approved investments are in Government bonds and treasury bills. Exposure to credit risk on accounts receivable balances is monitored as part of the daily procedures of the Exchange's finance department.

8.12. Liquidity Risk

Liquidity risk is the risk that the NSX will be unable to meet its short-term funding requirements.

This risk is managed by the NSX in conjunction with an Investment Committee, formed by the Board, by maintaining some of the NSX's funds in current and call accounts and investments of various maturities in treasury bills, government and other bonds and fixed deposits with institutional and maturity limits. The investments in the Namibian managed unit trusts can be redeemed at short notice and the NSX does not speculate in equity investments.

8.13. Interest Rate Risk

Interest rate risk is the risk of the NSX being exposed to gains or losses on fluctuations on interest rates where assets or liabilities are linked to fixed interest rates.

This risk is managed by the Exchange ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the NSX.

9. Business Continuity Management

Business continuity is the ability to continue to deliver core products and / or services in the event a material business incident or disruption occurs, it also addresses the protection of its employees and reputation.

Management ensures that the business continuity arrangements that are in place are appropriate, complete and up to date.

With the small staff compliment emphasis is placed on a blended skills approach amongst staff to enable a coordinated response during unexpected circumstances. The blended skills philosophy was one of the main contributing factors towards the Groups swift and effective response to COVID-19. The succession planning framework is presented to the Remuneration Committee annually for in depth discussion and is presented to the Board for approval.

The IT function of the NSX Group is outsourced in its entirety and the Disaster Recovery Plan in place details that the data is continuously being backed up and tested by IT function. There is a server on site, a server with the IT provider, data updates and retention also occur in a cloud. Should unforeseen circumstances occur at the NSX premises a workstation will be set up by the IT provider off-site within the hour and business will commence.



Audited Annual Financial Statements

Directors' Responsibility for Financial Reporting.....	38
Directors' Approval of the Annual Financial Statements	38
Independent Auditor's Report.....	39 - 40
Statements of Profit or Loss and other Comprehensive Income	41
Statements of Financial Position	42
Statements of Changes in Rights and Reserves	43
Statements of Cash Flows	44
Notes to the Annual Financial Statements	45 - 62



Directors' Responsibility for Financial Reporting

The Members of the Board of the Namibian Stock Exchange (hereinafter referred to as NSX) are responsible for monitoring the preparation and integrity of the financial statements and related information included in this annual report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal controls. The Board has ultimate responsibility for the system of internal controls and reviews its operation.

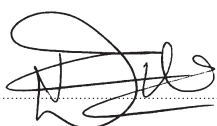
The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Namibian Stock Exchange policies and procedures. Trained, skilled personnel with an appropriate segregation of duties implement these controls. The controls are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with International Financial Reporting Standards. The financial statements incorporate responsible disclosures in line with the accounting philosophy of the Namibian Stock Exchange. The annual financial statements are based on appropriate accounting policies consistently applied.

The management and the Board of the Namibian Stock Exchange believe that the Namibian Stock Exchange and its wholly-owned subsidiaries, will be able to continue as going concerns in the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the annual financial statements.

Directors' Approval of the Annual Financial Statements

The consolidated and separate annual financial statements for the year ended 31 December 2021 set out on pages 4 to 24 have been approved by the Board on 22 April 2022 and are signed on its behalf by:



David Nuyoma
Chairperson



O Capelao
Director



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Independent Auditor's Report to the Members of the Namibian Stock Exchange

Opinion

We have audited the consolidated and separate financial statements of Namibian Stock Exchange ("NSX") and its subsidiaries (the "Group") as set out on pages 41 to 62, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies. In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the NSX as at 31 December 2021 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements section of our report. 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 Standards) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' responsibility for financial reporting, the directors' approval of the annual financial statements and the report of the directors which we obtained prior to the date of this auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and 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 and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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 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 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 NSX and Group'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 NSX or the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

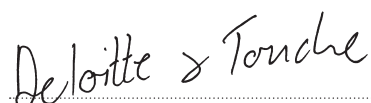
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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 skepticism 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 NSX and group'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 NSX or Group'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 NSX or Group 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 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.



Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per Johann Cronjé
Partner

Windhoek
25 April 2022

Statements of Profit or Loss and Other Comprehensive Income for the Year ended 31 December 2021

	Notes	Group		Namibian Stock Exchange	
		2021 N\$	2020 N\$	2021 N\$	2020 N\$
Revenue	4	15,540,906	16,176,313	11,221,240	11,579,346
Investment income	5	11,588,167	5,138,076	9,855,488	4,698,532
Other income	6	35,590	82,301	2,575,897	2,571,554
Total revenue		27,164,663	21,396,690	23,652,625	18,849,432
Operating expenses		(13,747,062)	(11,476,723)	(12,498,722)	(10,378,849)
PROFIT BEFORE TAXATION	6	13,417,601	9,919,967	11,153,903	8,470,583
Taxation	7	9,254	(144,303)	-	-
PROFIT FOR THE YEAR AFTER TAX		13,426,855	9,775,664	11,153,903	8,470,583
Other comprehensive income, net of income tax					
<i>Items that will not be reclassified subsequently to profit and loss</i>					
Unrealised loss on revaluation of fixed property	10	(210,000)	(675,000)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13,216,855	9,100,664	11,153,903	8,470,583
TOTAL COMPREHENSIVE INCOME FOR THE YEAR					
Attributable to		13,673,576	9,533,211	11,153,903	8,470,583
Parent		(456,721)	(432,547)	-	-
Non-controlling interest		13,216,855	9,100,664	11,153,903	8,470,583

Statements of Financial Position as at 31 December 2021

		Group		Namibian Stock Exchange	
	Note	2021 N\$	2020 N\$	2021 N\$	2020 N\$
ASSETS					
NON-CURRENT ASSETS		72,425,579	63,122,846	55,299,599	48,100,078
Equipment and intangibles	9	327,271	354,573	165,812	162,744
Fixed property	10	7,600,000	7,810,000	-	-
Investments in subsidiaries	11	-	-	5,428,583	5,710,551
Other investments, balanced mandate unit trusts	13	64,498,308	54,958,273	49,705,204	42,226,783
CURRENT ASSETS		54,429,515	48,803,002	47,096,800	42,627,574
Other investments	12	-	425,606	-	425,606
Trade and other receivables	14	2,540,298	722,453	1,616,425	440,195
Current taxation		176,640	172,846	-	-
Cash and cash equivalents	19.3	51,712,577	47,482,097	45,480,375	41,761,773
TOTAL ASSETS		126,855,094	111,925,848	102,396,399	90,727,652
RIGHTS, RESERVES AND LIABILITIES					
Rights and Reserves		114,799,708	101,582,853	94,078,019	82,924,116
Founding members' contributions		430,000	430,000	430,000	430,000
Stockbroking members rights		1,890,500	1,890,500	1,890,500	1,890,500
Property revaluation reserve		779,700	989,700	-	-
Insurance reserve		500,000	500,000	500,000	500,000
Guarantee fund	16	21,007,424	18,258,060	-	-
Retained surplus		93,142,298	82,008,086	91,257,519	80,103,616
Non-contolling interest		(2,950,214)	(2,493,493)	-	-
NON-CURRENT LIABILITIES		5,561,681	4,800,388	5,219,581	4,429,112
Provision for severance pay	17	614,475	401,436	530,151	347,343
Deferred revenue	4.1	4,689,430	4,081,769	4,689,430	4,081,769
Deferred taxation	8	257,776	317,183	-	-
CURRENT LIABILITIES		6,493,705	5,542,607	3,098,799	3,374,424
Deferred revenue	4.1	618,882	566,767	618,882	566,767
Loan: Bank of Namibia	18	2,886,054	2,431,000	-	-
Trade and other payables	15	2,988,769	2,544,840	2,479,917	2,807,657
TOTAL RIGHTS, RESERVES AND LIABILITIES		126,855,094	111,925,848	102,396,399	90,727,652

Statements of Changes in Rights and Reserves for the Year ended 31 December 2021

GROUP

	Founding members' contributions	Stock-broking members' rights	Property revaluation reserve	Insurance reserve	Guarantee fund	Non-Controlling Interest	Retained surplus	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Balance at 31 December 2019	430,000	1,890,500	1,664,700	500,000	16,802,546	(2,060,946)	73,255,388	92,482,189
Loss / Profit for the year	-	-	-	-	-	(432,547)	10,208,211	9,775,664
Other comprehensive income for the year	-	-	(675,000)	-	-	-	-	(675,000)
Total comprehensive income for the year	-	-	(675,000)	-	-	(432,547)	10,208,211	9,100,664
Transfer	-	-	-	-	1,455,514	-	(1,455,514)	-
Balance at 31 December 2020	430,000	1,890,500	989,700	500,000	18,258,060	(2,493,493)	82,008,086	101,582,853
Loss / Profit for the year	-	-	-	-	-	(456,721)	13,883,576	13,426,855
Other comprehensive income for the year	-	-	(210,000)	-	-	-	-	(210,000)
Total comprehensive income for the year	-	-	(210,000)	-	-	(456,721)	13,883,576	13,216,855
Transfer	-	-	-	-	2,749,364	-	(2,749,364)	-
Balance at 31 December 2021	430,000	1,890,500	779,700	500,000	21,007,424	(2,950,214)	93,142,298	114,799,708
Number of rights	43	35	-	-	-	-	-	78
Notes			10		16		4.1	

NAMIBIAN STOCK EXCHANGE

	Founder members' contributions	Stockbroking members' rights	Insurance reserve	Retained surplus (restated)	Total
	N\$	N\$	N\$	N\$	N\$
Balance at 31 December 2019	430,000	1,890,500	500,000	71,633,033	74,453,533
Total comprehensive income for the year	-	-	-	8,470,583	8,470,583
Balance at 31 December 2020	430,000	1,890,500	500,000	80,103,616	82,924,116
Total comprehensive income for the year	-	-	-	11,153,903	11,153,903
Balance at 31 December 2021	430,000	1,890,500	500,000	91,257,519	94,078,019

VALUATION OF RIGHTS

The Board's valuation of a new right is based on the total of the capital and reserves at the end of the year divided by the number of rights in issue in terms of Rule 2.4.6. This valuation is only for the purpose of calculating the cost of a new right, should a new right be issued.

Number of rights

Founder members	43
Stockbroking members	35
	<u>78</u>

Valuation	Group	Namibian Stock Exchange
2020	1 302 000	1 063 000
2021	1 471 000	1 206 000

Statements of Cash Flows for the Year ended 31 December 2021

	Note	Group		Namibian Stock Exchange	
		2021	2020	2021	2020
		N\$	N\$	N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES		3,417,687	8,046,854	3,533,916	7,892,340
Cash receipts from customers		13,758,651	16,951,474	12,620,907	15,124,410
Cash paid to suppliers and employees		(12,335,149)	(11,219,478)	(11,464,058)	(9,923,613)
Cash generated from operations	19.1	1,423,502	5,731,997	1,156,849	5,200,797
Investment income		2,048,132	2,427,090	2,377,067	2,691,543
Taxation paid		(53,947)	(112,233)	-	-
CASH FLOWS UTILISED FOR INVESTING ACTIVITIES		357,739	(251,303)	184,686	(95,587)
Acquisition of property and equipment		(76,867)	(349,361)	(56,554)	(156,692)
Proceeds from disposal of property and equipment		9,000	27,700	9,000	24,260
Movements in investments		-	-	(193,366)	(33,513)
Withdrawals from listed investments		425,606	70,358	425,606	70,358
CASH FLOWS FROM FINANCING ACTIVITIES		455,054	699,321	-	-
Proceeds of loan from non-controlling interest		455,054	699,321	-	-
Net movement in cash and cash equivalents		4,230,480	8,494,872	3,718,602	7,796,753
Cash and cash equivalents at beginning of the year		47,482,097	38,987,225	41,761,773	33,965,020
Cash and cash equivalents at end of the year	19.3	51,712,577	47,482,097	45,480,375	41,761,773

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

1.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical basis, except for the fixed property and certain financial instruments that are measured at fair value as described in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The functional currency of the Group is the Namibia Dollar ('N\$').

1.3 Consolidation

The consolidated financial statements include the financial position, operating results and cash flows of the NSX, an exchange licensed in terms of the Stock Exchanges Control Act, (Act 1 of 1985) (SECA); the separate statutory guarantee fund created and maintained in accordance with SECA and controlled by the NSX for the benefit of listed equity investors; and the subsidiaries of the NSX. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. Control is achieved where the NSX is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets and liabilities of the subsidiary. Unrealised income, expenses and profits arising from transactions within the group and inter-company balances are eliminated. The carrying value of subsidiaries is compared with their attributable net asset or market value. Provision for permanent impairment is charged against profit.

1.4 Financial instruments

Initial recognition and measurement

Financial instruments recognised in the statement of financial position includes listed investments, investments in balanced mandated unit trusts, trade receivables, cash and cash equivalents, amounts due to and from group entities and trade payables. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the Group commits itself to purchase or sell the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments are measured initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

The Group classifies financial assets into the following categories:

- Financial assets at fair value through profit and loss; and
- Loans and receivables at amortised cost.

Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets at fair value through profit and loss

The business model of the Group is to collect contractual cashflows from financial assets.

The group's investment in balanced mandated unit trusts is classified as financial assets at fair value through profit and loss. These assets are carried at fair value with any resultant gain or loss being recognised in profit and loss. Impairment losses are recognised in profit and loss.

Loans and receivables and financial liabilities measured at amortised cost

Other financial instruments are measured at amortised cost using the effective interest method, less any impairment losses on financial assets. Other financial instruments include listed investments, trade receivables, cash and cash equivalents, amounts due to and from group entities and trade payables.

1.5 De-recognition of assets and liabilities

Financial assets

Financial assets (or a portion thereof) are de-recognised when the entity realises the rights to the benefits specified in the contract, the rights expire or the entity surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in the statement of profit or loss and other comprehensive income.

Financial liabilities

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expires. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it are included in the statement of profit or loss and other comprehensive income.

1.6 Impairments

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

1.7 Foreign currencies

Foreign currency transactions are recorded at the exchange rate ruling on the transaction date. Assets and liabilities designated in foreign currencies are translated at rates of exchange ruling at the statement of financial position date. Foreign currency gains and losses are charged to the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

1.8 Equipment and intangibles

Equipment and intangibles are stated at cost, less accumulated depreciation. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Depreciation is charged on a straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

- Equipment	33,33% per annum
- Office furniture	20,00% per annum
- Software	33,33% per annum

Purchased software licences are initially stated at cost. Depreciation is charged on a straight-line basis over the period of the licence. The carrying amount of any intangibles is reviewed annually and written down for any permanent impairment.

Where the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount through the statement of profit or loss and other comprehensive income.

Surpluses and losses on disposal of property and equipment are charged to the statement of profit or loss and other comprehensive income.

1.9 Fixed properties

Fixed properties held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

1.10 Employee retirement benefit costs

The Group contributes to an umbrella defined contribution fund in respect of retirement benefits of current employees, the costs of which are recognised as an expense when employees have rendered service entitling them to the contributions.

The Group does not provide post retirement medical benefits to employees. The Group accrues for the value of leave due on the basis of the number of days owing to the employee and the relevant cost associated therewith. The Group provides for severance pay benefits in accordance with the terms and conditions specified in the Labour Act of 2007 (Act 11 of 2007).

1.11 Deferred taxation

Deferred taxation is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. Current tax rates are used to determine the deferred tax balance. In determining the balance, account is taken of estimated tax losses.

A deferred tax asset is recognised to the extent that its probable future taxable profits will be available against which the unused tax losses and deductible temporary difference can be utilised.

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

1.12 Revenue recognition

The Group recognises revenue from the following major sources:

For the Namibian Stock Exchange:

- Listing and documentation fees
- Annual and entrance fees
- Annual fees
- Commission received - Transaction levy
- Information fees
- Commission received - Other

For Transfer Secretaries (Proprietary) Limited

- Annual fees
- Quarterly fees
- Service fees

For Guarantee Fund:

- Guarantee Fund contributions

Namibian Stock Exchange:

Listing and documentation fees (initial listing fees)

Revenue from contracts with customers:

The Group concluded that the revenue for the initial listing and documentation fees is to be recognised over an expected period that reflects the average listing period of issuers. This is based on an average historical minimum life expectancy of a listed company. The company has the obligation to provide the platform to the issuer over the term for which it receives the revenue.

A new applicant issuer is charged a documentation fee before the initial listing of securities; and

A capital raising fee is charged once the listing is successful.

Annual and entrance fees

All sponsors, except registered stockbrokers, pay an initial, non-refundable, application fee in order to act as a sponsor. All sponsors, except registered stockbrokers, will also pay a non-refundable annual fee, except in the year that the initial annual fee is paid.

Annual fees

An annual listings fee is payable each year whilst the securities are listed.

Commission received - Transaction levy

A transaction levy of 10% for securities, except bonds, is levied on the brokerage of each transaction.

Information fees

Revenue is earned from data subscriptions.

Commission received - Other

The commission rate earned is a 0.05% levy of the total trade value (excluding Stamp Duties) on over-the-counter securities (OTCMN) traded.

A monthly quoting fee is charged for the duration of each quote on the OTCMN.

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

1.12 Revenue recognition (continued)

Transfer Secretaries (Proprietary) Limited:

Annual fees

The revenue stream is comprised of dual listed securities without shareholder registers in Namibia, as per the listing rules these securities are required to have a receiving office in Namibia. The issuer appoints Transfer Secretaries (Proprietary) Limited as its receiving office in the Republic of Namibia ("Namibia") for the purpose of assisting its shareholders resident in Namibia.

Quarterly fees

The revenue stream is comprised of dual listed securities with a shareholder register in Namibia and primary listed securities.

Service fees

The revenue stream is comprised of services performed by Transfer Secretaries (Proprietary) Limited. The services being rendered is:

- Setting up of the register for a security;
- Receiving, registering and certifying transfers of the Principal's securities;
- Issuing certificates or certified deeds to holders of the Principal's securities;
- Preparing and dispatch dividend and/or interest payments to be made after the last day to register and advise the Principal forthwith of the total funds required to meet such payment;
- Reconciling the dividend and/or interest accounts ; and
- Preparation of addressed envelopes or labels for the despatch of notices to convene the meetings of holders, (if applicable) as may be required under the Articles of Association of the Principal, the Companies Act or any other statute or regulation or as the Principal itself may direct, the Programme Memorandum, etcetera, as well as to despatch the annual report and interim statement as may be required.

Guarantee Fund:

Broking members or broking firms or both contribute a 10% levy of the transaction levy to the fund.

1.13 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.14 Taxation

The NSX and the Guarantee Fund are exempt from normal taxation in terms of Section 16(1)(d) of the Income Tax Act, No. 24 of 1981. The operating subsidiaries are subject to normal taxation in terms of the Income Tax Act, No 24 of 1981.

The tax currently payable is based on taxable income of Transfer Secretaries (Proprietary) Limited for the year. Taxable income differs from profit reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated at the enacted statutory rate applicable for the reporting year.

Notes to the Financial Statements for the Year ended 31 December 2021

1. ACCOUNTING POLICIES (continued)

1.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material judgements nor estimates made in preparing these financial statements other than disclosed in Notes 4, 9, 10 and 11.

The Directors have reviewed the Group's investment in financial assets in light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold these assets until they are ready for use.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 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:

- IFRS 4 Insurance Contracts: Interest Rate Benchmark Reform Phase 2;
- IFRS 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform Phase 2;
- IFRS 9 Financial Instruments: Interest Rate Benchmark Reform Phase 2;
- IFRS 16 Leases: COVID-19-Related Rent Concessions;
- IFRS 16 Leases: Interest Rate Benchmark Reform Phase 2; and
- IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform Phase 2.

There were no significant adjustments as a result of applying these standards.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2022 or later periods:

Standard / Interpretation:

Effective date: Years beginning

- | | |
|--|------------------|
| - IFRS 1 First-time Adoption of International Financial Reporting Standards: Annual Improvements to IFRS Standards 2018-2020; | 01-Jan-22 |
| - IFRS 3 Business Combinations: Reference to the Conceptual Framework; | 01-Jan-22 |
| - IFRS 9 Financial Instruments: Annual Improvements to IFRS Standards 2018-2020; | 01-Jan-22 |
| - IFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); | To be determined |
| - IFRS 17 Insurance contracts: IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS; | 01-Jan-23 |
| - IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current; | 01-Jan-23 |
| - IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies; | 01-Jan-23 |
| - IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; | 01-Jan-23 |
| - IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction; | 01-Jan-23 |
| - IAS 16 property and equipment: property and equipment: Proceeds before Intended Use; | 01-Jan-22 |
| - IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28); | To be determined |
| - IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract; and | 01-Jan-22 |
| - IAS 41 Agriculture: Annual Improvements to IFRS Standards 2018-2020. | 01-Jan-22 |

Management is in the process to determine the impact of these new and revised standards.

Notes to the Financial Statements for the Year ended 31 December 2021 (continued)

4. REVENUE ANALYSIS

4.1. Revenue (IFRS 15)

Listing and documentation fees generated during 2020

Deferral of Revenue (IFRS 15)

Realise as Revenue during 2020 (IFRS 15)

Realise as Revenue: Opening Deferred Revenue realising in 2020

Revenue as at 31 December 2020

Group	Namibian Stock Exchange
649,400	649,400
(589,404)	(589,404)
59,996	59,996
1,136,824	1,136,824
1,196,820	1,196,820

Listing and documentation fees generated during 2021

Deferral of Revenue (IFRS 15)

Realise as Revenue during 2021 (IFRS 15)

Realise as Revenue: Opening Deferred Revenue realising in 2021

Revenue as at 31 December 2021

1,342,900	1,342,900
(1,226,542)	(1,226,542)
116,358	116,358
566,766	566,766
683,124	683,124

Deferral of Revenue (IFRS 15)

Opening Balance of Deferred Revenue (IFRS 15) as at 01 January 2020

Realised as Revenue: Deferred Revenue realising in 2020

Deferral of Revenue (IFRS 15) - Listing and documentation fees generated during 2020

Closing Balance of Deferred Revenue (IFRS 15) as at 31 December 2020

(5,195,956)	(5,195,956)
1,136,824	1,136,824
(589,404)	(589,404)
(4,648,536)	(4,648,536)

Opening Balance of Deferred Revenue (IFRS 15) as at 01 January 2021

Realised as Revenue: Deferred Revenue realising in 2021

Deferral of Revenue (IFRS 15) - Listing and documentation fees generated during 2021

Closing Balance of Deferred Revenue (IFRS 15) as at 31 December 2021

(4,648,536)	(4,648,536)
566,766	566,766
(1,226,542)	(1,226,542)
(5,308,312)	(5,308,312)

Disclosed as follows:

Non-current Liabilities

Current Liabilities

	Group 2020 N\$	Namibian Stock Exchange 2020 N\$
2021 N\$	2021 N\$	2021 N\$
4,689,430	4,081,769	4,689,430
618,882	566,767	618,882
5,308,312	4,648,536	5,308,312

The key judgement made in determining the deferred revenue balance is the period of amortisation, this is currently estimated at 15 years (2020: 15 years).

4.2. Revenue represents net invoiced amounts to :

Listed entities

- Listing and documentation fees
- Annual fees
- Quarterly fees
- Service fees

Namibian Stock Exchange N\$	Transfer Secretaries N\$	Guarantee Fund N\$	Group N\$
For the year ended 31 December 2021			
683,124	-	-	683,124
4,347,850	193,830	-	4,541,680
-	983,893	-	983,893
-	2,666,575	-	2,666,575
5,030,974	3,844,298	-	8,875,273
1,095,602	-	-	1,095,602
-	-	475,367	475,367
311,100	-	-	311,100
4,753,665	-	-	4,753,665
29,899	-	-	29,899
5,094,664	-	475,367	5,570,031
11,221,240	3,844,298	475,367	15,540,906

Stockbrokers, sponsors and clients

- Guarantee fund contributions
- Annual and entrance fees
- Commission received - Transaction levy
- Commission received - Other

Notes to the Financial Statements for the Year ended 31 December 2021 (continued)

4. REVENUE ANALYSIS (continued)

4.2. Revenue represents net invoiced amounts to :

Listed entities

- Listing and documentation fees
- Annual fees
- Quarterly fees
- Service fees

Data distribution vendors

- Information fees

Stockbrokers, sponsors and clients

- Guarantee fund contributions
- Annual and entrance fees
- Commission received - Transaction levy
- Commission received - Other

Namibian Stock Exchange N\$	Transfer Secretaries N\$	Guarantee Fund N\$	Group N\$
For the year ended 31 December 2020			
1,196,820	-	-	1,196,820
4,123,050	182,000	-	4,305,050
-	1,024,027	-	1,024,027
-	2,904,901	-	2,904,901
5,319,870	4,110,928	-	9,430,798
1,065,828	-	-	1,065,828
-	-	486,039	486,039
303,200	-	-	303,200
4,860,387	-	-	4,860,387
30,061	-	-	30,061
5,193,648	-	486,039	5,679,687
11,579,346	4,110,928	486,039	16,176,313

5. INVESTMENT INCOME

- Interest on investments at amortised cost
- Interest on intercompany loan
- Interest on bank and call accounts

Fair value adjustment on unit trust investments

Group 2021 N\$	2020 N\$	Namibian Stock Exchange 2021 N\$	2020 N\$
28,547	42,959	28,547	42,959
-	-	563,934	548,055
2,019,585	2,384,131	1,784,586	2,100,529
2,048,132	2,427,090	2,377,067	2,691,543
9,540,035	2,710,986	7,478,421	2,006,989
11,588,167	5,138,076	9,855,488	4,698,532

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived after taking the following items into account:

Other Income:

Administration fee: Central Securities Depository (Proprietary) Limited

Administration fee: Transfer Secretaries (Proprietary) Limited

Administration fee: Maerua Investments Number Nine (Proprietary) Limited

Education & Training fees

Handbook: Rules & Listing requirements

Listing confirmations

NamCode Booklet

Profit on disposal of assets

-	-	(480,000)	(480,000)
-	-	(2,049,589)	(2,002,921)
-	-	(10,718)	(9,744)
(26,947)	(17,664)	(26,947)	(17,664)
(2,139)	(5,381)	(2,139)	(5,381)
(1,000)	(12,480)	(1,000)	(12,480)
(4,000)	(19,600)	(4,000)	(19,600)
(1,504)	(27,176)	(1,504)	(23,764)
(35,590)	(82,301)	(2,575,897)	(2,571,554)

Operating expenses:

Auditor's remuneration - audit

Depreciation

Impairment loss of loan to related party (refer to note 11.3)

Information technology fees

Legal fees

Loss on foreign exchange

Professional & secretarial fees

Short-term and low value rental expense

478,674	383,610	344,872	276,381
96,673	35,535	45,991	16,802
-	-	475,334	425,670
748,326	773,704	494,252	489,269
29,567	-	16,779	-
51,971	18,189	51,971	18,189
25,232	19,358	20,807	14,933
115,029	106,509	881,892	816,567

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

6. PROFIT BEFORE TAXATION (continued)

Remuneration - directors and staff Director and Committee fees

- Board	510,824	468,000	510,824	468,000
- Brokers screening committee	-	-	-	-
- Audit and risk management committee	85,137	93,600	85,137	93,600
- Demutualisation committee	-	-	-	-
- Listing committee	310,351	203,839	310,351	203,839
- Marketing committee	10,642	-	10,642	-
- Remuneration committee	15,963	31,200	15,963	31,200
	932,917	796,639	932,917	796,639
- Transfer Secretaries (Proprietary) Limited Board	3,000	3,000	-	-
Less: Board and committee fees allocated to subsidiaries	-	-	(155,643)	(148,200)
	935,917	799,639	777,274	648,439

Staff costs

Including key management costs				
- salaries and wages	6,454,210	5,253,448	5,514,282	4,531,225
- contributions to retirement funds	1,379,434	1,087,599	1,181,937	936,048
- other	886,754	577,992	784,475	505,997
- provision for severance pay	213,040	61,143	182,808	53,459
	8,933,438	6,980,182	7,663,501	6,026,729

7. TAXATION

The Namibian Stock Exchange and the Guarantee Fund are exempt from taxation in terms of Section 16 (1)(d) of the Income Tax Act No 24 of 1981.

Tax rate reconciliation - Namibian normal taxation

Income tax recognised in the consolidated statement of profit or loss and other comprehensive income

	Group	
	2021 N\$	2020 N\$
Effective rate	(0.1%)	1.5%
- effect of income exempt from tax the:		
- Namibian Stock Exchange	27.7%	28.7%
- Guarantee Fund	6.6%	4.7%
- effect of the assessed losses not recognised	(2.2%)	(2.8%)
Standard rate of taxation	32%	32%
Normal taxation		
- Current taxation	50,153	86,986
- Deferred taxation	(59,407)	57,317
Namibian normal tax	(9,254)	144,303
Unutilised tax loss		
At beginning of the year	(5,106,905)	(4,224,155)
Increase in the assessed loss	(932,083)	(882,750)
Available for set off against future taxable income	(6,038,988)	(5,106,905)
8. DEFERRED TAXATION		
Balance at the beginning of the year	(317,183)	(259,866)
Charge to profit and loss	59,407	(57,317)
Balance at end of the year	(257,776)	(317,183)
Comprising:		
Capital allowances	377,836	330,718
Prepayments	4,347	3,775
Provision for severance pay	(26,985)	(17,310)
Tax losses	(97,422)	-
	257,776	317,183

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity or fiscal authority.

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

9. EQUIPMENT AND INTANGIBLES

	Software and licences N\$	Office furniture N\$	Equipment N\$	TOTAL N\$
Group - Cost				
Balance at 31 December 2019	1,199,086	181,605	509,355	1,890,046
Additions	-	290,499	58,862	349,361
Disposals	-	(46,523)	(3,269)	(49,792)
Balance at 31 December 2020	1,199,086	425,581	564,948	2,189,615
Additions	-	27,747	49,120	76,867
Disposals	-	-	(10,379)	(10,379)
Balance at 31 December 2021	1,199,086	453,328	603,689	2,256,103
Group - Depreciation				
Balance at 31 December 2019	1,199,074	174,202	475,500	1,848,776
Amortisation / Depreciation charge for the year	-	10,058	25,477	35,535
Disposals	-	(45,999)	(3,270)	(49,269)
Balance at 31 December 2020	1,199,074	138,261	497,707	1,835,042
Amortisation / Depreciation charge for the year	-	61,967	34,706	96,673
Disposals	-	-	(2,883)	(2,883)
Balance at 31 December 2021	1,199,074	200,228	529,530	1,928,832
Group - Net book value				
At 31 December 2020	12	287,320	67,240	354,573
At 31 December 2021	12	253,100	74,159	327,271
Namibian Stock Exchange - Cost				
Balance at 31 December 2019	492,170	133,804	350,485	976,459
Additions	-	135,103	21,589	156,692
Disposals	-	(44,113)	(1,514)	(45,627)
Balance at 31 December 2020	492,170	224,794	370,560	1,087,524
Additions	-	7,434	49,120	56,554
Disposals	-	-	(10,379)	(10,379)
Balance at 31 December 2021	492,170	232,228	409,301	1,133,699
Namibian Stock Exchange - depreciation				
Balance at 31 December 2019	492,166	126,585	334,358	953,109
Amortisation / Depreciation charge for the year	-	4,643	12,159	16,802
Disposals	-	(43,618)	(1,513)	(45,131)
Balance at 31 December 2020	492,166	87,610	345,005	924,780
Amortisation / Depreciation charge for the year	-	29,519	16,471	45,990
Disposals	-	-	(2,883)	(2,883)
Balance at 31 December 2021	492,166	117,129	358,593	967,887
Namibian Stock Exchange - Net book value				
At 31 December 2020	4	137,184	25,556	162,744
At 31 December 2021	4	115,099	50,709	165,812

The Namibian Stock Exchange and its subsidiary, Central Securities Depository (Proprietary) Ltd (CSD), have both signed agreements with a supplier to provide software products to the NSX and the CSD.

Payments and commitments are pending approval by the Namibian Financial Institutions Supervisory Authority (NAMFISA).

The group considers that there is evidence of impairment of the Securities and Trading Technology (STT) asset in CSD, due to the legislative framework under which the asset is to be implemented not coming into effect and there is no certain date of its implementation.

The recoverable amount was assessed as nil, as no active market in which to sell the asset was identifiable, also the future cash flows from use of the asset has not been determined as yet when reviewing the five year budget of the project. The directors intend to re-evaluate this matter once the enabling legislation has been promulgated.

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

10. FIXED PROPERTY

Balance brought forward
Revaluation adjustment
At fair value

Group		Namibian Stock Exchange	
2021	2020	2021	2020
N\$	N\$	N\$	N\$
7,810,000	8,485,000	-	-
(210,000)	(675,000)	-	-
7,600,000	7,810,000	-	-

Fixed property consists of Section 9 (measuring 255 m2 with a participation quota of 18.8%) and Section 2 (measuring 91 m2 with a participation quota of 6.7%) in the Sectional Title Scheme Maerua Heights No 65 / 2012 and an undivided share of Erf 1970 Windhoek, measuring 1264 m2. The property is un-encumbered. The property was acquired in 2013 at the cost of N\$ 6 820 300.

The major portion (70%) of the fixed property is let to the Namibian Stock Exchange and the remainder to Transfer Secretaries (Proprietary) Limited.

At 31 December 2021 the two units were revalued by Property Valuation Namibia's, Jurie Scholtz, a Professional / Sworn Appraiser holding a National Diploma: Property Valuation (Technicon SA) at N\$7 600 000 (2020: N\$7 810 000). The income capitalisation method of valuation was used by the Professional / Sworn Appraiser. The most significant judgement relates to the price earnings index where a rate of 10.81% (2020: 11.11%) was used.

The information below demonstrates the sensitivity to a possible change in the price earnings index, with all other variables held constant, of fair value of the property.

	Group	
	100 bps Increase	100 bps Decrease
Increase or decrease of a 100 basis points in the price earnings index	8,300,000	6,900,000

11. INVESTMENTS IN SUBSIDIARIES

11.1. Transfer Secretaries (Proprietary) Limited

The nature of its business is that of transfer agent

Issued capital 100%

Included in accounts receivable (note 14) is the amount owing by subsidiaries.

Namibian Stock Exchange	
2021	2020
4,000	4,000

11.2. Maerua Investments Number Nine (Proprietary) Limited

This company whose nature of its business is investing in property was acquired to further diversify the NSX's investment portfolio with potential for capital appreciation

Issued capital 100%

Loan to subsidiary without any fixed term of repayment, interest is payable monthly at an annual rate of 8.5% (2020: 8.5%).

1,325,100	1,325,100
4,035,000	4,315,000

The NSX has agreed not to call this loan in the next 12 months and has therefore classified the loan as non-current.

11.3. Central Securities Depository (Proprietary) Limited

The nature of its business is to provide central securities depository services to the Namibian market:

Issued share capital:	51%	2,040	2,040
Opening balance		2,656,716	2,478,204
Opening accumulated impairment of loan		(2,592,305)	(2,166,634)
Movement in loan		473,366	178,512
Additional impairment for the current year		(475,334)	(425,670)
		62,443	64,411

The Namibian Stock Exchange and Bank of Namibia has provided ongoing financial support to Central Securities Depository (Proprietary) Limited.

Interest on the loan is charged at Namibian prime and is capitalised monthly, with no capital repayments terms specified.

As a formal agreement is in place between the Namibian Stock Exchange, Bank of Namibia and Central Securities Depository (Proprietary) Limited the loans will not be called in the next twelve months and has therefore been classified as non-current.

Notes to the Financial Statements for the Year ended 31 December 2021 (continued)

11. INVESTMENTS IN SUBSIDIARIES (continued)

11.4 Namibian Stock Exchange Trustees (Proprietary) Limited

The Namibian Stock Exchange also wholly owns the following dormant subsidiary:

Issued share capital:

Namibian Stock Exchange Trustees (Proprietary) Limited 100%

Less: Intercompany loans

Namibian Stock Exchange	
2021 N\$	2020 N\$
4,000	4,000
(4,000)	(4,000)
-	-
5,428,583	5,710,551

Total investment in subsidiaries

12. OTHER INVESTMENTS

At Amortised Cost

- Eskom bond - E170

- Government Bonds

Total investments at amortised cost

Group		Namibian Stock Exchange	
2021 N\$	2020 N\$	2021 N\$	2020 N\$
-	67,866	-	67,866
-	357,740	-	357,740
-	425,606	-	425,606

Eskom bond - E170 is a three-legged bond with three redemption dates, namely 01 August 2019, 01 August 2020 and 01 August 2021.

The government bonds matured on 15 October 2021.

The fair value of these investments approximated the cost thereof.

13. OTHER INVESTMENTS, BALANCED MANDATE UNIT TRUSTS

At fair value through Profit and Loss

Allan Gray Balanced Fund

Old Mutual Unit Trust - Namibia Managed Fund

Standard Bank Namibia Managed Fund

Total investments at fair value

Group		Namibian Stock Exchange	
2021 N\$	2020 N\$	2021 N\$	2020 N\$
18,981,063	15,784,456	18,981,063	15,784,456
22,722,171	18,894,382	15,337,466	12,753,708
22,795,074	20,279,435	15,386,675	13,688,619
64,498,308	54,958,273	49,705,204	42,226,783

14. TRADE AND OTHER RECEIVABLES

Trade receivables

Transfer Secretaries (Proprietary) Limited

Maerua Investments Number Nine (Proprietary) Limited

Prepayments

Other receivables

Receivables that are past due but not impaired

2,405,085	619,179	1,085,229	316,558
-	-	346,131	-
-	-	89,832	59,744
74,658	44,937	47,078	21,247
60,555	58,337	48,155	42,646
2,540,298	722,453	1,616,425	440,195
76,608	68,415	34,186	23,498

No provision for impairment loss has been raised as the directors consider the expected credit loss related to receivables to be trivial.

15. TRADE AND OTHER PAYABLES

Trade payables

Intercompany payables: Guarantee Fund

Intercompany payables: Transfer Secretaries

Value added taxation

Accruals

356,507	560,024	324,724	555,575
-	-	68,958	26,930
-	-	-	581,915
164,613	45,473	-	-
2,467,649	1,939,343	2,086,235	1,643,237
2,988,769	2,544,840	2,479,917	2,807,657

Notes to the Financial Statements for the Year ended 31 December 2021 (continued)

16. GUARANTEE FUND

A separate guarantee fund is maintained, for investor protection purposes, by the Stock Exchange in terms of Section 30 of the Stock Exchanges Control Act, (Act 1 of 1985), as amended. As the NSX and its Board exercise control over this Guarantee Fund it is required to consolidate the activities of the Guarantee Fund into the Group financial statements in terms of International Financial Reporting Standards.

Every stockbroker is obliged to contribute to this fund to cover liabilities that may arise out of the buying and selling of securities but have no rights to any assets of the guarantee fund.

Balance at beginning of year
Income for the year
Retained surplus at end of the year

	Group		Namibian Stock Exchange	
	2021 N\$	2020 N\$	2021 N\$	2020 N\$
Balance at beginning of year	18,258,060	16,802,546	-	-
Income for the year	2,749,364	1,455,514	-	-
Retained surplus at end of the year	21,007,424	18,258,060	-	-

17. PROVISION FOR SEVERANCE PAY

Provision for severance pay
Balance at beginning of the year
Increase / (decrease) in provision
Balance at end of the year

Provision for severance pay	401,436	340,294	347,343	293,883
Balance at beginning of the year	213,039	61,142	182,808	53,459
Increase / (decrease) in provision	614,475	401,436	530,151	347,343
Balance at end of the year				

The provision for severance pay benefits has been determined in accordance with the Labour Act of 2007 (Act 11 of 2007).

Key assumptions used are:

- likelihood of remaining in service until the age of retirement
- varied according to current age of staff members

The Group does not make use of an actuary to compute the calculation, it is done internally.

18. Loan: Bank of Namibia

Loan from Bank of Namibia to Central Securities Depository (Proprietary) Limited

Loan from Bank of Namibia to Central Securities Depository (Proprietary) Limited	2,886,054	2 431 000	-	-
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The loan is unsecured and has no fixed terms of repayment.

Interest is capitalised monthly at the Namibian prime interest rate.

A formal subordination agreement signed in February 2022 is in place between Bank of Namibia and Central Securities Depository (Proprietary) Limited, the loan will not be called up in the next twelve months.

19. NOTES TO THE STATEMENTS OF CASH FLOWS

19.1 Cash generated from operations

Profit for the year before taxation	13,417,601	9,919,967	11,153,903	8,470,583
<i>Adjustment for:</i>				
Profit on disposal of property and equipment	(1,504)	(27,176)	(1,504)	(23,764)
Depreciation	96,673	35,535	45,990	16,802
Impairment loss of loan to related party	-	-	475,334	425,670
Investment income recognised in profit	(11,588,167)	(5,138,076)	(9,855,488)	(4,698,532)
Increase in provision for severance pay	213,041	61,142	182,808	53,459
	2,137,644	4,851,392	2,001,043	4,244,218
<i>Movements in working capital</i>				
(Decrease) / increase in deferred revenue	659,776	(547,420)	659,776	(547,420)
Decrease / (increase) in trade and other receivables	(1,817,845)	1,506,600	(1,176,230)	973,510
(Decrease) / increase in trade and other payables	443,927	(78,575)	(327,740)	530,489
	1,423,502	5,731,997	1,156,849	5,200,797

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

19. NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

	Group 2021 N\$	2020 N\$	Namibian Stock Exchange 2021 N\$	2020 N\$
19.2 Taxation paid is reconciled to the amount disclosed in the statement of profit or loss and other comprehensive income as follows:				
Amounts receivable at the beginning of the year	(172,846)	(147,599)	-	-
Taxation charged to profit or loss	(9,254)	144,303	-	-
Movement in deferred taxation	59,407	(57,317)	-	-
Receivable at end of year	176,640	172,846	-	-
	<u>53,947</u>	<u>112,233</u>	<u>-</u>	<u>-</u>

19.3 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	684,378	995,822	620,153	793,261
Call accounts	51,028,199	46,486,275	44,860,222	40,968,512
	<u>51,712,577</u>	<u>47,482,097</u>	<u>45,480,375</u>	<u>41,761,773</u>

20. RETIREMENT BENEFIT INFORMATION

20.1 Retirement fund

The Stock Exchange contributes to the Benchmark Retirement Fund, an umbrella defined contribution plan. This fund is registered under and governed by the Pension Funds Act 1956 (Act 24 of 1956). All employees who are eligible through qualifying service are members of the fund. The fund provides death, disability and retirement benefits.

In terms of the rules of the fund the employer contributes 19.6% of cost to company remuneration towards retirement and premiums for group life benefits. Obligations for contributions to the fund are recognised as an expense as incurred. Refer to Note 6.

Under defined contribution plans, the legal liability of the entity is limited to the agreed contribution. Consequently investment risks are borne by the employees.

20.2 Post-retirement medical benefits

The Stock Exchange and its subsidiaries contribute to a medical aid scheme for the benefit of permanent employees. In terms of employment contracts, the Group is not liable for the medical aid contributions of retired employees.

21. FINANCIAL RISK MANAGEMENT

The group and NSX's principal financial instruments comprise of investments and cash equivalents. The financial assets which are investments and cash and cash equivalents, arise directly from operations.

The market risks arising from the group and NSX's financial instruments are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised.

21.1 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. A significant number of the foreign currency transactions are denominated in South African Rand. Namibia is part of the Southern African Common Monetary Area. The Namibian Dollar is pegged to the South African Rand on a one-to-one basis. Virtually all the Stock Exchange's transactions are conducted within the common monetary area of Southern Africa. Foreign data distribution vendors are billed in foreign currency and these amounts are not hedged.

The Group does not have assets or liabilities denominated in foreign currency as at year end.

21.2 Interest rate management

The Group's sensitivity to interest rates has decreased since the investment in the prudent unit trusts (note 13) and the purchase of the Group's operating premises. The Group still adheres to the process of managing the Group's interest rate risk. Interest rate characteristics of new investments and the reinvesting of maturing investments are positioned according to expected movements in interest rates. This risk is managed by the Group ensuring that where appropriate assets and liabilities are invested for periods appropriate to the potential needs of the Group.

The group and NSX's exposures to interest rates on financial assets and financial liabilities are detailed in note 23.

The information below demonstrates the sensitivity to a possible change in the interest rates, with all other variables held constant, of profit before tax.

	100 bps Increase	100 bps Decrease
Increase or decrease of a 100 basis points in the interest rate	<u>517,126</u>	<u>465,413</u>

Notes to the Financial Statements for the Year ended 31 December 2021 (continued)

21. FINANCIAL RISK MANAGEMENT (Continued)

21.3 Credit risk management

The Group only deposits cash surpluses with major banks of high quality credit standing. Trade accounts receivables comprise a sound customer base. On-going credit evaluation of the financial position of customers is performed. The granting of credit is made on application and is approved by management. At 31 December 2021 the Group did not consider there to be any significant concentration of credit risk which has not been provided for.

21.4 Fair value

The Board of Directors is of the opinion that:

- the carrying value of financial instruments carried at cost or amortised cost approximates fair value due to the short-term nature of these investments;
- the appropriate fair value of the investments in unit trusts is the price published by the unit trust managers on the measurement date;
- the fair value of the fixed property was determined as detailed in note 10

The Group does not speculate in or engage in the trading of derivative instruments.

21.5 Capital risk management

The Group manages its capital with the objective of ensuring that the NSX continues as a going concern in order to provide the statutory protection for investors in terms of the Guarantee Fund.

The Group is not subject to any externally imposed capital requirements.

The Group's investments is managed by three Namibian Asset Managers.

21.6 Liquidity risk management

The group and NSX's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the entity's reputation.

The directors take note of the net assets position of the group and NSX. The directors have concluded that sufficient liquid resources are available to the group and NSX to allow it to continue normal operations for the foreseeable future.

The group and entity's financial assets and financial liabilities maturity are detailed in note 23.

	Interest rate		Group		Namibian Stock Exchange	
	2021 %	2020 %	2021 N\$	2020 N\$	2021 N\$	2020 N\$
22. LIQUIDITY AND INTEREST RATE RISKS TABLES						
Assets						
Non-financial assets						
Plant and equipment	-	-	327,271	354,573	165,812	162,744
Fixed property	-	-	7,600,000	7,810,000	-	-
Investment in subsidiaries	-	-	-	-	1,331,140	1,331,140
Current taxation	-	-	176,640	172,846	-	-
Prepayments	-	-	74,658	44,937	47,078	21,247
			8,178,569	8,382,356	1,544,030	1,515,131
Financial assets at fair value through profit and loss - mandated unit trusts - on call			64,498,308	54,958,273	49,705,204	42,226,783
Financial assets at amortised cost 1 to 5 years						
Investment in subsidiaries: Maerua Investments Number Nine (Proprietary) Limited	8.50%	8.50%	-	-	4,035,000	4,315,000
Investment in subsidiaries: Central Securities Depository (Proprietary) Limited	7.50%	7.50%	-	-	62,443	64,411
Other investments - listed maturing in 2021 & 2022	7.50%	7.50%	-	-	-	-
			-	-	4,097,443	4,379,411

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

22. LIQUIDITY AND INTEREST RATE RISKS TABLES (continued)

	Interest rate		Group		Namibian Stock Exchange	
	2021 %	2020 %	2021 N\$	2020 N\$	2021 N\$	2020 N\$
0 to 12 months						
Financial assets at amortised cost						
Other investments - listed maturing in 2021 & 2022	7.50%	7.50%	-	425,606	-	425,606
Call accounts - variable rates						
Other investments - NSX	7.50%	7.50%	44,860,222	40,968,512	44,860,222	40,968,512
Other investments - Guarantee Fund	7.50%	7.50%	6,167,977	5,517,763	-	-
Current accounts - variable						
Bank balances and cash	-	-	684,378	995,822	620,153	793,261
Financial Assets - no interest	-	-	-	-	-	-
Trade and other receivables	-	-	2,465,640	677,516	1,569,347	418,948
			54,178,217	48,585,219	47,049,722	42,606,327
Total assets			126,855,094	111,925,848	102,396,399	90,727,652
Rights and reserves						
Founder members' contributions	-	-	430,000	430,000	430,000	430,000
Stockbroking members rights	-	-	1,890,500	1,890,500	1,890,500	1,890,500
Property revaluation reserve	-	-	779,700	989,700	-	-
Insurance reserve	-	-	500,000	500,000	500,000	500,000
Guarantee fund	-	-	21,007,424	18,258,060	-	-
Retained surplus	-	-	93,142,298	82,008,086	91,257,519	80,103,616
Non-controlling interest	-	-	(2,950,214)	(2,493,493)	-	-
			114,799,708	101,582,853	94,078,019	82,924,116
Liabilities						
Non-financial liabilities						
Provision for retrenchments and retirement	-	-	614,475	401,436	530,151	347,343
Trade and other payables	-	-	164,613	45,473	-	-
Deferred Revenue	-	-	5,308,312	4,648,536	5,308,312	4,648,536
Current taxation	-	-	-	-	-	-
Deferred taxation	-	-	257,776	317,183	-	-
			6,345,176	5,412,628	5,838,463	4,995,879
Financial liabilities						
Loan: Bank of Namibia	7.50%	7.50%	2,886,054	2,431,000	-	-
0 to 3 months						
Trade and other payables	-	-	2,824,156	2,499,367	2,479,917	2,807,657
			12,055,386	10,342,995	8,318,380	7,803,536
Total liabilities			12,055,386	10,342,995	8,318,380	7,803,536
Total rights, reserves and liabilities			126,855,094	111,925,848	102,396,399	90,727,652

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

FAIR VALUE HIERARCHY

Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantages) market (of designated fair value financial instrument through profit and loss) regardless of whether that price is directly observable or estimated using another valuation technique.

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements; this is done for instruments and fixed property recognised at fair value. The Groups' fair value hierarchy has the following levels:

- Level 1 -** Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 -** Fair value is determined using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3 -** Fair value is determined using a valuation technique and inputs for the asset or liability that are not based on observable market data (unobservable inputs).

23.1 Financial instruments

Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principle (or most advantages) market (of designated fair value financial instrument through profit and loss) regardless of whether that price is directly observable or estimated using another valuation technique.

The NSX classifies the investment in unit trusts as Level 2 and is of the opinion that for the fair value hierarchy as prescribed by IFRS, the daily publication of unit trust prices by reputable unit trust managers suffices.

The following financial assets are recognised at Level 2 fair value in the statement of financial position:

	Group		Namibian Stock Exchange	
	2021 N\$	2020 N\$	2021 N\$	2020 N\$
Investments in balanced mandate funds	64 498 308	54 958 273	49 705 204	42 226 783

23.2 Fixed property

The Group revalue its property as disclosed in note 10 and classifies the fixed property as Level 2 as the Directors are of the opinion that for the fair value hierarchy as prescribed by IFRS, the income capitalisation valuation method applied by the Professional / Sworn valuator suffices.

24. RELATED PARTIES

A related party relationship exists between the Stock Exchange, which performed certain administration services for its subsidiaries (Transfer Secretaries (Proprietary) Limited, Maerua Investments Number Nine (Proprietary) Limited and Central Securities Depository (Proprietary) Limited) for which a management fee as detailed below was charged and paid, being an appropriate allocation of costs incurred by the NSX .

	Group		Namibian Stock Exchange	
	2021 N\$	2020 N\$	2021 N\$	2020 N\$
Amounts received from Transfer Secretaries (Proprietary) Limited:				
Administrative and management fees based on staff cost (note 6)	-	-	2,049,589	2,002,921
Insurance recharge	-	-	54,789	54,443
IT Services	-	-	78,000	78,000
Board and Committee fees (note 6)	-	-	155,643	148,200
Amounts incurred by Central Securities Depository (Proprietary) Limited				
- Management fee to NSX	-	-	480,000	480,000
- Interest on long-term loan by Namibian Stock Exchange	-	-	210,307	174,922
- Interest on long-term loan by Bank of Namibia	203,272	204,911	-	-

Notes to the Financial Statements

for the Year ended 31 December 2021 (continued)

24. RELATED PARTIES (Continued)

	Group		Namibian Stock Exchange	
	Transfer	Transfer	NSX	NSX
	Secretaries	Secretaries		
	2021	2020	2021	2020
	N\$	N\$	N\$	N\$
Amounts paid to and received from Maerua Investments Number Nine (Proprietary) Limited				
- Administrative fee	-	-	10,718	9,744
- Premises rental	327,712	309,437	766,863	710,058
- Interest on long-term loan by Namibian Stock Exchange	-	-	353,627	373,133

Related party balances are disclosed in Notes 11, 14, 15 and 18 and Directors fees are disclosed in Note 6.

25. APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements were authorised for issue on 22 April 2022.

Schedule 1 - NSX Founder Members

** Former names are italicised and in brackets**

- 1 //AE//GAMS FINANCIAL SERVICES (PROPRIETARY) LIMITED
- 2 AFRICAN CONTROLLING (PROPRIETARY) LIMITED
- 3 ALEXANDER FORBES RISK SERVICES (Lumley Namibia (Proprietary) Limited)
- 4 BANK WINDHOEK LIMITED
- 5 BEIRA INVESTMENT (PROPRIETARY) LIMITED
- 6 BUSINESS CONNECTIONS NAMIBIA (PROPRIETARY) LIMITED
((Comparex Namibia) (ASBA Data))
- 7 CAPITAL ALLIANCE LIFE LIMITED (AGA) (ACA Insurers)
- 8 CIC HOLDINGS LIMITED
- 9 DE BEERS SERVICES (PROPRIETARY) LIMITED (NAMDEB Namibia / CDM)
- 10 DEVELOPMENT BANK OF NAMIBIA LIMITED (NDC)
- 11 E O SCHNEIDER
- 12 FIRST NATIONAL BANK OF NAMIBIA LIMITED
- 13 GOVERNMENT INSTITUTIONS PENSION FUND
- 14 IJG SECURITIES (PROPRIETARY) LIMITED (Irwin, Jacobs, Greene & Associates
(Proprietary) Limited (HSBC Securities (Namibia))
- 15 IJG HOLDINGS (PROPRIETARY) LIMITED (Irwin, Jacobs, Greene & Associates
(PROPRIETARY) Limited)
- 16 INSURANCE COMPANY OF NAMIBIA LIMITED
- 17 IY RACHMIN (Magnum Centre (Proprietary) Limited)
- 18 MANICA GROUP NAMIBIA (PROPRIETARY) LIMITED
- 19 METCASH TRADING (NAMIBIA) (PROPRIETARY) LIMITED (METLAS)
- 20 METJE & ZIEGLER LIMITED
- 21 MOMENTUM LIFE ASSOCIATION LIMITED (The Southern Life Association)
- 22 NAMIB BOU (PROPRIETARY) LIMITED (Namib Building Society)
- 23 NAMIBIA INDUSTRIES (PROPRIETARY) LIMITED
- 24 NAMIBIA INVESTMENT (PROPRIETARY) LIMITED
- 25 NAMIBIAN SEA PRODUCTS LIMITED & NAMIBIAN FISHING INDUSTRIES LIMITED
- 26 NEDBANK NAMIBIA LIMITED (Commercial Bank of Namibia)
- 27 NEC INVESTMENT HOLDINGS (PROPRIETARY) LIMITED
- 28 NICTUS (PROPRIETARY) LIMITED
- 29 NOVANAM LIMITED (Pescanova Fishing)
- 30 OCEAN DIAMOND MINING HOLDINGS LIMITED
- 31 OHLTHAVER & LIST TRUST CO. LIMITED
- 32 OLD MUTUAL LIFE ASSURANCE CO. (NAMIBIA) LIMITED
- 33 PUPKEWITZ HOLDINGS (PROPRIETARY) LIMITED
- 34 SANLAM NAMIBIA LIMITED
- 35 SANTAM NAMIBIA LIMITED
- 36 SCHOEMAN OFFICE SYSTEMS (PROPRIETARY) LIMITED
- 37 SEAVIEW INVESTMENTS
- 38 STANDARD BANK NAMIBIA LIMITED
- 39 SWABOU HOLDINGS LIMITED (Swabou Building Society)
- 40 TDS HOLDINGS (PROPRIETARY) LIMITED
- 41 TRANSNAMIB LIMITED
- 42 TUNACOR LIMITED
- 43 WISPECO (NAMIBIA) (PROPRIETARY) LIMITED

Schedule 2 - Broker & Sponsor Details

BROKERS

<p>Cirrus Securities (Proprietary) Limited Managing Director: Madelein Smith</p> <p>P.O. Box 27, Windhoek 35 Schanzen Road, Windhoek</p> <p>Tel: +264 61-256 666 Fax: +264 61-256 789 E-mail: madelein@cirrus.com.na</p>	<p>IJG Securities (Proprietary) Limited Managing Director: Mark Späth</p> <p>P.O. Box 186, Windhoek 4th floor, 1@Steps, C/O Grove & Chasie Street, Kleine Kuppe</p> <p>Tel: +264 81-9583 500 Fax: +264 61- 304 671 E-mail: mark@ijg.net</p>
<p>PSG Wealth Management (Proprietary) Limited Managing Director: Brian van Rensburg</p> <p>P.O. Box 196, Windhoek SPACE, c/o Thorer & Feld Street Windhoek</p> <p>Tel: +264 61-378 900 Fax: +264 61-378 901 E-mail: brian@psg.com.na</p>	<p>Simonis Storm Securities (Proprietary) Limited Managing Director: Bruce Hansen</p> <p>P.O. Box 3970, Windhoek 4 Koch Street / Cnr Hugo Hahn Strasse, Klein Windhoek</p> <p>Tel: +264 61-254 194 Fax: +264 61-253 193 E-mail: bh@sss.com.na</p>

**NOTE that the Brokers listed above also act as Sponsors.*

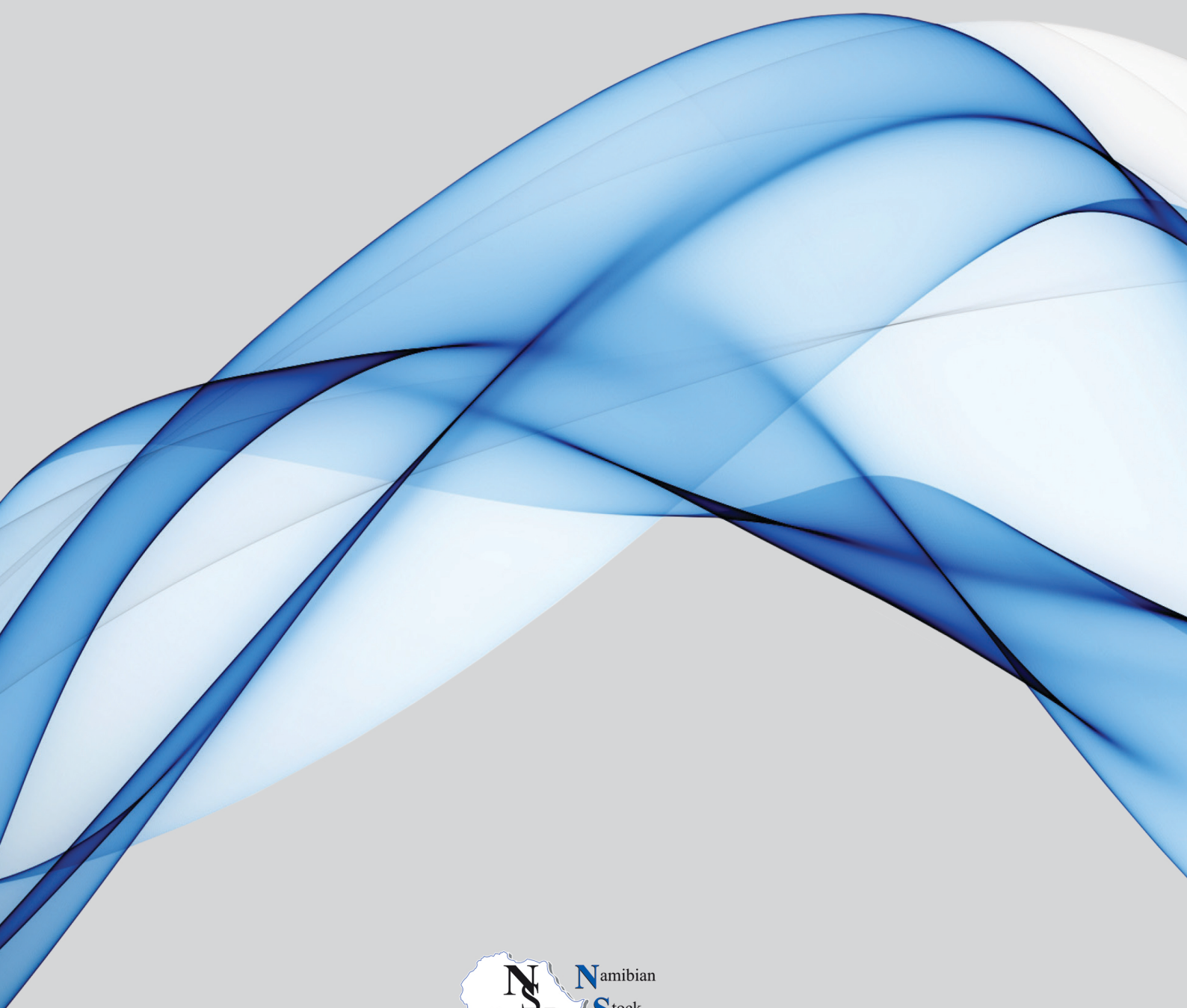
SPONSORS

<p>Business Financial Solutions Managing Director: Kaunapaua Ndilula</p> <p>P.O. Box 5064, Ausspannplatz Cnr Jan Jonker & Lazaret Street Windhoek</p> <p>Tel: +264 61- 388 600 E-mail: kauna@bfs.com.na</p>	<p>Merchantec Capital Namibia (Proprietary) Limited Head of Sponsor: Monique Martinez</p> <p>P.O. Box 90242, Klein Windhoek 14 Schafer Street, Windhoek</p> <p>Tel: +27 11 325 6363 E-mail: sponsorteam@merchantec.co.za</p>
<p>Old Mutual Investment Services (Namibia) (Proprietary) Limited Director: Brigitte Weichert</p> <p>P.O. Box 25548, Windhoek Mutual Tower, 223 Independence Avenue Windhoek</p> <p>Tel: +264 61-299 3040 Email: BWeichert@oldmutual.com</p>	<p>PointBreak Wealth Management (Proprietary) Limited Managing Director: Anielle von Finckenstein</p> <p>P.O. Box 97438, Windhoek C/O Feld & Lossen Street Windhoek</p> <p>Tel: +264 61 378 800 Email: Anielle.vf@pointbreak.com.na</p>
<p>RMB Namibia a division of First National Bank of Namibia Limited (“RMB”) Corporate and Investment Banking Division</p> <p>Head: Investment Banking Division: Jason Shikalepo</p> <p>P.O. Box 195, Windhoek 1st Floor, @Parkside Building, 130 Independence Avenue, Windhoek</p> <p>Tel: +264 61 299 2590 E-mail: jason.shikalepo@rmb.com.na</p>	

Schedule 3 - Glossary

AGM	Annual General Meeting
ASEA	African Securities Exchange Association
BDA	Broker Deal Accounting System
BON	Bank of Namibia
CFA	Chartered Financial Analyst
CoSSE	Committee of SADC Stock Exchanges
CPC	Capital Pool Company
CSD	Central Securities Depository
ESG	Environmental, Social and Governance
ETFs	Exchange Traded Funds
ETNs	Exchange Traded Notes
FIMA	Financial Institutions and Markets Act, 2021
FTSE	Financial Times Stock Exchange
HPP	Harambee Prosperity Plan 2016 – 2020
HPPII	Harambee Prosperity Plan 2021 – 2025
ILBs	Inflation Linked Bonds
JSE	Johannesburg Stock Exchange
King IV	King Report on Corporate Governance TM for South Africa, 2016 (copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved)
NamCode	The Corporate Governance Code for Namibia (copyright vests jointly in the NSX and the Institute of Directors in Southern Africa (IoDSA) and all of their rights are reserved)
NAMFISA	Namibia Financial Institutions Supervisory Authority
NEEEF	New Equitable Economic Empowerment Framework
NSIC	Namibia Scholars and Investment Challenge
NSX	Namibian Stock Exchange
OTC	Over the Counter
SECA	Stock Exchanges Control Act, 1985, as amended
SESC	Social, Ethics and Sustainability Committee
SPAC	Special Purpose Acquisition Companies
SSE	United Nations Sustainable Stock Exchanges Initiative
WFE	World Federation of Stock Exchanges





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