NAMWATER

Namibia Water Corporation Ltd

2024/25

INTEGRATED ANNUAL REPORT

INTEGRATED ANNUAL REPORT 2024/25

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LIST OF ACRONYMS AND ABBREVIATIONS

ABBREVIATION	MEANING
AfDB	African Development Bank
BU	Business Unit
BARC	Board Audit and Risk Committee
CAN	Central Area of Namibia
CSI	Corporate Social Investment
CUVECOM	Cuvelai Watercourse Commission
EAP	Employee Assistance Program
ESG	Environmental, Social and Governance
EWF	Erongo Water Forum
GACP	Generally Accepted Compliance Practice Framework
GDP	Graduate Development Programme
GIPF	Government Institutions Pension Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HRDC	Human Resources Development Centre
IDP	Individual Development Plan
IIRC	International Integrated Reporting Framework
ITAS	Integrated Tax Administration System
IUM	International University of Management
Km	Kilometre
LWC	Local water committees
MAWLR	Ministry of Agriculture, Water and Land Reform
Mm3	Million cubic metre
NamCode	Corporate Governance Code of Namibia
NDP5	Fifth National Development Plan
NAPWU	Namibia Public Workers' Union
NQA	Namibia Qualifications Authority
NTA	Namibia Training Authority
NUNW	National Union of Namibian Workers
NUST	Namibia University of Science and Technology
OKACOM	Permanent Okavango River Water Commission
ORASECOM	Orange-Sengu River Commission
PAC	Powdered Activated Carbon
PJTC	Kunene Permanent Joint Technical Commission Kunene
PV	Photovoltaic
R&D	Research and Development
RO	Reverse Osmosis
SADC	Southern African Development Community
SCADA	Supervisory Control and Data Acquisition
SCF	Self-Cleaning Filter
TCE	Technical Committee of Experts
TVET	Technical and vocational education and training
UNAM	University of Namibia
WDS	Water-Distribution Systems
ZAMCOM	Zambezi Watercourse Commission

INTRODUCTION

- Overview
- Chairperson's Statement
- Board of Directors
- What we do
- Overview of Namwater's Operations
- Highlights of the Year

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OVERVIEW

ABOUT THIS REPORT

The Namibia Water Corporation Ltd presents this Integrated Annual Report for the fiscal year 2024/25 in the spirit of our long-standing commitment to excellent corporate governance, transparency, and accountability. This report provides an overview of our governance, strategy, performance, and initiatives, all of which seek to provide long-term value for Namibians and all our stakeholders with an interest in the bulk water supply function.

The report has been prepared according to the International Integrated Reporting Council's (IIRC) framework and guidelines. It provides a concise and honest assessment of our performance for the fiscal period 1 April 2024 to 31 March 2025 and focuses on issues that impact our business.

ASSURANCE

The annual financial statements were audited by the Corporation's independent external auditors, Grand Namibia in compliance with applicable laws and regulations.

As NamWater aims to improve the quality of the information provided to its stakeholders on bulk water delivery, an integrated report is the most efficient tool for this corporate reporting purpose. As a result, this report presents information on NamWater's assets, its relationships, the risks that accompany the management of a water corporation, and how NamWater interacts within its environment to generate value over time. NamWater strives to enhance its application of integrated reporting consistently.

REPORTING PRINCIPLES

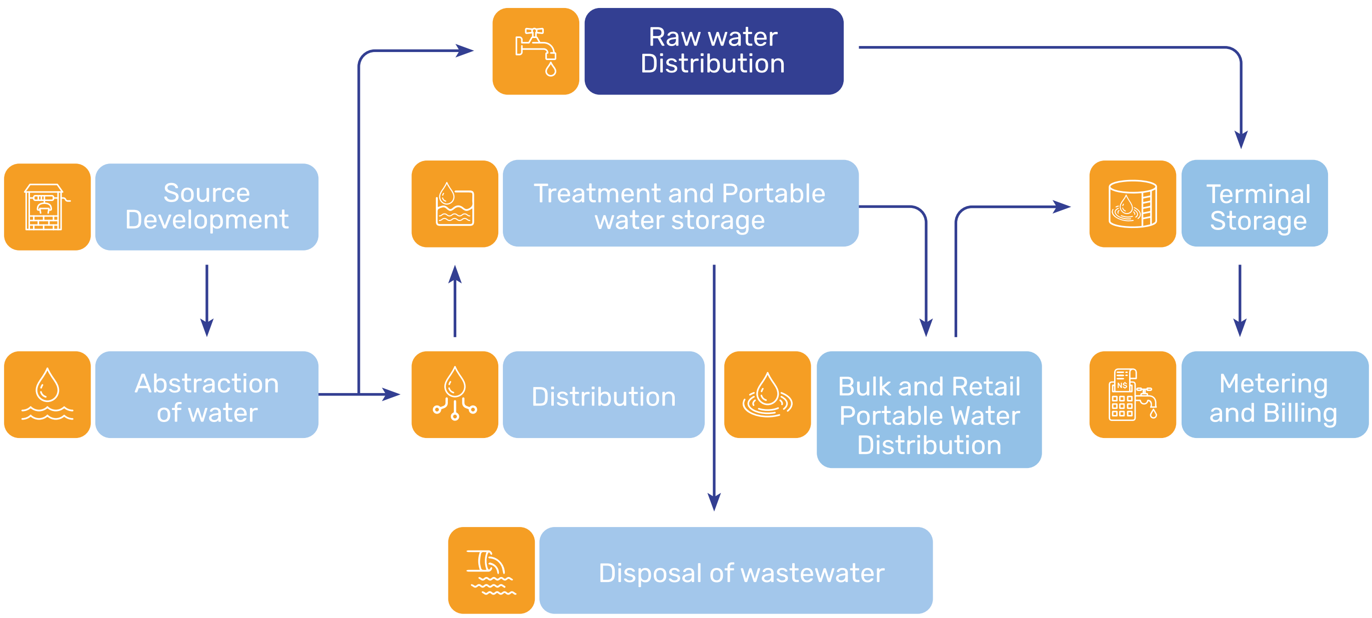
This report has been prepared and presented in compliance with the Namibia Water Corporation Act, 1997 (No.12 of 1997), as amended, the Namibia Code of Good Governance Principles (2014) (NamCode), the State Owned Enterprises Governance Act and the IIRC's International Integrated Reporting Framework (202113). NamWater has implemented these guidelines to the greatest extent possible and will continue to work towards enhancing their implementation.

APPROVAL BY THE BOARD

The approval of the Integrated Annual Report rests with the Board of Directors, as assisted by the Board Audit & Risk Committee and executive management. NamWater's Board of Directors has deployed its accumulated knowledge in this regard. It believes this report tackles all the key topics and provides a fair perspective of its strategy and performance. The Board of Directors believes that this report was compiled in compliance with the International Integrated Reporting Framework. The Board has approved the report on 18 September 2025.

VALUE CHAIN

The NamWater value chain is shown below:



MR. LUTHER RUKIRA
Chairperson of the Board
Namibia Water Corporation Limited (NamWater)

CHAIRPERSON'S STATEMENT

It is my privilege to present the Chairperson's Report for the 2024/25 financial year on behalf of the NamWater Board of Directors. This year saw steady operational progress despite economic pressures, regulatory shifts, and the growing need for accelerated water infrastructure development to meet Namibia's increasing water demands.

As the custodian of Namibia's bulk water supply, NamWater remains dedicated to its vision of ***"Water for All, Forever."*** We continue to navigate a challenging environment marked by climate variability, aging infrastructure, and financial hurdles. Nevertheless, through robust governance, disciplined financial management, and the unwavering dedication of our teams, NamWater has maintained service delivery and built a strong foundation for future growth.

STRATEGIC OVERSIGHT AND CORPORATE PERFORMANCE

Throughout the reporting year, the Board prioritized strengthening governance, facilitating strategic execution, and ensuring NamWater's alignment with national development goals, including Vision 2030, the Harambee Prosperity Plan II (HPP II), and NDP5. These objectives guided the implementation of NamWater's Integrated Strategic Business Plan (2024–2028), with a particular focus on achieving water security, enhancing stakeholder trust, and bolstering institutional resilience. While performance against the Balanced Scorecard (BSC) yielded mixed results, significant advancements were made in several key areas:

- **Financial Stability:** We maintained financial stability despite the absence of tariff adjustments.
- **Customer Supply:** The corporation successfully supplied all customers with water that generally met our contractual agreements, although challenges persist in a few schemes with subdued demand.
- **Water Quality:** NamWater achieved microbiological safety standards in 93.2% of samples tested. We are committed to reaching 100% safety for all water.
- **Board and Management Collaboration:** Our board and management collaborated closely, providing effective oversight on agreed actions, an area where we excelled as a team.
- **Social Responsibility:** Despite extreme financial pressures, we supported Namibians in need, particularly in education, and successfully utilized all allocated funds for this cause.
- **Infrastructure Renewal:** Large-scale infrastructure replacement projects were initiated during the year, renewing critical assets vital to the future water supply.
- **Secured Funding:** We secured substantial funding for critical water infrastructure through the Water Sector Support Programme (WSSP1), enabling the appointment, development, and construction of several projects to safeguard Namibia's water supply.

FINANCIAL OVERVIEW

Revenues increased by 5%, while total operating costs rose by 28%, with 79% of this increase attributed to expected credit losses. The organization faced severe financial pressure due to delayed payments from local and regional authorities. The non-approval of tariffs further impacted net margins and cash flow from operations. Despite these challenges, internal reserves accumulated in previous years provided crucial resilience, allowing NamWater to sustain operations and continue investing in long-term infrastructure, thereby reaffirming its role as a vital and forward-looking utility.

GOVERNANCE AND STAKEHOLDER ENGAGEMENT

The Board continues to be guided by principles of transparency, ethical conduct, and fiduciary responsibility, as stipulated in the HR Policy, NamCode, the Namibia Water Corporation Act, and international standards. This year, particular attention was given to tracking compliance with the Water Resources Management Act of 2013, which became operational in August 2023. Engagement with key stakeholders—including employees, the Ministry of Agriculture, Fisheries, Water, and Land Reform, the Ministry of Urban and Rural Development, the Namibia Public Workers Union, local banks, the African Development Bank (AfDB), KfW, customers, and suppliers—remained integral to our success. Challenges posed by payment arrears from local and regional authorities continue to present risks. The Government's intervention to implement prepaid retail water meters in highly indebted authorities is acknowledged, especially as debtors reached N$2.47 billion by year-end.

OPERATIONAL RESILIENCE AND INFRASTRUCTURE DEVELOPMENT

NamWater executed pivotal infrastructure projects to ensure long-term water supply, including the Ohangwena II Aquifer, Rundu Water Treatment Plant, and nationwide pipeline replacements. Desalination remains a strategic alternative for coastal regions, with our leadership in the Supply Scenario 1 (SS1) Desalination Plant Project, in partnership with mining clients, marking a significant shift toward sustainable water supply in water-scarce areas. Capital expenditure increased to N$242 million, underscoring our commitment to renewal and expansion. Delays in procurement, rising energy costs, and workforce constraints affected some projects. The Board is actively collaborating with management to streamline processes, enhance supply chain efficiency, and invest in renewable energy to mitigate costs.

HUMAN CAPITAL AND ETHICS

NamWater is actively building its capacity by filling critical vacancies and investing in leadership development and succession planning. The Board commends the organization's dedication to workforce growth, wellness, and fostering positive labor relations. We are committed to cultivating a culture driven by our core values: Integrity, Customer Focus, Teamwork, Innovation, and Accountability. Strong leadership at all levels consistently promotes ethical behavior and sound governance.

OUTLOOK

Looking ahead, NamWater is committed to acting boldly and responsibly to secure Namibia's water future. Our strategic priorities include developing sustainable water sources, aligning tariffs with cost recovery, and strengthening infrastructure resilience. The Board will support management's efforts to implement operational reforms, advance digital initiatives, and unlock value through innovation. Despite macroeconomic pressures and ongoing customer credit risks, I am confident that NamWater's strategic foundations remain solid. The Board will continue to support Management in achieving lasting impact, guided by a unified vision and a shared commitment to national development.

In its oversight role, the board has identified several critical focus areas for the next financial periods. These include the following:

- **Tariff adjustment approvals** – supporting management in engaging with the ministry to advance the tariff increase process, ensuring financial sustainability whilst remaining sensitive to stakeholder needs.
- **Debtors' improvement plan** – overseeing the implementation and progress of initiatives aimed at improving debtor management and reducing credit risk.
- **Capital projects oversight** – monitoring the execution of key capital projects, with a particular emphasis on inclusive policy development that ensure Namibian participation and benefits.
- **Governance compliance** – maintaining and enhancing the corporation's governance compliance scorecard, reinforcing accountability and regulatory alignment.
- **Internal controls and policy enhancements** – strengthening internal control systems and refining corporate policies to support operational efficiency and risk mitigation.
- **Financial metrics and resilience** – improving financial performance indicators particularly considering the easing drought conditions, to ensure long term sustainability and value creation.
- **Cyber security and data protection** – continuing oversight of the corporation's cybersecurity posture and data governance to safeguard operational integrity and stakeholder trust.
- **Climate and ESG risk management** – supporting the integration of climate related and ESG risks into the broader risk management framework, in alignment with sustainability objectives and stakeholder expectations.

On behalf of the Board of Directors, I would like to extend my sincere gratitude to the CEO, Executive Management, and all NamWater employees for their dedication and service throughout a challenging year. I also express appreciation to our shareholder, the Government of the Republic of Namibia, and all our partners for their continued confidence in NamWater. A special thanks goes to our former shareholding Minister, Mr. Calle Schlettwein, for his invaluable support during the period under review; without it, the progress made by the utility would not have been possible. Namibia's water sector will always be grateful for Minister Schlettwein's contributions during his many years as a public servant, and the NamWater family wishes him a restful retirement. We also warmly welcome Honourable Ingenesia Inge Zaamwani, who has now taken over our Line Ministry and brings extensive experience from both the private and public sectors. Together, we remain dedicated to providing affordable, safe, and reliable water to the people and industries of Namibia—today and in the future

Mr. Luther Rukira
Chairperson of the Board
Namibia Water Corporation Limited (NamWater)

BOARD OF DIRECTORS

Mr. Luther Rukira Chairperson

Mr. Rukira brings over three decades of experience in the water sector. His expertise spans strategic planning, operations, quality management, project delivery, financial oversight, and regulatory compliance. Appointed to the NamWater Board on 1 April 2023, he serves as its Chairperson and an ordinary member of the Board Strategy Committee. Mr. Rukira currently manages Namib Lead and Zinc Mining (PTY) Ltd.

Mrs. Maenge Shipiki-Kali Vice Chairperson

Mrs. Shipiki-Kali is a seasoned diamond mining professional and process engineer with a Bachelor of Science in Mineral Processing and a Master's degree in Mineral Resource Management. Appointed to the Board on April 1, 2023, she brings extensive leadership experience from the marine diamond industry, with expertise spanning safety, security, operations, risk management, maintenance, production, and business improvement. She currently serves as Chief Operating Officer of Debmarine Namibia, Deputy Chairperson of the Board, and Chairperson of the Board Technical Committee.

Ms. Vivianne Kinyaga Chair – Board Strategy Committee

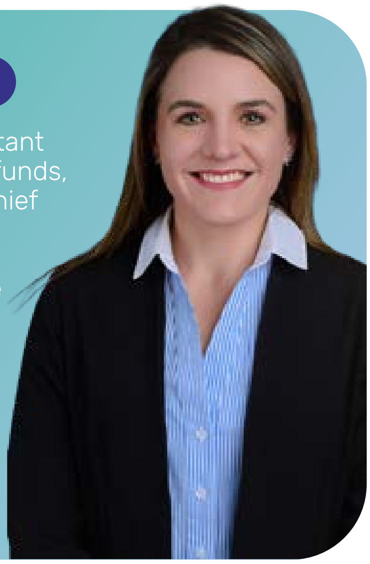
Mrs. Kinyaga is a Water Resources Expert with an MSc in Integrated Water Resources Management. She serves as Project Coordinator at the Secretariat of the Orange-Senqu River Commission, based in Pretoria. Initially appointed to the Board in March 2017 and reappointed on April 1, 2023, she is the Chairperson of the Board Strategy Committee and an ordinary member of the Technical Committee. With over two decades of experience in integrated water resources management, transboundary water governance, and water supply and sanitation, she brings valuable expertise on shared watercourses, particularly in the context of climate change and variability.

Mr. Fanuel Uugwanga Chair - Board Remuneration and HR Committee

Mr. Uugwanga is a seasoned Human Resources Executive with over 15 years of experience in HR strategy and leadership, strategic planning, performance management, and governance. He currently serves as Chief of Human Capital and Strategy at the Namibia Revenue Authority. Appointed to the Board in March 2023, he is the Chairperson of the HR & Remuneration Committee and an ordinary member of the Board Strategy Committee.

Mrs. Francis Heunis Chairperson: Board Audit & Risk Committee

Mrs. Heunis is a seasoned finance executive and Chartered Accountant with over a decade of leadership experience across listed property funds, public utilities, and professional services. She currently serves as Chief Financial Officer and Executive Director of Oryx Properties Limited. Her expertise spans financial management, capital markets, and corporate governance, with a strong emphasis on sustainable value creation and stakeholder engagement. A committed and values-driven leader, Mrs. Heunis is passionate about empowering high-performing teams and fostering innovation with integrity. Appointed to the Board effective 1 April 2023, she serves as Chairperson of the Board Audit & Risk Committee and is an ordinary member of the Board Remuneration & Human Resources Committee.



Mr. Matty Hauuanga Pr. Eng. Director

Mr Hauuanga is a Professional Engineer and was appointed on the Board effective 1 of April 2023. Mr. Hauuanga is the Chief Executive Officer & Principal Engineer at Telios Namibia Consulting Engineers Pty Ltd in Windhoek, Namibia. Mr. Hauuanga brings with him many years of engineering experience, with over thirty years of experience in the engineering sector. having served both in the public and private sector. He previously worked for Transnamib Holdings, Telecom Namibia Ltd, Department of Water Affairs and Bicon Namibia Consulting Engineers.

Mr. Udaneka Nakamhela Director

Mr Udaneka Nakamhela is an Admitted Legal Practitioner and is a senior partner at Nakamhela Attorneys. Mr Nakamhela's law practice has a special focus on natural resource management as well as on environmental law and commercial transactions. Mr Nakamhela serves as an ordinary member on the Board Audit & Risk Committee as well as the Board Strategy Committee

OUR VISION AND STRATEGIC VALUES

OUR VISION

We shall be a sustainable water utility providing sufficient and affordable quality water to all stakeholders.

OUR MISSION

We shall provide quality water and related services to the satisfaction of all stakeholders, taking cognisance of the environment, scarcity of and dependency of all on water.

OUR BRAND PROMISE

"Water for All, Forever"

STRATEGIC VALUES

I C T I A

- **I**ntegrity
- **C**ustomer Focus
- **T**eamwork
- **I**nnovation
- **A**ccountability

WHAT WE DO

According to Article 100 of the Namibian Constitution, natural resources, including water and land, are State properties. Therefore, the Government is responsible for ensuring access to water to satisfy Namibians' fundamental human needs and, as the custodian of Namibia's natural water resources, to enable sustainable development.

NamWater's mandate includes the requirement to satisfy this commitment and implement its policies. The Namibia Water Corporation, as represented by its Board of Directors, is the commercial entity in charge of water supply (bulk) to the Namibian nation, with the Government of Namibia as its sole shareholder.

As the nation's largest supplier of water and water-related services to industries, NamWater also provide water to secondary rural pipelines, servicing communities through the Division of Water Supply and Sanitation Coordination under the Regional Councils following delegation from the Ministry of Agriculture, Water, and Land Reforms Department of Water Affairs

FUNCTIONS

NamWater's functions, as described in the Namibia Water Corporation Act, of 1997, are as follows:

- Explore, develop and manage water resources for water supply;
- Acquire, plan, design, construct, extend, alter, maintain, repair, operate, control, and dispose of waterworks; supply water to customers within and outside the border of the Republic of Namibia;
- Investigate, research, and study matters relating to water resources, waterworks, and the environment;
- Take such action as the Corporation may consider necessary or as the Minister may direct, to conserve or augment water resources in Namibia;
- Render services, provide facilities and lease rights, subject to the payment of relevant charges;
- Establish training facilities and train personnel; and
- Perform any other function that may be necessary or expedient to achieve the Corporation's objects.

OVERVIEW OF NAMWATER'S OPERATIONS

The mandate poses a significant challenge since it requires addressing water demands through water supply solutions, including for those living vast distances from water sources. NamWater employs various innovative methods, ranging from complex to highly expensive solutions, to supply water to various customers.

Infrastructure maintenance is essential to the strategic actions inherent in the Corporation's continuous operations. During the reporting period, external maintenance expenditure amounted to N$73 million, reflecting our ongoing commitment to ensuring the reliability and sustainability of our water supply systems.

NamWater supplies both raw water, (which is untreated water), and potable water, (which is treated water). The process of supplying water consists of developing the water source, whether surface or underground sources, raw water abstraction, transportation of raw water to treatment facilities, raw water treatment, transportation of treated water to distribution facilities, and metering make up NamWater's supply chain.

NamWater's infrastructure, which includes dams, reservoirs, pipelines, and purification plants, is expensive to construct and maintain, so delivering water is expensive. One of the major barriers the Corporation faces is that many Namibians do not reside in areas where water is easily and readily accessible.

This results in the Corporation constructing pipelines over long distances to ensure that water is supplied to such areas. NamWater operates on a cost-recovery basis, meaning that it recovers cost of supply of water supplied to customers. Costs includes, among others, infrastructure and scheme development costs and the continuous operation and maintenance costs of such infrastructure. A major part of these costs is electricity and personnel expenditure.

The Corporation strives, with the limited resources at its disposal, to keep the water flowing, while maintaining an aging infrastructure. It is remarkable that water is still affordable in Namibia. The average NamWater tariff was N$16.29/m3 (2024: N$13.89/m3) while the average cost per cubic of water was N$20.06/m3 (2024: N$14.42/m3). This pricing is comparable with many countries in the region, who are much geographically smaller, and have a much larger population.

NAMWATER'S CUSTOMERS

The primary objective of NamWater is to supply water in bulk to major customers. These customers are:

- Regional and local authorities
- Government institutions
- Irrigation water customers
- Mines and Industries
- Retail customers

STRATEGIC DRIVERS

Five strategic themes

- We care
- We secure water
- We attract quality
- We are efficient
- We grow through innovation

CAPITAL INPUTS

Relationship capital
Quality relationships with clients, employees, regulators, authorities and society

Human capital
Employees facilitate relationships and drive business performance

Intellectual capital
Sum of NamWater's knowledge-based intangibles

Financial capital
Pool of funds available for the supply of water services at affordable prices

Social capital
Brand and reputation, driven by corporate social responsibility initiatives

Natural capital
Renewable and non-renewable resources in the environment

CAPITAL OUTCOMES

Operational capital
(Internal processes perspective)

Human resource capital
(Talent and technology perspective)

Intellectual capital
(Talent and technology perspective, R&D)

Financial capital
(Financial perspective)

Social capital
(Stakeholder and customer perspective)

Natural capital
(water and environmental resources perspective)

VALUE PROPOSITIONS

By focusing on outcomes, NamWater can create shared value for all shareholder:

For customers
Daily supply of high-quality water at affordable prices to households, for drinking, cleaning and cooking, as well as to commercial enterprises to ensure their long-term sustainability;

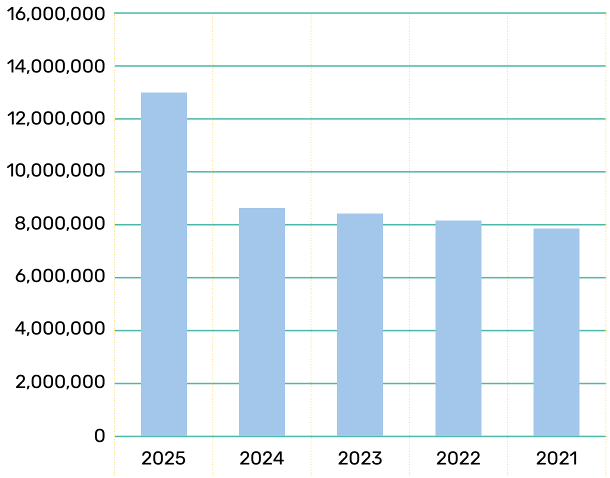
For employees
Guaranteed long term employment, and helping employees to learn and to earn, innovate and grow, as responsible stewards of Namibia's water resources;

For shareholders
We are fulfilling our mandate to provide quality water at affordable prices to Namibians and, through this service, assist the Government in achieving Vision 2030, HPP II, and NDP5 goals.

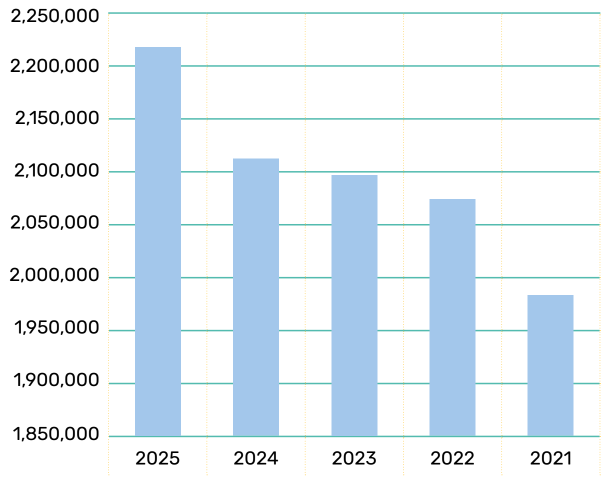
FINANCIAL PERSPECTIVE

HIGHLIGHTS OF THE YEAR (N$'000)

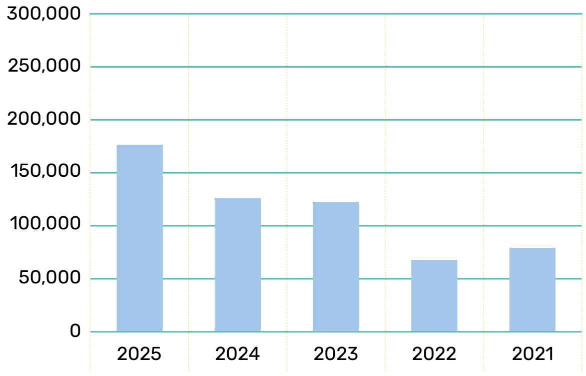
TOTAL ASSETS



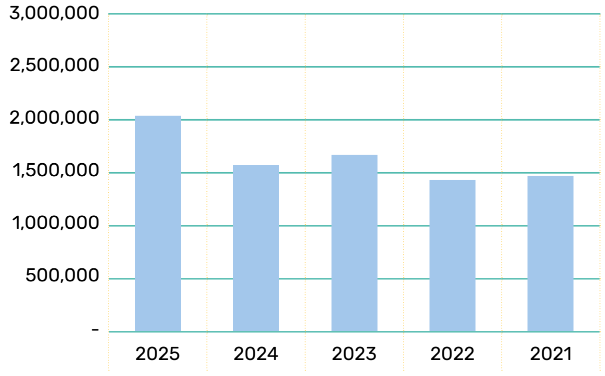
TOTAL REVENUE



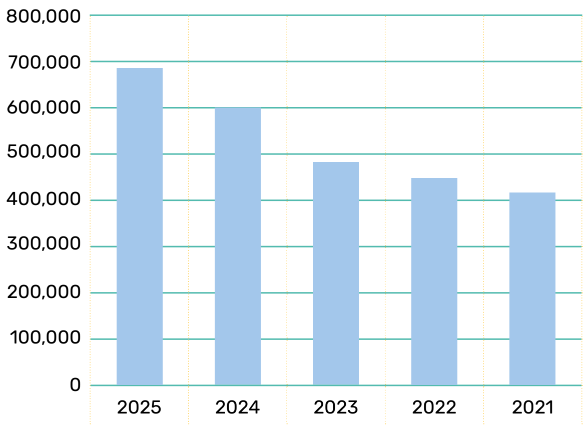
INVESTMENT INCOME



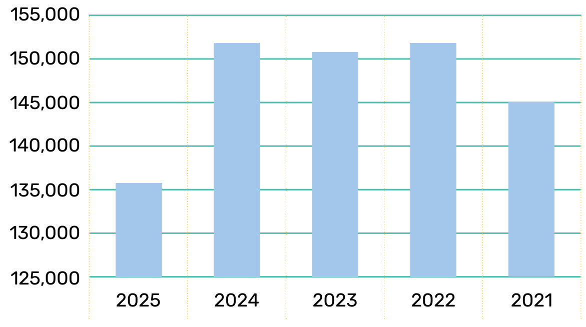
OPERATING EXPENDITURE



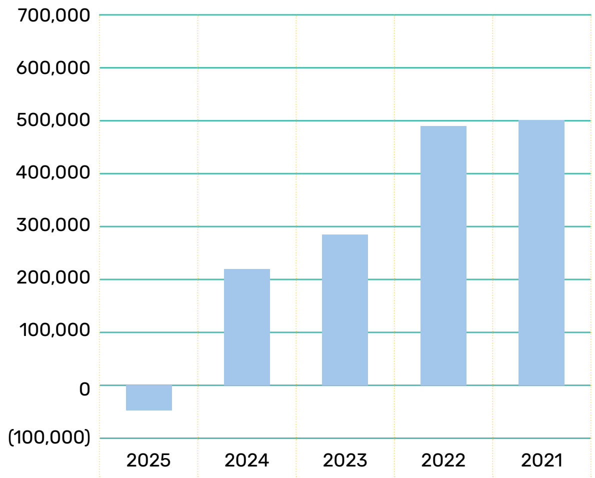
COST OF SALES



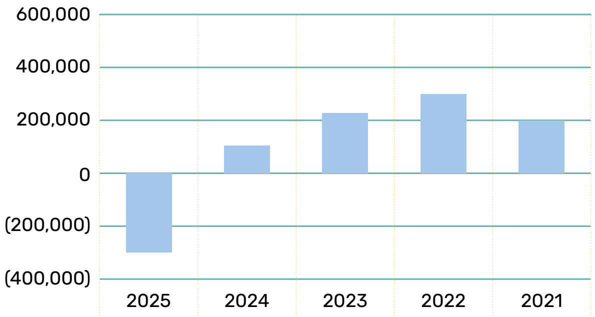
WATER SALES



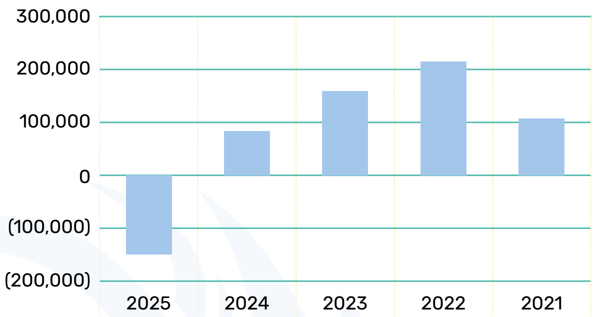
NET CASH GENERATED FROM OPERATIONS



NET INCOME BEFORE TAXATION



NET INCOME AFTER TAXATION



The country was decimated by a very serious drought, with almost all the major dams dropping to dead storage. Sales volumes to key customers like City of Windhoek plummeted as a result.

Despite this, the company posted strong performance on the revenue line, buoyed by increased support to the mining industries in the Erongo region and institutional customers in the North West Region. Net cash flow and profitability were affected by a deterioration in the quality of the debtors, which resulted in total provision of N$536 million for the year under review.

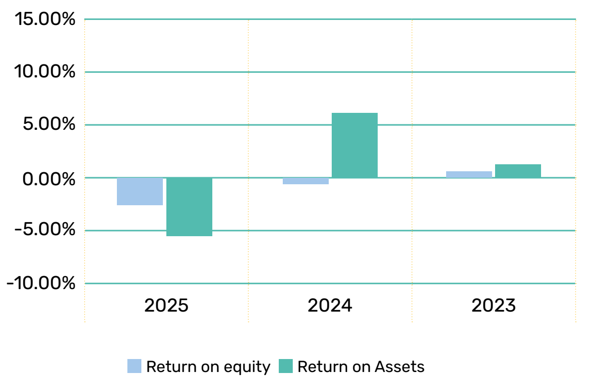
This reflects both the ability / willingness of customers to pay, and continued pressure for NamWater to continue providing services to consumers, to avoid collective punishment resulting from reduced supply. The intervention by Central Government, to finance procurement of retail prepaid water meters for slow paying local authorities has not yet taken off.

NamWater sustainability model:
NamWater works on a full cost recovery basis, and its tariff model is designed to recover costs of water supplied, as well as future replacement of existing infrastructure. To augment internally generated reserves required to meet its mandate, NamWater sources external funding from the shareholder, commercial debt and customer funding.

The funding strategy earmark debt funding for viable infrastructure, customer funding for private business and commercially viable bulk schemes, and government funding for schemes where the cost of supply exceeds recoverable amount from the discounted future revenues generated.

Total revenue is skewed towards Coastal and Central business units, with the lowest revenue generated in the South Business Unit. The cost, on the other hand, is highest in the Coastal and North Western Business Units. Credit losses are mostly experienced in the Business Unit South, and Business Unit Central. This regional misalignment of costs versus revenue per region requires cross subsidization across business units.

During the year under review, NamWater increased the desalinated water supply to the local authorities in the Business Unit Coastal, which water was supplied at a loss to corporation. The government has only approved tariffs incorporating 790,000m³ for the coastal towns, whilst NamWater due to inadequacies of the ground sources, and limitations of the conveyancing infrastructure had to buy 2.3 million m³.



Operating expenses increased compared to prior year resulting in the overall Profit Before Tax reduction of 390% from N$100.4 million in 2023/24.

Profitability ratios worsened during the financial period, with the company incurring a total comprehensive loss of N$104.1 million.

The solvency and liquidity of the Corporation remained strong, with the current ratio increasing to 6.59% (2024: 5.45).

The Corporation has adopted several key cost containment, reduction, and debt collection strategies that have all significantly reduced the impact of the non-approval of water tariffs.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE REPORT

- ESG Framework

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ESG FRAMEWORK

ENVIRONMENTAL (E)

Objectives: Minimize ecological impact, promote sustainability, and ensure regulatory compliance.

Focus Area	NamWAter Action Plan	Metrics
Resource Efficiency	Use of renewable energy sources	% of energy from renewables (2024/25: less than 1%)
	Introduction of efficient electric pumps	% of optimised pump stations (2024/25: at least 50%)
	Reduce non-revenue water (system losses, dam evaporation, loss of water through pipe leaks / breaks)	% non revenue water (2024/25: 10.7% excluding open channels and surfaces)
Water Stewardship	Zero liquid discharge; marine ecosystem protection	Water recovery rate; discharge quality (2024/25: Von Bach scheme fully recycle discharge)
	Rest ground aquifers and supply desalinated water (central coastal, central areas, Lüderitz municipality)	% of desalinated water supplied (16% of treated water)
	Artificial aquifer recharge in Central & Coastal areas	M3 water artificially recharged (2024/25: 0 artificial recharge)
Climate resilience	Invest in flood and drought resilient infrastructure and technology	% Completion of SS1 desalination plant (2024/25: agreements for joint development being finalised)
	SOPs to manage impact of floods	Maintain Hardap dam at 70% of full dam capacity level (2024/25: dam did not exceed 70% capacity)
	SOPs to manage impact of increasing temperatures	Pumping preference for water between the CAN 3 dam system (2024/25: limited transfers dams were empty)
Waste water Management	Recycling and safe disposal of brine from our treatment plans and construction waste from our construction projects	% of waste recycled or safely treated (2024/25: below target work required in all treatment plants) % projects with environmental sign off (2024/25: 100% compliance)

SOCIAL (S)

Objectives: Promote inclusive development, protect human rights, and enhance community well-being.

Focus Area	NamWAter Action Plan	Metrics / KPIs
Community Engagement	Stakeholder consultations for all new infrastructure development projects.	# of consultations (2024/25: 100% consultations on all major projects)
	Consultations with regional and local authorities in the development of the annual capital budget.	# of consultations (2024/25: 0 formal consultations)
Job Creation	Local hiring and training programs for subcontracted projects involving the regional governments	% of local workforce; (2024/25: 99.9% of employees are Namibian)
	Labour based bias on projects	# of students trained at HRDC (2024/25: 140)
Health & Safety	Strict HSE protocols during construction projects and operation of our various water schemes	Incident rate (2024/25) : tolerance for : 1. Fatalities (2); 2. Disabilities (0); 3. Repeat high potential incidents (0)
	Appointment of safety representatives, training on safety protocols for safety representatives	

Access to Water	Affordable water supply to underserved communities	# of households served; (2024/25: to be determined)
	Tariff equity within different geographic regions	% deviation of average regional tariffs (2024/25: Khomas - N$5.19 above average and Kavango – N$3.72 below average)
	Blended water tariff for all coastal towns to mitigate cost of desalinated water for domestic consumption	% deviation of central coastal tariff to water tariff national average
Education & Outreach	Water conservation campaigns	# of outreach programs (2024/25: TBD)
	Engagement with regional and local councils and national parliament to secure understanding of our mandate	# of engagements (2024/25: several engagements with councils. No engagement with parliament)

GOVERNANCE (G)

Objectives: Ensure transparency, accountability, and ethical management.

Focus Area	Strategy / Action Plan	Metrics / KPIs
Transparency	Regular ESG disclosures and impact reports	Number and dates of ESG reports (2024/25: reported as part of annual report)
	Annual general meeting with shareholder	Date of previous year AGM (2023/24: October 2024)
	Timely publishing of annual reports	Date annual report is submitted to Minister for publishing (2024/25: November 2025)
Anti-Corruption	Compliance with anti-bribery laws and internal audits	# of internal audits (2024/24: below audit plan schedule)
	Whistle blower policy and public anonymous hot line	# of resolved queries from hotline (2024/25: no hotline in place yet)
Regulatory Compliance	Adherence to national and international standards	compliance matrix being developed
	Inclusive management of land rights and access to private land for water infrastructure development	# of land right cases under discussion (2024/25: 8)
	Consultative approach to access transboundary water resources	# of transboundary where NamWater is a participant (2024/25: participant in all transboundary committees)
Board Oversight	NamWater board guides and directs management to effectively manage the operations of the corporation in line with the mandate of the company	% achievement of the board scorecard (2024/25: 75%)
		% score of the board assessment (2024/25: 84%)
Risk Management	Integrated ESG risk framework	% implementation of the Risk mitigation plans (2024/25: all mitigations plans linked to strategic plan)

INCLUSIVE PROCUREMENT

The corporation understands the impact of its spending in the local economic activities, particularly in the water sector. NamWater continues to prioritise procurement from Namibian owned companies particularly SME's.

The table below shows procurements done from different categories of entities. The large amount spent on works for foreign entities was mainly prescribed by the conditions in the financing agreements, which specified in most cases thresholds that most local entities would not be able to meet.

Category	Total Spend	% Foreign Firm	% Large National Firms	% Public Entities	% SME's
Goods	152,338,659	2,505,909 (2%)	48,997,995 (32%)	3,738,024 (2%)	97,096,730 (64%)
Services (CS&NCS)	456,167,646	172,432 (0.38%)	19,350,404 (54%)	404,983,923 (89%)	31,660,885 (7%)
Works (Projects)	359,924,155	205,946,263 (57%)	114,047,887 (32%)	746,022 (0.22%)	39,183,982 (11%)

In order to support the water sector supply industry for Namibian suppliers, the corporation introduced a number of interventions:

1. Road shows to meet suppliers – we have had road shows in Windhoek and Oshakati. Other towns are planned for similar road shows where we engage suppliers and introduce our procurement plans, as well as answer and specific questions that bidders may have.
2. Hands on support for the suppliers – we help bidders on request to be able to understand our tender documents. This is done with a view to ensuring that they can be responsive in future bids for services and goods within the corporation.
3. Categories of goods reserved for SME suppliers – we comply with the listed items per the Good Practice from the PPU. We have added other specific sectors and goods and services that we strictly reserve to smaller and medium enterprises and to Namibian suppliers.
4. Financial facilitation and tender financing – we have partnered with the Development Bank of Namibia and are exploring other key stakeholders who can help local entrepreneurs to be able to finance the execution of their tenders (trade finance). This support also covers the issuing of performance bids, payment guarantees, and other guarantees required under procurement. These go a long way in ensuring that bidders have options to ensure successful tender execution.
5. Monitoring and evaluation feedback sessions – at the outcome of each tender process, our procurement teams are available to provide feedback on the reasons why specific bids were not responsive. This helps the suppliers to be able to identify reasons why their bids were not awarded.

BOARD OVERSIGHT AND COMPOSITION

The Board of Directors is responsible for overseeing ESG performance, ensuring strategic alignment with Namibia's water supply regulations, and fostering a culture of sustainability and governance. The Board, appointed on 1 April 2023, is composed of diverse expertise, with Mr. Luther K. Rukira as Chairperson. Board and committee meeting attendance, as well as Board remuneration, are reported transparently. The Board exercises its leadership by ensuring NamWater adheres to sound governance principles and fosters an ethical and accountable culture.

BOARD COMPOSITION

The board consists of the following directors during the year under review:

- Mr. Luther K Rukira- Chairperson
- Ms. Maenge Shipiki-Kali- Vice Chairperson
- Mrs. Francis Heunis
- Mr. Udaneka Nakamhela
- Mr. Fanuel Uugwanga
- Mrs. Vivienne Kinyaga
- Mr. Matty Hauuanga

BOARD REMUNERATION

Sitting fees	**BOARD**	**SUBCOMMITTEE**
Chairperson	N$14 732.65	N$ 6 978.48
Director	N$ 8 127.75	N$ 4 762.47
Retainer		
Chairperson	N$ 8 677.14	N$ 4 125.68
Director	N$ 7 088.18	N$ 2 719.33

The number of meetings of the directors, their attendance and fees are shown as part of the audited financial statements hereunder.

COMPLIANCE

NamWater has adopted a Compliance Universe, a dynamic list of Namibian Acts of Parliament categorised into "Primary" (absolutely relevant), "Secondary" (important with assigned ownership), and "Topical" (to be noted) legislation. The 2024/25 financial year Compliance Plan was not comprehensively covered due to prioritisation of the WRMA workshop, but regular Compliance Review Meetings took place. The Corporation's compliance with the Water Resources Management Act 11 of 2013 and the Environmental Management Act 7 of 2007 improved during the year. NamWater aims to comply with national laws and regulations, with its Compliance Management Framework ensuring a robust system.

ASSURANCE

- Internal Audit
- Risk Management

3

INTERNAL AUDIT

Internal Audit is one of the elements of internal control systems, which has been established to provide the Board and other stakeholders with reasonable assurance on the effectiveness of internal controls. The responsibilities of the Internal Audit Division are defined in the Terms of Reference which has been approved by the Board Audit & Risk Committee (BARC), known as the Internal Audit Charter.

The Internal Audit Unit has been established to provide independent assurance, i.e. assurance independent of managements influence on the functioning of Internal controls.

In executing internal audit activities, internal audit personnel are guided by the Standards for Professional Practice of Internal Audit, which have been issued by the Institute of Internal Auditors. To maintain a professional and ethical internal audit function, the NamWater Internal Audit Unit adopted the Code of Ethics for professional Internal auditors issued by the Institute of Internal Auditors.

RISK MANAGEMENT

As outlined in NamWater's Risk Management Policy and further detailed in the Risk Management Procedures, the Corporation acknowledges its core responsibility to effectively manage risks. This responsibility forms the foundation for protecting its assets and provides a structured framework for managing liabilities. NamWater's commitment to risk management prioritizes the continuous supply of water of the required quality, customer and stakeholder satisfaction, as well as the safety and well-being of its employees. The risk management process also establishes measures to mitigate potential losses, reduce uncertainty in achieving corporate objectives, and leverage opportunities to fulfil the Corporation's visionary goals.

NamWater's Risk Management framework is based on the ISO 31000:2018 Risk Management Principles and Guidelines, providing a systematic and flexible approach to managing uncertainties. This framework underpins our strategic objective of adding value through ensuring enterprise resilience, enabling us to proactively identify, evaluate, and respond to both threats and opportunities.

Our risk management practices are embedded across all levels of the organization. Strategic risks are closely monitored and reported at the Executive level, with quarterly reports submitted to the Board Audit & Risk Committee (BARC), enabling BARC to provide effective oversight to risk management. The overall expectation from the Board, through BARC, is to ensure accountability and support informed decision-making. This dual-level governance approach ensures that critical risks are escalated and addressed effectively while fostering a culture of risk awareness throughout the organization.

Key processes of risk management that are followed from the initial stage of risk identification to continuous monitoring are:

- **Brainstorming, with an overall aim of identifying the Risks:** Leveraging structured workshops and data-driven insights to identify risks across strategic and operational dimensions.
- **Risk Assessment and Rating:** Risks are assessed by determining their impact and likelihood using the risk matrix. Each risk is then given an overall score calculated as impact × likelihood.
- **Risk Ranking:** Risks are ranked from highest to lowest based on their risk rating, allowing focus on the most significant risks.
- **Risk Response and Treatment:** Developing and implementing mitigation strategies to address identified risks effectively.
- **Monitoring and Reporting:** Utilizing real-time dashboards and periodic reviews to track risk trends, assess the effectiveness of controls, and refine response strategies

CORPORATE RISK LOG - TOP 12 RISKS

In April 2024, the Corporation conducted a comprehensive risk assessment at the corporate/strategic level, in accordance with the Risk Management Policy, which mandates that such assessments be carried out every three years. A total of 25 risks were identified during the process, of which twelve (12) were prioritised as the Top Risks.

RISK NAME	RISK RANK
1. **Cost of Water Production:** Energy constitutes a primary input in the water production process; therefore, increases in energy costs have a direct impact on the cost of water. Furthermore, the water and electricity tariffs are not aligned, which presents additional challenges in cost management and pricing.	**Very High**
2. **Credit Risk:** Ineffective billing and debt management processes which may negatively impact on revenue recorded and collected from water supplied.	**Very High**
3. **Failure to Develop Water Supply Infrastructure:** Failure to implement water supply infrastructures as per the capital development programme due to constraints such as human resources and other associated time creeps.	**High**
4. **Ineffective Supply Chain Processes:** May result in delayed procurement. Results may be delayed construction of water infrastructure and acquisition of essential equipment.	**High**
5. **Business Processes:** Lack of clearly defined business processes resulting in process inefficiencies.	**High**
6. **Water Security:** Threat to security of water supply due to inadequate water sources ; both surface and ground water.	**High**
7. **Stakeholders Relations:** Failure to fully understand the needs of different stakeholders may result in inability to satisfy the stakeholders.	**High**
8. **Poor Quality of Data:** Poor data will negatively affect the Corporation's decision-making processes.	**High**
9. **Water Infrastructure Planning:** Inadequate planning and unpreparedness in managing water infrastructure may negatively affect the Corporation' s contribution to achieving National Goals.	**High**
10. **Human Resources:** Effect of scarce skills (technical) and its impact on the ability of the Corporation to build and maintain the required infrastructure.	**High**
11. **Water Supply Infrastructure Security:** Exposure of key water supply infrastructure (reservoirs, dams, pipelines and other water works) to vandalism, theft and pollution of water resources.	**High**
12. **Market Risk:** Exposure to market fluctuations poses a risk of elevated acquisition costs for imported goods and services.	**High**

Table 1: 12 top risks and risk ratings.

EXECUTIVE PERSPECTIVE

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MR. ABRAHAM NEHEMIA
Chief Executive Officer
Namibia Water Corporation Limited (NamWater)

CEO'S REPORT

It is my privilege to present the CEO's Report for the financial year under review. Despite a challenging economic and operational environment, NamWater has made meaningful progress across its strategic pillars as guided by our Balanced Scorecard (BSC). Our commitment to delivering sustainable water services while upholding financial, operational, and stakeholder obligations remains unwavering.

Customer and Stakeholder Perspective
We continued to prioritise stakeholder and community engagement throughout the year. While the Stakeholder Satisfaction Survey progressed to 75% completion—below the targeted 100%—efforts are underway to accelerate its finalisation and use its findings to further enhance stakeholder relations.

On the positive side, our commitment to community sustainability was demonstrated through CSR spending of N$2.76 million, underscoring our ongoing support for social and environmental upliftment initiatives.

Financial Perspective
The organisation made steady progress toward its financial sustainability objectives during the reporting period:

- The Return on Assets stood at -0.98%, and while this fell short of the 0.6% target, the strategic investments and efficiencies contributed positively.
- The Debt-to-Equity ratio reduced significantly to 132%, well below the target of 55.4%, reflecting difficult financial position. Noteworthy, is that the corporation has substantial legroom for external debt, as it currently has no interest bearing borrowings.
- Current Ratio reached 6.59, slightly below the target of 8.79, indicating a weakening but still quite strong liquidity position and capacity to meet short-term obligations.

Internal Business Processes
Operational performance saw mixed results.

- We contracted N$578 million in capital projects against a target of N$1.1 billion. Although below target, this reflects steady progress amid procurement and implementation challenges.
- Non-Revenue Water (excluding dams and open canals) was recorded at 10.9%, marginally exceeding the 10.7% threshold, highlighting an area for tighter control and infrastructure maintenance.
- Water Quality Compliance achieved 93.2%, just under the 95% target. While this reflects generally high standards, further improvement is necessary to ensure full regulatory compliance.

Organisational Capacity
Our efforts to enhance water resource and infrastructure resilience are ongoing.

- The availability of developed water resources stood at 316 Mm³/a, overall meeting the current demand of 194 Mm³/a. This confirms that supply is secure for the near term, although pockets of schemes under suppressed demand, and medium-to-long-term sustainability planning remains a key focus.

- A total of 955 scheduled maintenance work orders were completed against a target of 1,284, indicating room for improvement in asset management and preventative maintenance programmes.

- Investment in technology and innovation reached N$23.4 million out of a N$25 million target—placing us on track to reach full implementation.

- Payroll cost as a percentage of operating cost stood at 28%, within the optimal target of 30%. Although this looks positive, there are other costs like provision for bad debts skewing this ratio. Containment of personnel-related expenditure will be a focus area moving forward.

Financial Performance and Results
The Corporation continued to operate on a cost-recovery basis, balancing the delivery of affordable, safe, and reliable water with prudent

financial management. The financial year under review reflects a mixed performance across key indicators, influenced by high input costs, constrained revenue due to tariff freezes, and increasing infrastructure investment needs.

NamWater recorded total revenue of N$2,216,343,194 (2024: N$2,111,595,041). The cost of sales, representing desalinated water purchases, stood at N$693,869,791 (2024: N$603,715,262), while operating expenditure amounted to N$2,034,694,190 (2024: N$1,587,069,807).

The net result for the year was a (loss) of N$128,291,114 (2024: N$80,517,451), largely impacted by more than doubling of expected credit losses to N$536,710,720 (2024: N$182,502,818). Despite these challenges, the Corporation remained solvent and liquid, as evidenced by a Current Ratio of 6.59 (2024: 5.45) and no external debt both exceeding performance benchmarks for the sector.

Key financial metrics:

- **Total Revenue:** N$2,216,343,194 (2024: N$2,111,595,041)
- **Operating Expenses:** N$2,034,694,190 (2024: N$1,587,069,807)
- **Net Surplus/(Deficit):** N$-128,291,114 (2024: N$80,517,451)
- **Capital Expenditure:** N$242 million (2024: N$190 million)
- **Non-Revenue Water (NRW):** 10.9% (2024: 10.3%)
- **Tariff Adjustment Status:** No increase effected since FY2020

NamWater continued to meet its debt obligations and maintained compliance with all lender covenants and capital project milestones under the Water Sector Support Programme (WSSP). Despite the reported loss and cost pressures, the utility preserved its Fitch rating of BB- with a Stable Outlook, confirming its credibility in mobilising capital for future investments.

In Conclusion

NamWater's unwavering commitment to its vision of “Water For All, Forever!” is evident through its strategic advancements in environmental stewardship, social responsibility, and robust governance. Despite challenges such as water scarcity, aging infrastructure, and financial constraints from unadjusted tariffs and customer debt, NamWater continues to pursue sustainable solutions. The Corporation will continue to drive progress through ongoing infrastructure projects, diligent compliance with legislative frameworks, and proactive engagement with all stakeholders to ensure a reliable and sustainable water supply for the entire Namibian nation

While there were areas where performance fell short of targets, NamWater demonstrated operational resilience, staff excellency, financial prudence, and a commitment to its stakeholders’ expectations. We will continue refining our processes, investing in our people and infrastructure, and improving customer service to ensure that we meet and exceed our mandate in the coming year.

I wish to extend my appreciation and support to the Government of the Republic of Namibia and its shareholder representative the Ministry of Agriculture, Fisheries, Water and Land Reform, the Board of Directors, management, staff, and our partners for their support and dedication.

Together we can indeed achieve our Motto “*Water For All, Forever*”.

Mr. Abraham Nehemia
Chief Executive Officer
Namibia Water Corporation Limited (NamWater)

BUSINESS PERFORMANCE

Volume of water sold (M³)

The sales volumes from treated & untreated water increased by 0.6%, whilst desalinated and irrigation water sales volumes increased by 13.6% and 35.3% respectively. The movement in both is informed by water source availability. Most schemes on borehole sources went into water rationing, whilst those schemes in the southern and northern parts of the country were minimally affected by the drought. In fact, volumes in northern Namibia increased as most domestic animals entirely relied on purified water for sustenance.

Tariffs remained unchanged over the reporting period. Changes in revenue were therefore because of volumes sold to customers being higher than prior period especially for desalinated water. Potable and untreated water revenue increased due to higher volumes sold to customers during the current financial period.

Revenue from top 5 customers

The top 5 customers of NamWater account for around 60% of the Corporation's total revenue. City of Windhoek and Swakop Uranium continued to dominate the list of top revenue generating customers for potable water sales. The contribution of the City of Windhoek during the year was diluted by water source inadequacies in the Business Unit Central. Mining revenue (mostly desalinated water) continued to increase. Its contribution to the bottom line remains low due to the corporation having to purchase desalinated water from a third party.

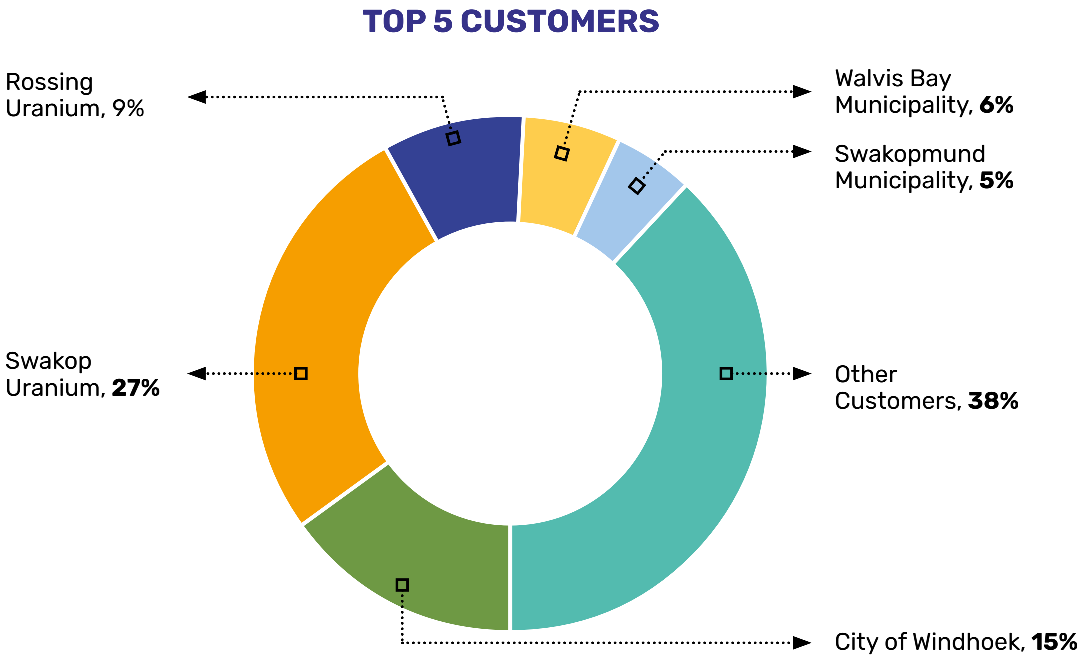
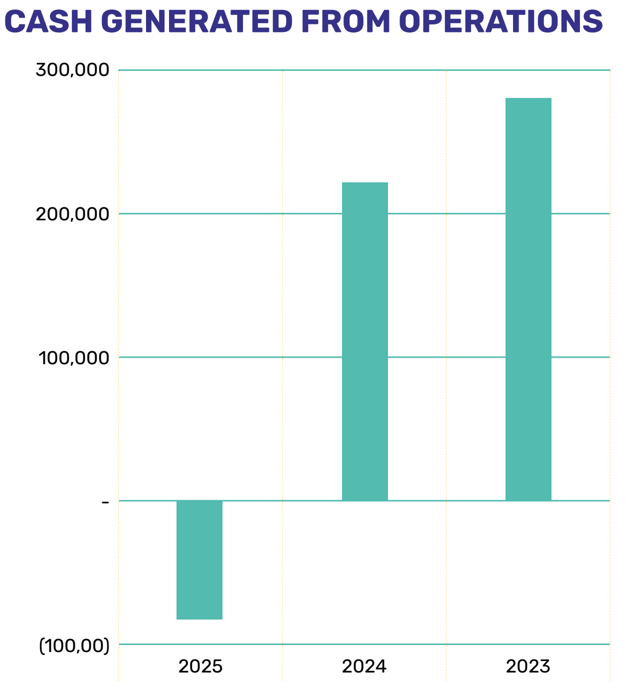


Figure 1: NamWater Top 5 Customers

Cash Flow

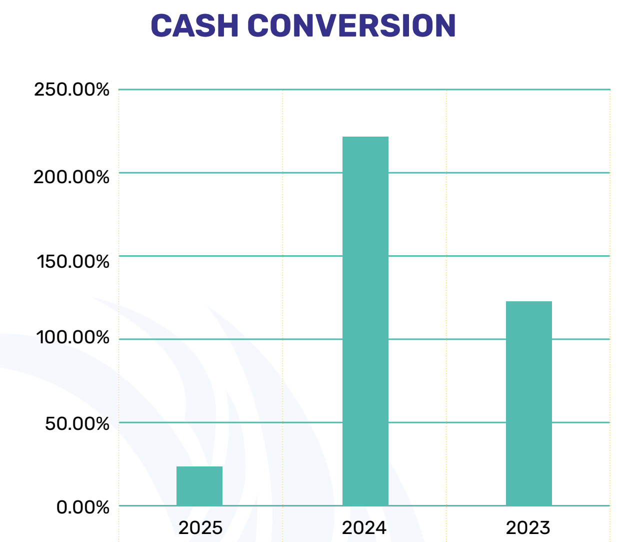


The cash generated from operations has decreased over the last few years. This is mainly due to the erosion of margins and the increase in provisions for bad debts, which directly affect cash flow.

Net cash outflows from operations were - N$37 million, due to the losses incurred for the year. Net cash outflows were also experienced for investing activities as the company reinvested funds that matured just before the year end 2024/25. Overall, no net financial asset disinvestments occurred during the financial year. Additions to fixed assets remained in line with the prior period.

Contributions by the Government materially increased during the quarter. Although not in the face of the cash flow, the long-awaited transfer of the Neckartal dam also took place during the year, with the company taking delivery of one of the biggest single investments by the Government in recent years.

Collection from customers



Debtors' collection period has increased over time. Total gross trade debtors stood at N$2,478 billion on 31 March 2025 (2024: N$2,062 billion). The 20% increase in debtors at the back of a 5% increase in total revenue is a serious cause for alarm. The increase in debtors was primarily informed by the deteriorating national economic environment. The increase in overall default rates of customers led to an increase in trade debtors. Various interventions were considered to improve the situation, although systematic challenges across local authorities honouring their month-to-month consumption of water continued to remain a challenge for the Corporation.

The Corporation is engaging the Government to look at potential options available to address the debt owed to it by Local Authorities.

Suppliers

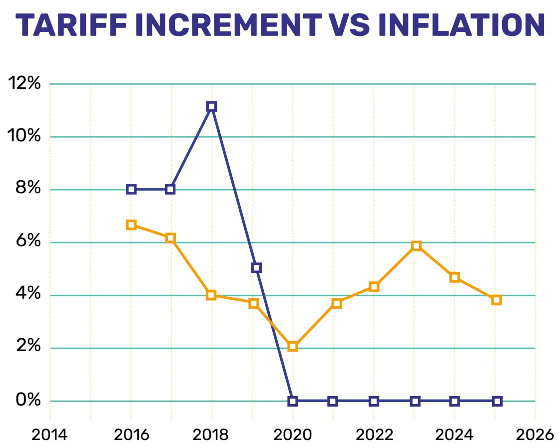
The Corporation continued to service debt to its suppliers within the agreed credit terms. The top five suppliers (in terms of N$ value) for the period under review are listed below. A significant portion of the Corporation's main expenditure is made up of energy and water-related expenses payable to the following utility companies:

- ORANO Desalination Plant
- NamPower
- Central North Regional Electricity Distributor (CENORED)
- Northern Namibia's Regional Electricity Distributor (NORED)
- Aqua Services and Engineering

Taxation

NamWater continued being a good corporate citizen, contributing its share of taxes to the fiscus. The Corporation was taxable during the financial period, with corporate tax reducing to N$34 million (2024: N$64 million).

Tariffs



The lack of approval of tariffs at sufficient levels and on time remains a key weakness factor for the financial sustainability of the Corporation. For this financial year, the Corporation did not get tariff increment approval.

This is the fifth consecutive year that no tariff increments were approved against inflationary increases experienced on the operational cost side of the business. The non-approval of tariff increases is a risk on the sustainability of the Corporation and its ability to finance infrastructure replacements.

As can be seen in this report, several crucial performance matrices have begun to fall, which impacts our long-term sustainability.

Long term Funding

The corporation is high capital-intensive and access to both short and long-term funding is vital. To this end, work to maximize available sources of funding continued during the period. Funding remains from three sources:

- **Internal reserves funding** - this achieved through generating cash flows from operations. The corporation's ability to generate funds from this source will require annual tariff increment approvals supported by cost containment. Work on ensuring completeness and accuracy of billing, and full collections remain a priority.
- **Debt funding** – the NamWater N$1 billion Mid Term Note Programme remained untapped during the period. In addition to this, NamWater remains attractive to be able to access DFI funding, especially as more options for green funding opens up.
- **Shareholder Funding** – the corporation has secured substantial support from the shareholder for the replacement of key infrastructure across the country. This funding, secured through the Water Sector Support Programme, is in the process of being finalized for its deployment, with several contracts awarded.

In its quest to remain attractive, NamWater will manage its credit rating with Fitch Ratings, to continue improving it. As at year end, NamWater was rated at BB – with a positive outlook.

MANAGEMENT TEAM

OUR POWERFUL TEAM MEMBERS

ABRAHAM NEHEMIA
Chief Executive Officer

ANDRIES KOK
Chief Operations Officer

SALTIËL SHAANIKA, PrEng
Chief Engineering Services

KADIVA HAMUTUMWA
Chief Strategy and Corporate Affairs Officer
(Resigned July 2025)

TAFIRENYIKA CHADYA
Chief Financial Officer

DR JOHANNES SIRUNDA
Chief Scientific Officer

KATRINA LAGO LYETU KAGADHINWA
Chief Information Officer

ETHELDREDA D NANDI
Chief Internal Auditor/ Head: Internal Audit and Risk Management

ONNI-NDANGI IITHETE
Head: Legal Services

LOT NDAMANOMHATA
Head: Public Relations and Corporate Communications,

STRATEGY MANAGEMENT

- Strategic Performance Review
- Business Performance

5

STRATEGIC PERFORMANCE REVIEW

The Corporation's vision for the next five years is to be a sustainable water utility providing sufficient and affordable quality water to all stakeholders. To meet the Governments national goals of economic progression with this vision, the following performance gaps were identified. To improve these performance gaps over the next five years, NamWater will pursue:

- To manage water demand and supply by ensuring that there are sufficient water reserves for industrialisation, land servicing and for housing development as outlined in Pillar 4 of the Harambee Prosperity Plan II (HPP II).
- To optimise business processes for increased efficiency and effectiveness of the operations.
- To invest in human resource development to further develop critical water technical skills at all levels within the Corporation.

BUSINESS PERFORMANCE

NamWater's performance is reported on the Annual Business Plan 2024/25, Year 2 of the approved five-year Integrated Strategic Business Plan (2024 – 2028). The Annual Business Plan is aligned to the following strategy map that consist of nine (9) Strategic Objectives supported by 11 key Strategic Initiatives that serve as the focal point for strategy execution.

NAMWATER
Namibia Water Corporation Ltd

NamWater Corporate Strategy Map

Brand Promise
"Water for All, Forever"

VISION

We shall be a sustainable water utility providing sufficient and affordable water to all stakeholders.

Customer & Stakeholder Theme: Building Trusted Relationship

To Enhance & Ensure Stakeholder Satisfaction	To Enhance Community Sustainability
To bring about understanding and support from the various stakeholder and actively promote an appreciation of the true value of water and water services in mutual partenership.	To take an active leadership role in promoting community sustainable improvements through collaboration with local partners.

Finance Theme: Optimizing Financial Sustainability

Ensure Financial Sustainability
To pro-actively plan for the full life-cycle cost of utility operations and value of water resources and establishes predictable rates-consistent with stakeholders expectations.

Internal Business Processes Theme: Enhancing & maximizing Efficiency

Improved Business Efficiency	Improved Product Quality
To ensure ongoing, timely, cost-effective, reliable, and sustainable perfomance improvements in all facets of of the operations, Make effective use of data from automated and smart systems, minimizing resource use and losses.	To produce "fit for purpose" water that meets full compliance with regulatory and reliability requirements and consistent with stakeholder and economic needs.

Organisational Capacity Theme: Ensuring Security of Supply

Ensure Enterprise Resillience	Ensure Water Resource Sustainability
To ensure utility leadership and staff work together internally, and coordinate with external partners, to anticipate, respond to, and avoid business risks by proactively identifying, assessing and establishes tolerance levels of business risks.	To engage in long-term intergrated water resource management and ensure that current and future customer, community and ecological water related needs are met.
Improved & Increased Infrastucture & Assets Perfomance	**Ensure Human Resources Excellence**
To plan infractructure investments consistent with stakeholder needs and priorities, anticipated growth and system reliability goals, Maintains and enhances the condition of all assets over the long-term at the lowest possible life-cycle cost and acceptable risk.	To improve the perfomance of the organization through the perfomance of and investment in its people.

NamWater Values I C T I A Integrity Customer Focus Teamwork Innovation Accountability

Figure 2: NamWater Corporate Strategy Map

The performance results of the financial year are obtained from the Management Accounts, Financial Statements and Operational Reports. A comparative analysis of our performance over the first two years against the 5-year Integrated Strategic Business Plan (ISBP: FY2024 - FY2028) revealed progress.

BSC	Objective	Key Performance	Target	Actual Performance	Progress
Customer & Stakeholder	To enhance and ensure Stakeholder Satisfaction	Percentage of progress with Stakeholder Satisfaction survey	100%	75%	Below Target. Improvement needed.
	To enhance Community Sustainability	CSR Expenditure	N$2million	N$2.76million	Target exceeded.
Financial	Ensure Financial Sustainability	Return on Assets	0.6%	0.3%	Target exceeded.
		Total Debt Equity	55.40%	47.4%	Target exceeded.
		Current Ratio	8.79	6.63	Below target but healthy.
Internal Business Processes	Improve Business Efficiency	Capital Deployment contracted	N$1.1 billion	N$578 million	Below target but commendable progress recorded. Improvement needed.
		Non-Revenue Water percentage	10.70%	10.90%	Below Target with 0.2%.
	Improve Water Quality	Water Quality -Microbiological Compliance	95%	93.2%	Below target with 0.9%. Improvement needed.
Organizational Capacity	Ensure Water Resource Sustainability	Availability of developed water resources vs Current and future Demand	518Mm3/a available	510Mm3/a available	Enough volumes available to meet water demand. Current demand 194Mm^3.
	Improve & increase infrastructure & asset performance	Number of Scheduled Maintenance work orders completed	1284	955	Below Target. Improvement needed.
	Ensure Enterprise Resilience	Investment in Technology and Innovation	N$25 million	N$23.4 million	On track; Nearing target.
	Ensure Human Resources Excellence	Payroll cost: Total Cost	30%	32.6%	Below target. Exceeded level acceptable range with 2.6%.

Table 2: Performance against 2024/25 Annual Businesss PLan

BUSINESS PERFORMANCE

- Water Security Status
- Operational Challenges
- Capital And Research

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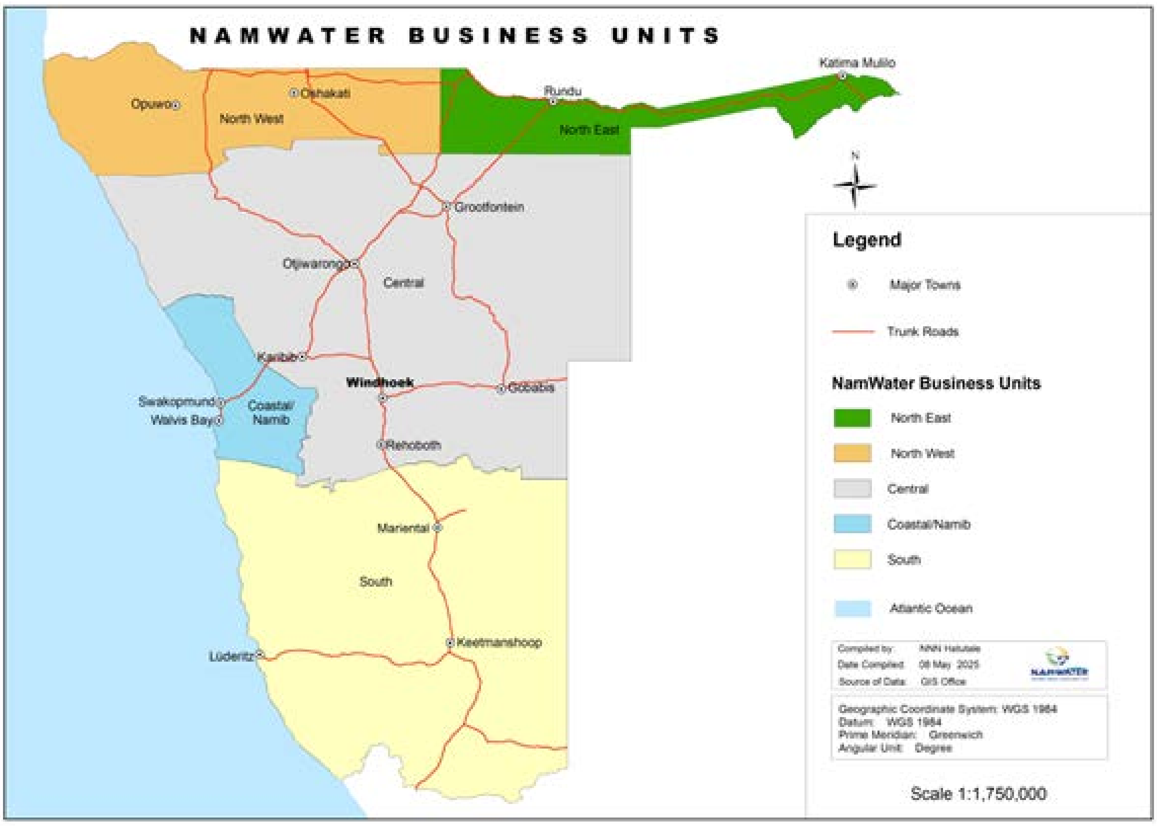
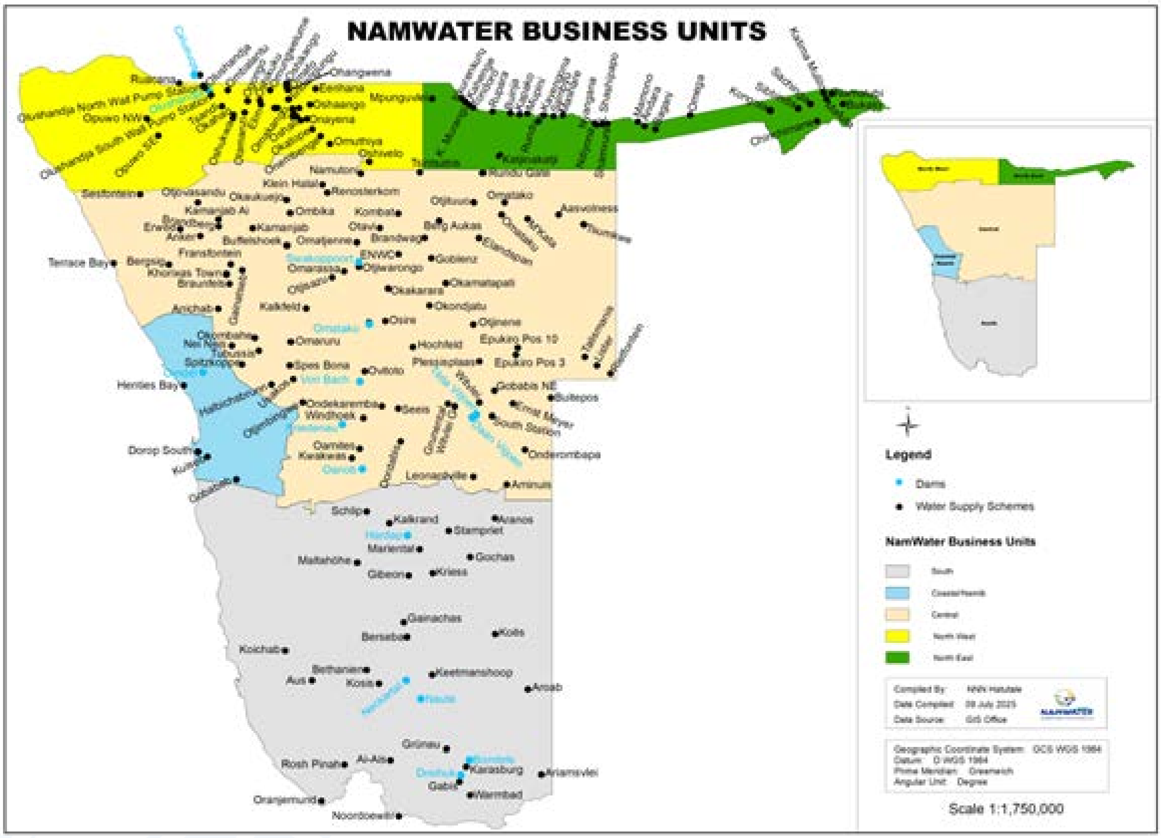
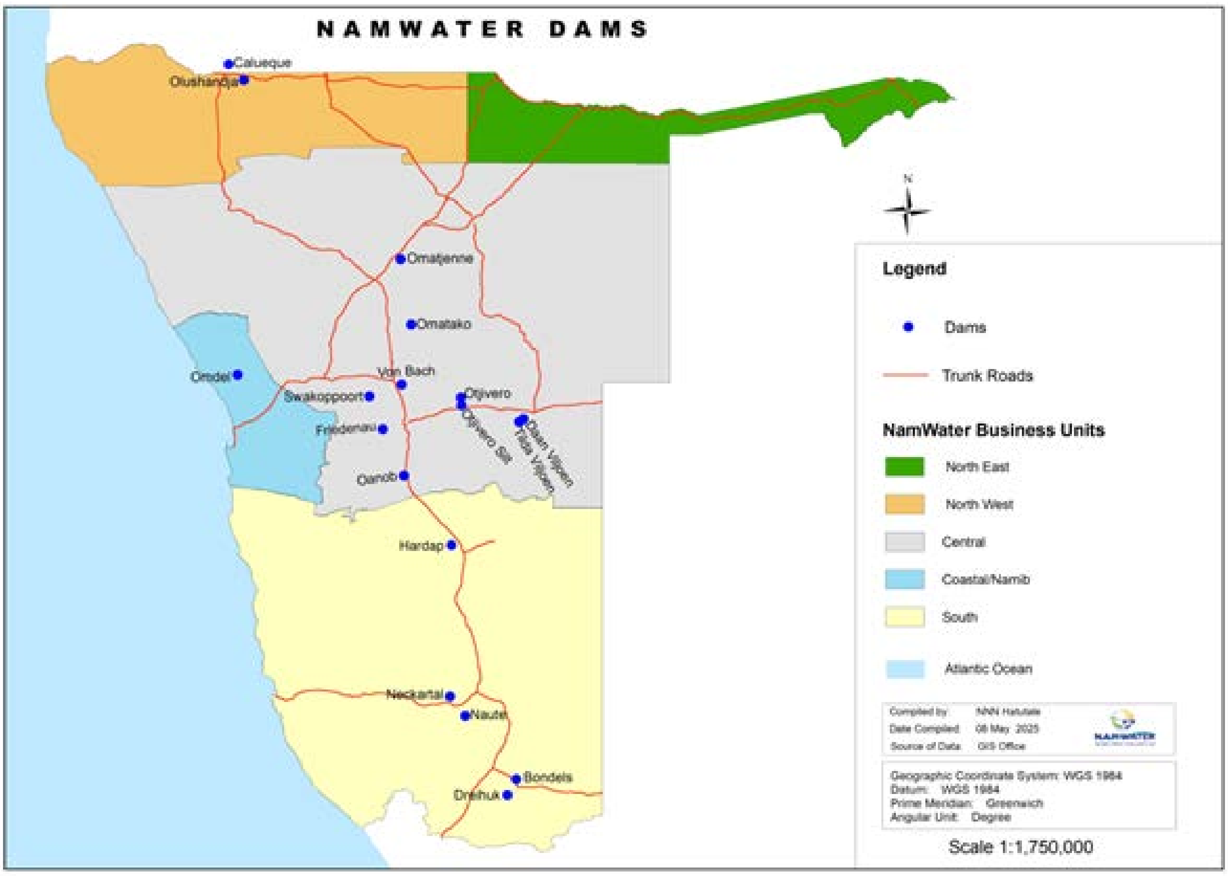
The business units and their respective schemes are shown in the map below:



ABSTRACTION

NamWater abstracts water from rivers, dams, aquifers, and boreholes using various systems. The summary below outlines these sources:





The table below lists Namibia's major dams, their locations, completion years, and storage capacity:

Name of Dam	Location	Construction completed	Capacity (Mm3)
Daan Viljoen Dam	Black Nossob river, Gobabis	1958	0.429
Bondels Dam	Satco River, 7km west of Karasburg	1959	1.103
Tilda Viljoen Dam	Black Nossob River, Gobabis	1958	1.224
Omatjienne Dam	Omatjenne River, 1.5km northwest of Otjiwarongo	1933	5.063
Friedenau Dam	Kuiseb River, 38km west of Windhoek	1972	6.723
Otjivero Silt Dam	White Nossob River, 110km west of Gobabis	1984	7.795
Otjivero Main Dam	White Nossob River, 110km west of Gobabis	1984	9.808
Driehuk Dam	Hom River, 20km south west of Karasburg	1978	15.493
Oanab Dam	Oanob River, 7km west of Rehoboth	1990	34.505
Nauaspoort Dam	Usip River, a tributary of Oanob River.	1967	3.19
Olushandja Dam	Kunene River, 120km northwest of Oshakati	1990	42.331
Omaruru Delta Dam	Omaruru River, 38km east of Henties Bay	1993	37.389
Omatako Dam	Omatako River, 190km north of Windhoek	1981	43.499
Sartorikus von Bach Dam	Swakop River, 50km west of Okahandja	1970	48.560
Swakoppoort Dam	Swakop River, 50km west of Okahandja	1978	63.489
Naute Dam	Löwen River, 45km south west of Keetmanshoop	1972	83.580
Hardap Dam	Fish River, 20km north of Mariental	1962	294.593
Neckartal Dam	Fish River, 40km (direct) west of Keetmanshoop	2020	857.420

TREATMENT

Water treatment is performed in accordance with national quality standards under the Water Resources Management Act. NamWater operates several types of treatment plants, as shown below:

Type of plant	Number	Description	Location
Conventional	16	**Water treatment consists of the following:** Aeration, Coagulation, Flocculation, Sedimentation, Filtration and a Disinfection Process.	Von Bach, Karibib, Oanob, Gobabis and Otjivero (Batch plant), Olushandja; Outapi; Ogongo; Oshakati, Kongola, Divundu, Hardap, Naute, Rosh Pinah, Noordoewer, Aussenkehr
Reverse Osmosis	5	**Water treatment consists of the following:** Pre-treatment such as microfiltration and ultrafiltration, followed by membrane treatment such as nano-filtration or reverse osmosis, blending and disinfection process.	Opuwo, Eenhana, Bethanie, Grunau, Spitzkoppe
Filter Plants	16	**Water treatment consists of the following:** Direct filtration process (No chemicals are used) and a disinfection process.	Okakarara, Katima Mulilo, Rundu Industrial, Nkarapamwe, Kandjimi, Tondoro, Rupara, Bunja, Kapako, Kayengona, ShamVura, Mashare, Ndiyona, Mamono, Andara, Karasburg

CONVEYANCE AND STORAGE

Water is conveyed through pipelines and stored in reservoirs, summarized below:

Infrastructure (Type) 6996 km	Number	Distance (km)
Pipelines	N/A	6996km
Reservoirs	336	N/A

WATER SECURITY STATUS

The Scientific Services Department played a pivotal role in managing Namibia's scarce water resources during the 2024/25 financial year. Through a series of strategic initiatives, the Department made significant strides in enhancing water security and improving service delivery across the country.

NamWater operates in highly variable and arid conditions, where climate change continues to challenge water availability. Despite stable developed water sources across Business Units, rising demand is creating pressure in key regions.

- **Central:** Source potential stable at 61 Mm^3/a but demand (108%) exceeds supply, particularly in Windhoek. Short- to long-term measures include groundwater abstraction, reuse schemes, and the Cabinet-approved Okavango Link pipeline.

- **Northwest:** Source potential at 192 Mm^3/a with low demand (17%), though high abstraction levels point to canal losses and illegal off-takes. Rehabilitation projects and an updated Master Plan are underway.

- **Northeast:** Source potential remains 15 Mm^3/a with demand at 80%, leaving room for growth, especially from the Okavango River.

- **South:** Potential at 228 Mm^3/a (excluding Neckartal Dam) with 78% demand. While capacity is available, some towns face shortages due to poor groundwater, and capital projects are addressing these gaps.

- **Coastal:** Potential at 14 Mm^3/a, but demand at 196% creates severe shortfalls. Current reliance on the privately owned Orano Desalination Plant will be supplemented by the Cabinet-approved SS1 Desalination Project.

Overall, NamWater continues to secure supply through infrastructure rehabilitation, demand management, and strategic projects to meet growing national water needs.

Status of dams and rivers

Status of dams

This section reflects the status of the major dams in NamWater in all Business Units.

The 2024/25 rainy season had substantial rainfall in most parts of the country, resulting in good inflows for most dams. Good inflow was received in some dams, which led to spilling of Swakoppoort and Neckartal dams and releases at Naute Dam. Consequently, the dams' water level in the current season (2024/25) is higher than the previous season (23/24).

Overall, most dams received good inflow, and the available water is enough to breach two rainy seasons operational policy. However, the eastern dams, which supply water to Gobabis, are an exception, as the surface water available will only meet the full demand for one year. To sustain the water supply beyond that, additional water will be sourced from groundwater.

Business Unit Central				
	FY 2023/24		FY 2024/25	
Name	Volume (Mm3)	%	Volume (Mm3)	%
Swakoppoort Dam	24.253	38.2	65.057	102.5
Von Bach Dam	5.367	11.3	35.243	74.2
Omatako Dam	0.243	0.6	34.392	79.1
Otjivero Main Dam	0.442	4.5	1.958	20.0
Otjivero Silt Dam	0.102	1.3	1.316	16.9
Daan Viljoen Dam	0.023	5.4	0.278	64.8
Tilda Viljoen Dam	0.055	4.5	0.223	18.2
Friedenau Dam	3.69	54.9	4.446	66.1
Omatjenne Dam	Empty		0.273	5.4
Oanob Dam	15.276	44.3	26.909	78.0
Nauaspoort Dam	Empty		3.447	101.3

Business Unit South				
	FY 2023/24		FY 2024/25	
Name	Volume (Mm3)	%	Volume (Mm3)	%
Neckartal Dam	715.501	83.4	853.779	99.6
Hardap Dam	36.072	12.2	224.775	76.3
Naute Dam	40.08	48.0	71.111	85.1
Dreihuk Dam	2.979	19.2	4.913	31.7
Bondels Dam	1.134	102.8	1.174	106.5

Business Unit Northeast				
	FY 2023/24		FY 2024/25	
Name	Volume (Mm3)	%	Volume (Mm3)	%
Olushandja Dam	16.558	36.3	33.994	74.5
Calueque Dam	501.58	105.6	425.160	89.5

Business Unit Coastal				
	FY 2023/24		FY 2024/25	
Name	Volume (Mm3)	%	Volume (Mm3)	%
Omdel Dam	Empty		10.274	29.2

Perennial Rivers

- **North (Kunene, Kavango, Zambezi):** Good rainfall in 2024/25 led to higher river levels compared to the previous season. Kunene peaked at 1,868 m^3/s (Ruacana), Kavango at 7.72 m (Rundu), and Zambezi at 5.53 m (Katima Mulilo). Katima Mulilo briefly reached critical levels in November 2024 but recovered steadily thereafter.
- **South (Orange River):** Water levels at Noordoewer (8.7 m) and Rosh Pinah (10.14 m) exceeded last season's peaks due to rainfall and upstream dam releases. Noordoewer reached critical levels in February 2025, while Rosh Pinah operated at high levels from November 2024 to February 2025.

Groundwater Aquifers

- Critical aquifer systems supply major towns, industries, and coastal areas.
- **North-Central Aquifers:** Currently full and performing well.
- **Coastal Aquifers:** Omdel (44% full), Kuiseb (79%), Koichab (88%).
- **Overall Reserves:** Groundwater reserves declined due to poor rainfall and low recharge, but yields remain sufficient for 2–5 years. About 527 Mm^3 of good-quality groundwater is available over the next 5–15 years, depending on replenishment.

Summary: River flows improved in 2024/25, while aquifer reserves declined slightly but remain adequate in the short to medium term. Strategic monitoring and management remain critical for long-term sustainability.

Aquifer Name	% Full	Estimated Reserve (Mm^3)
Kuiseb	79	139
Otjiwarongo Marble	83	65
Koichab Pan Lüderitz	88	77*
Omdel	44	40
Kombat	100	49
Berg Aukas	98	44
Gobabis	95	113
Total		527

Groundwater reserve of major water supply schemes in million cubic meters. *Estimated reserves revised in a recent Groundwater Modelling Study (2024) indicate the availability of about 364 Mm^3, however, these reserves lie beneath sand dunes and access to them is limited.

WATER QUALITY STATUS

During the period under review, the Business Units have ensured that the water supplied to customers meets the acceptable quality standards outlined in the Namibia Water Quality Guidelines and Standards for potable water.

However, given the stringent level of the Namibia Water Quality Guidelines and Standards, some Business Units' water recorded high levels in terms of physiochemical water quality parameters as indicated below:

BU South: (5) colour, turbidity, fluoride, total hardness and nitrates
BU Northeast: (2) colour and turbidity
BU Northwest: (4) colour, turbidity, magnesium, total hardness
BU Central:(4) colour, turbidity, total hardness and calcium
BU Coastal: (3) turbidity, chloride and total hardness

As reported in the previous financial year, turbidity remains a concern for most Business Units. The ongoing treatment plant upgrades at Rundu, Oshakati, Eenhana, and Outapi aims to address many water quality issues in Business Unit North. Furthermore, optimisations and the retrofitting of some water supply schemes with new treatment process units will also improve product water quality.

BACTERIOLOGICAL WATER QUALITY

The graph depicts the percentage of bacteriological compliance for the various Business Units against the set limit of a five (5) percent failure rate.

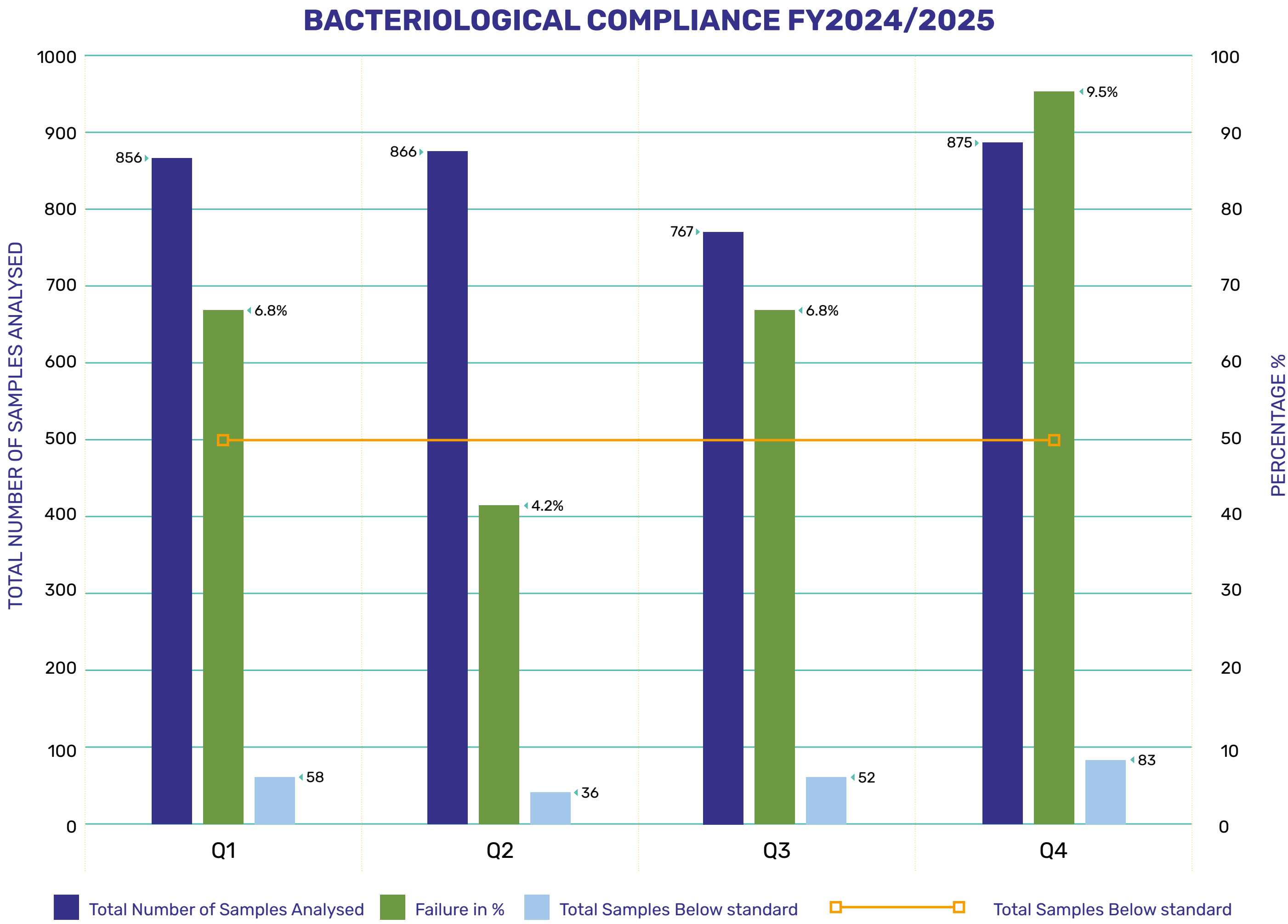


Figure 3: Bacteriological Water Quality

The objective is to achieve bacteriological compliance with a failure rate of less than 5 percent throughout the financial year 2025. Bacteriological compliance is important because the company must provide safe water for human consumption.

The result for the 12 months FY2024/25 for bacteriological water quality shows a 6.80 percent failure rate, against a target of 5 percent. Business Units Northeast and Northwest did not meet the 5 percent target. In BU Northeast, most failures occurred at unmanned schemes. The Business Units are implementing interventions to improve bacteriological water quality.

OPERATIONAL CHALLENGES

MAINTENANCE

Aging infrastructure remains one of the most pressing challenges facing NamWater. All Business Units are impacted, with increasing breakdowns placing additional pressure on limited maintenance resources. While several capital projects are underway to replace or rehabilitate aging systems, these efforts will take time to fully resolve the backlog and improve system reliability.

In addition, NamWater's maintenance capacity—both in terms of manpower and materials—must be further strengthened to meet the growing demands of both scheduled and breakdown maintenance. The approved Maintenance Policy is in the process of being implemented, supported by various initiatives, but full rollout will still take time.

OPERATIONS MANAGEMENT AND DATA SYSTEMS

Efforts are ongoing to improve the capturing, recording, and analysis of operational data across all schemes. These improvements are key to supporting more informed decision-making and proactive system management. However, full integration of these improvements is expected to take another two to three years.

NamWater has also begun reviewing and mapping key operational processes. This includes the development and standardisation of business processes and Standard Operating Procedures (SOPs), which are being addressed through current and upcoming initiatives.

MEETING WATER DEMAND

Out of 195 water supply schemes nationwide, 35 are currently operating under suppressed demand conditions. These schemes are unable to meet the full needs of their customers due to either water resource limitations or infrastructure constraints. Each of these schemes is linked to capital projects intended to address the deficiencies over time.

Low dam levels across the country—resulting from below-average rainfall and low inflows—further impacted NamWater's ability to meet demand. Water rationing was implemented in several supply centres, including the Central Area and the Hardap Irrigation Scheme.

In the Central Area of Namibia, particularly Windhoek, water supply remains a growing concern. NamWater is actively pursuing additional water through the Eastern National Water Carrier, drawing from Berg Aukas, Kombat, and potentially Abenab, as well as the Kavango River. This will supplement the current sources: Von Bach, Swakoppoort, and Omatako Dams.

At the coast, increased mining activity continues to strain available sources. Current supply is drawn from the Omdel and Kuiseb aquifers, as well as the Orano desalination plant. NamWater is conducting feasibility studies for an additional desalination plant to meet future coastal demand.

Rural supply networks are particularly challenged in areas served by the Northwest and Central BUs—covering regions such as Omusati, Oshana, Ohangwena, Oshikoto, Otjozondjupa, and Omaheke. In these areas, ever-expanding distribution networks and growing demand have resulted in reduced water pressure and inconsistent supply.

WATER QUALITY

The implementation of the Water Resources Management Act (Act 11 of 2013) has introduced stricter water quality standards. Several water supply schemes currently fall short of meeting the new requirements, necessitating significant upgrades. Adapting infrastructure to these standards will be both time-consuming and costly.

Additionally, the Swakoppoort Dam—located within the Windhoek industrial catchment—continues to experience water quality issues due to nutrient loading and pollution. Addressing these issues will require both operational and capital interventions.

OVERALL PERFORMANCE AGAINST STRATEGIC OBJECTIVES

OPERATIONAL PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Strategic Objective: Improve Internal Efficiency – Major Systems Failures
System failures refer to significant malfunctions within the water supply infrastructure that disrupt normal operations. NamWater continues to implement initiatives aimed at reducing the frequency of such failures.

A total of 57 major system failures were recorded during the period under review, which is below the projected target of 77 failures for the financial year—indicating progress in improving system resilience.

Strategic Objective: Reduce Non-Revenue Water
Non-revenue water is the volume of water produced but not billed, measured only in closed systems. It includes unavoidable losses (e.g., filter backwashing), metering and billing inaccuracies, overflows, pipe leaks, and breaks. Losses from open canals (such as evaporation) are excluded from this calculation.

For the year-to-date, the average non-revenue water in closed systems was 10.9%, compared to a benchmark target of 10.7%.

To improve accuracy and detect problem areas, the Operations Department conducts ongoing water balance calculations for each individual water supply scheme and scheme component. In addition, a continuous meter replacement programme is underway to reduce inaccuracies in measurement.

Strategic Objective: Ensure Bacteriological Compliance
Bacteriological sampling is critical for protecting public health by identifying microbial contamination that could lead to waterborne diseases such as cholera, typhoid, or dysentery. Sampling requirements are determined based on population size and must be conducted at prescribed intervals as planned annually.

The compliance target for the period was 3,612 samples across all Business Units. A total of 3,362 samples were collected, representing 93% compliance with the target.

Although most BUs performed well, Business Units Central, North East and South were -behind the sampling schedule. Corrective measures are being implemented to improve compliance in these regions.

Strategic Objective: Minimise Unplanned Water Supply Interruptions
Unplanned water supply interruptions affect both end customers (fed from terminal reservoirs) and online customers (fed directly from pipeline offtakes). For end customers, any disruption is counted, while for online customers, a disruption is only counted after a 12-hour supply outage.

The annual limit was 117 interruptions. A total of 114 interruptions were recorded during the reporting period, Remaining wihtin the allowable threshold.

These interruptions were within the allowable = set target and attributed to two primary causes:

- Internal failures such as pipe bursts, and malfunctioning pumps or motors.
- External failures, mainly power supply interruptions by NamPower and other distributors. Once power supply ceased, affected reservoirs ran dry, leading to downstream supply failures.

Strategic Objective: Address Schemes Under Suppressed Demand
This objective tracks water supply schemes—or scheme components—that are unable to fully meet customer demand due to limitations in available resources or infrastructure. Such challenges affect both standalone schemes and components of integrated systems, such as those in the Northwest BU where backbone supplies fail to meet branch line demands.

As of the reporting period, a total of 35 schemes or scheme components across the country are operating under suppressed demand conditions.

Each of these schemes has a corresponding capital project under development. These projects aim to increase capacity through the development of new water sources and infrastructure upgrades, thereby ensuring supply reliability and meeting long-term demand.

CAPITAL AND RESEARCH

CAPITAL DEVELOPMENT PLAN AND PROCUREMENT ACTIVITIES

NamWater's Capital Development Plan continues to play a pivotal role in ensuring sustainable water supply across Namibia. The plan provides for the acquisition of assets, renewal of ageing infrastructure, and the construction of new infrastructure to meet the growing demands of domestic, industrial, and agricultural water users.

Projects are strategically planned and implemented across all regions of Namibia, to address several critical factors, including:

- Water supply shortages due to suppressed demand,
- Ageing and deteriorating infrastructure,
- Increased demand driven by population and economic growth,
- Development of key industries and agricultural expansion.

NamWater's capital investment strategy is designed to support the development and maintenance of critical water infrastructure and systems across Namibia. Overall, the corporation spent N$577,383,233 on infrastructure projects during the year, against a budget of N$1,479 800,000. The subdued expenditure was mainly due to procurement delays that resulted in some projects not taking off and, in some commencing, rather later than planned.

The capital projects expenditure is broken down into two categories:

1. Projects Funded Exclusively by NamWater from its own sources
2. Projects Funded by GRN directly and via its development partners

NamWater's own funding budget stood at N$494,563,380, whereas the government budget amounted to N$985,236,620.

Expenditure in the two funding categories is expanded in the sections below:

NAMWATER FUNDED CAPEX

The table below outlines the budgeted allocations, actual expenditures, and utilisation rates for the 2025/2026 financial year of NamWater's own funded projects:

CAPEX Summary – NamWater Funding

Category	Budgeted Amount (NAD)	Actual Expenditure (NAD)	Utilisation Rate (%)
Capital Projects	418,875,880	190,961,994	45.6%
Non-infrastructure Items	49,000,000	33,588,973	68.55%
Non-infrastructure Projects – Spatial Data Infrastructure	1,687,500	439,740	26.06%
Infrastructure Items	25,000,000	17,637,986	70.55%
Subtotal: NamWater Funded CAPEX	494,563,380	242,628,693	49.01%

CAPITAL BUDGET UTILISATION OVERVIEW (2024–2025)

NamWater's capital budget utilisation over the 2024 and 2025 financial years reflects both progress and ongoing challenges in project implementation across various regions.

BUDGET VS. ACTUAL EXPENDITURE

Year	Budget (NAD)	Actual Expenditure (NAD)	Utilisation Rate
2023/24	435,603,899	190,681,673	43,77%
2024/25	494,563,380	242,628,693	49,05%

Table 3: Budget vs. Actual ExpenditureFunding

- In 2023/24, only 43.77% of the allocated capital budget was utilized. This underperformance was largely due to delays in procurement processes, contractor mobilization challenges, and technical difficulties encountered on several projects (e.g., hard rock excavation in Aroab).
- In 2024/25, utilization improved to 49.05%, indicating better project execution and disbursement, though still below optimal levels. While there is a positive trend, both figures fall below the ideal threshold for effective capital deployment.
- The year-on-year improvement suggests that the interventions implemented by NamWater may be starting to yield results, but further efforts are needed to reach optimal efficiency such as for enhanced planning, streamlined procurement, and stronger contractor performance management

STRATEGIC RESPONSE

NamWater is implementing several measures to improve capital budget absorption, including:

- Strengthening project planning and readiness assessments.
- Enhancing contractor prequalification and performance monitoring.
- Streamlining internal approval and disbursement processes.
- Increasing regional engineering capacity and supervision.

By end of the reporting period, the total CAPEX utilization rate stood at 46.89%, indicating underutilization of allocated funds. This was primarily due to delays in project implementation and procurement processes. In alignment with national legislation, NamWater's procurement processes are governed by the Public Procurement Act, Act No. 15 of 2015. In accordance with this Act, all procurement contracts exceeding the prescribed thresholds are managed by the Central Procurement Board of Namibia (CPBN) on behalf of NamWater.

During the reporting period, several key water supply security projects were processed through the CPBN. These include the Construction of the Naute – Keetmanshoop Water Pipeline Replacement and Ancillary Works whose award has been a subject of court challenges since December 2023 and work is yet to commence as litigations over the award of the contract continues.

Capital Projects

The following table reflects the capital projects where significant expenditure was recorded during the year.

Project	Amount in N$
Ondangwa-Omutsegwonime Pipeline Replacement	38 461 805,00
Kuiseb-Collector 2-Schwarzekuppe Swakopmund Pipeline	35 321 411,00
Pump Stations Critical Upgrade	10 691 508,00
Ogongo - Oshakati Canal Replacement	10 464 752,00
Outapi Purification Plant Extension	9 834 367,00

Kuiseb Delta New Scheme	8 394 273,00
Henties Bay Extension	7 362 019,00
Central Coast Desalination Plant	6 692 845,00
Aroab Extension & Upgrade	6 533 847,00
Nkarapamwe 9,000 m3 Rehabilitation	4 474 942,00

NON-INFRASTRUCTURE ITEMS

This vote achieved a relatively high utilization rate of 68.55%, demonstrating effective procurement and deployment of operational assets and equipment. Most of the procurements under this budget vote was utilised for operational Trucks and Vehicles.

INFRASTRUCTURE ITEMS:

With a utilization rate of 70.55%, this category showed strong performance in the acquisition and deployment of physical infrastructure components. This budget vote is utilised for the replacement of malfunctioning Pumps, Motors, Metering devices etc.

GOVERNMENT FUNDING THROUGH DEVELOPMENT PARTNERS

This section provides an overview of the approved budgets and utilization rates from the Namibian government, including funding it sourced from including international development partners, such as the African Development Bank (AfDB) and KfW Development Bank (KfW).

CAPEX SUMMARY – GRN / DEVELOPMENT PARTNERS FUNDING

Funding Source	Total Funds Committed (NAD)	Funds Utilised on development (NAD)	Utilisation Rate (%)
African Development Bank (AfDB)	486,977,072.00	238,289,416.63	48.93%
KfW Development Bank (KfW)	113,060,430.00	1,054,557.46	0.93%
Government of the Republic of Namibia (GRN)	380,050,778.00	106,150,206.34	27.93%
Subtotal: Development Partners	**985,236,620.00**	**345,494,180.43**	**35.07%**

AFDB FUNDS

AfDB was the largest contributor of funds from Development partners, accounting for nearly 49% of the total development partner funds. At 48.93%, the utilization rate was relatively strong, indicating effective deployment of resources. Continued monitoring and support will help maintain or improve this performance.

KFW FUNDS

A total of N$113 million was approved for utilisation on KfW funded projects. However only 0.93% of the funds were utilised during the reporting period. The projects faced significant delays going through the approval process from design into the construction stage.

GRN FUNDS

During the reporting period, GRN committed N$380 million, making it the second-largest contributor to the funding. The 27.93% utilisation rate reflects delays in project execution, mostly due to the late awarding of contracts.

FUNDING AND IMPLEMENTATION

Namibia continues to make meaningful progress in securing water supply for both urban and rural populations. The establishment of the Cabinet Committee on Water Supply Security (CCWSS) underscores the Government's commitment to long-term water resilience. This committee coordinates infrastructure development and optimisation efforts, ensuring that critical projects are prioritised and implemented efficiently, through the NamWater Infrastructure Development Programme.

The NamWater Infrastructure Development Programme is a joint effort involving:
NamWater, responsible for implementing and co-financing several projects.
The Central Government, funding large-scale capital projects. Some of the projects were funded in collaboration with the African Development Bank (AfDB) and KfW
Key Ministries, Private Customers and Local Authorities, who have agreed on task allocations and funding responsibilities.

MAJOR PROJECTS AND FUNDING AGREEMENTS

NamWater through Central Government, has secured AfDB funding for the following high-priority projects. The African Development Bank (AfDB) is a multilateral development finance institution established in 1964 to promote sustainable economic growth and reduce poverty across the African continent.

AFDB - NAMIBIA WATER SECTOR SUPPORT PROGRAMME 1

- **Oshakati Purification Plant Extension**
  This project involves expanding the existing water treatment capacity to meet growing demand in the Oshana Region.
- **Rundu Purification Plant Extension**
  This project is aimed at improving water quality and supply reliability in the Kavango East and West Regions. The project includes the installation of advanced treatment technologies and increased storage capacity.
- **Ohangwena II Wellfield – Phase 1**
  This project focuses on drilling and equipping new boreholes, constructing collector pipelines, and reservoirs to supply water to underserved communities in northern Namibia.

KFW - NAMIBIA WATER SECTOR SUPPORT PROGRAMME 1

KfW (originally Kreditanstalt für Wiederaufbau, or "Credit Institute for Reconstruction") is a German state-owned development and promotional bank, established in 1948. It offers low-interest loans and grants thanks to its public mandate.

This funding in collaboration with the Government of the Republic of Namibia supports the Namibia Water Sector Support Programme 1, which includes the following projects:

- **Ogongo to Oshakati Pipeline Replacement**
  A N$236.7 million project to replace 52.4 km of aging asbestos-cement pipes with modern materials. This upgrade will enhances water delivery to Oshakati, Oshikuku, and surrounding areas, addressing frequent breakdowns and low pressure.
- **Kuiseb and Omdel to Swakopmund Pipeline Rehabilitation**
  Replacement of approximately 18 km of critical pipeline sections to ensure reliable water supply to the coastal town of Swakopmund.
- **Olushandja to Ogongo Canal Refurbishment**
  Rehabilitation of this key canal to reduce water losses and improve conveyance efficiency.

- **Ogongo – Oshakati Canal (Oshikuku Bypass) Construction**
  A new bypass pipeline replacing the canal section that runs through Oshikuku townlands for the sake of improving Oshikuku residents safety and reducing water flow disruption by bypassing a section of the canal that is prone to siltation due to flooding.
- **Katima Mulilo Purification Plant Replacement**
  A complete replacement of the existing plant to meet growing demand and improve water quality in the Zambezi Region.

KFW - NAMIBIA WATER SECTOR SUPPORT PROGRAMME II

This second tranche of funding supports:

- **Omundaungilo to Omutsegwonime Water Supply Scheme**
  A new pipeline and pumping system to connect remote communities in Ohangwena and Oshikoto to a reliable water source.
- **Oshakati - Ondangwa - Omutsegwonime Water Supply Scheme**
  Construction of an additional pipeline between Oshakati and Ondangwa, as well as the replacement of the old pipeline between Ondangwa and Omutsegwonime.
- **Katima Mulilo Extension – Phase 2**
  Further expansion of the water supply infrastructure in Katima Mulilo to accommodate urban growth.
- **Rural Water Supply Schemes**
  Several smaller-scale projects aimed at improving water access in remote and underserved rural areas.

Projects Under Implementation

As of 2024/25, the following AfDB-funded projects are actively under construction:

- **Oshakati Purification Plant Extension**
  The construction stage of the project was awarded to the tune of N$712 million and is expected to be completed in 2027.
- **Rundu Purification Plant Extension**
  Awarded to the tune of N$650 million, the project is expected to be completed in early 2026.
- **Omafo – Eenhana Extension (Ohangwena II Wellfield)**
  This project will improve water supply in the Ohangwena region. NamWater constructed new reservoirs, water pipelines, new boreholes, a treatment plant as well as new pump stations.

Photo: Ongoing work at Nkarapamwe 16ML Concrete Reservoir site.

Photo: Ongoing Works, New Rundu Treatment Plant

MAJOR WATER SUPPLY PROJECTS COMPLETED IN 2024/25

KATIMA MULILO RAW WATER PIPELINE PROJECT (ZAMBEZI REGION)

The Katima Mulilo Raw Water Pipeline Project was initiated to address critical challenges in water supply reliability and infrastructure aging in the Zambezi Region of Namibia. The primary objective was to enhance the efficiency and security of raw water conveyance from the intake tower on the Zambezi River to the Katima Mulilo Water Treatment Plant, which serves both the town and surrounding rural communities.

Key Goals and Benefits

The key goals and benefits of this project can be summarised as follows:

- Improve reliability of water supply to Katima Mulilo and nearby settlements.
- Ensure long-term water security for communities including Sibbinda, Linyanti, Bukalo, and Kalimbeza.
- Replace aging infrastructure—the original pipeline, constructed in 1979/80, had deteriorated and was no longer adequate for current demand and operational standards.

Technical Specifications

The old pipeline was replaced with a 630mm diameter HDPE (High-Density Polyethylene) pipeline, known for its durability, corrosion resistance, and flexibility. The new pipeline ensures higher flow capacity, reduced maintenance needs, and improved resilience against environmental factors.

Construction and Implementation

The project was executed by Ndakalimwe Investments CC, a Namibian construction company and was completed in September 2024, marking a significant milestone in regional water infrastructure development.

Impact on local communities

The upgraded pipeline supports domestic, agricultural, and institutional water needs. It contributes to public health improvements, economic development, and climate resilience by ensuring a stable water supply. The project aligns with Namibia's broader goals under the National Development Plan and Vision 2030, particularly in improving rural infrastructure and services.

KUISEB COLLECTOR 2 – SCHWARZEKUPPE – SWAKOPMUND PIPELINE REPLACEMENT PH 3

PROJECT OVERVIEW

The Kuiseb Collector 2 – Schwarzekuppe – Swakopmund Pipeline Replacement Phase 3 is a critical infrastructure upgrade aimed at improving the reliability and efficiency of potable water delivery to the coastal town of Swakopmund and surrounding areas. This project forms part of NamWater's broader strategy to modernize aging water infrastructure and ensure long-term water security in the arid Erongo Region.

BACKGROUND

The NamWater Board of Directors approved the execution of this phase in September 2021, recognizing the strategic importance of replacing the aging section between Collector 1 and Collector 2. The project was publicly tendered in May 2023, and the contract was awarded in August 2023 to a joint venture between CK Heydt Civils CC and UNIK Construction Engineering Namibia (Pty) Ltd.

TECHNICAL DETAILS

The Total Length of the pipeline is 10 km. Consisting of 8.3 km, Ductile Iron (DCI) pipeline installed above ground, chosen for its strength, durability, and resistance to corrosion in harsh desert conditions and 1.7 km of High-Density Polyethylene (HDPE) pipeline installed below ground, ideal for flexibility and ease of installation in constrained or sensitive areas. The pipeline traverses challenging terrain, requiring careful engineering to ensure stability, pressure management, and minimal environmental disruption.

Construction Timeline

- Start Date: September 2023
- Completion Date: November 2024
- The project was delivered on schedule, demonstrating effective coordination between contractors, NamWater, and local authorities.

Commissioning

The pipeline was officially commissioned on 13 December 2024 by Hon. Carl Hermann Schlettwein, the former Minister of Agriculture, Water and Land Reform. The commissioning marked a significant milestone in Namibia's efforts to strengthen water infrastructure resilience in the face of climate variability and growing urban demand.

Impact and Benefits

The impact of the project is to enhance water supply reliability to Swakopmund, a key urban and tourism hub as well as to Reduce maintenance costs and improve operational efficiency due to modern materials and design. The project supports socio-economic development in the Erongo Region by ensuring a stable water supply for households, businesses, and public services. It contributes to Namibia's Vision 2030 and the National Water Sector Strategy by promoting sustainable water infrastructure development.

KUISEB DELTA NEW SCHEME (ERONGO REGION)

Project Overview

The Kuiseb Delta New Scheme is a strategic water infrastructure initiative undertaken by NamWater to modernize and expand the water supply system serving Walvis Bay, one of Namibia's key coastal cities. The project was designed to address aging infrastructure, increase water abstraction capacity, and enhance the reliability and resilience of water delivery systems in the face of growing urban demand and climate variability.

Key Objectives:

- Replace outdated infrastructure that had become inefficient and costly to maintain.
- Increase abstraction capacity from the Dorop South wellfield, a critical groundwater source in the Kuiseb Delta.
- Ensure reliable water transfer and power infrastructure, in line with NamWater engineering norms and standards.
- Strengthen water supply security for Walvis Bay and surrounding areas, supporting domestic, industrial, and port-related water needs.

Technical Components

- New boreholes and wellfield upgrades in Dorop South to boost groundwater extraction capacity.
- Installation of modern pumping systems with energy-efficient motors and automated controls.
- Construction of new pipelines for raw and treated water transfer, designed to withstand desert conditions and minimize leakage.
- Development of power supply infrastructure, including backup systems to ensure uninterrupted operation during grid outages.
- Integration of SCADA (Supervisory Control and Data Acquisition) systems for real-time monitoring and operational control.

Strategic Importance

Walvis Bay is a major economic hub, hosting Namibia's principal port and numerous industries. Reliable water supply is essential for sustaining growth and attracting investment. It should be noted that the Kuiseb Delta is a sensitive ecological zone, and the project incorporates environmental safeguards to ensure sustainable groundwater use. The scheme supports Namibia's Vision 2030 and the National Water Sector Strategy, promoting equitable access to water and infrastructure modernization.

Expected Outcomes

- Improved water quality and quantity for Walvis Bay residents and businesses.
- Reduced operational costs through energy-efficient systems and reduced maintenance.

- Enhanced resilience to droughts and climate change impacts.
- Support for future urban expansion and industrial development in the Erongo Region.

THE SHAMVHURA – SHAMANGORWA RURAL WATER SCHEME

Project Overview

The Shamvhura – Shamangorwa Rural Water Scheme was developed to address persistent water shortages in a cluster of rural villages in northeastern Namibia. The scheme is vital for improving access to safe and reliable drinking water in a region where communities have historically depended on limited and often unreliable groundwater sources.

Initial Infrastructure and Challenges

The scheme originally relied on a single borehole and a containerized water treatment plant commissioned in 2021. The treatment plant had a maximum output of 9–10 m^3/h, which was insufficient to meet the demand of 15–18 m^3/h across the ten villages. This shortfall led to intermittent supply, especially during peak demand periods, affecting households, schools, clinics, and small-scale agricultural activities.

Proposed and Implemented Solution

To address the supply gap, a medium- to long-term solution was developed, focusing on:

- Abstraction of surface water from the Okavango River, a more sustainable and higher-capacity source.
- Installation of sand filtration systems to improve raw water quality before treatment.
- Integration of the new system with the existing infrastructure to ensure seamless distribution and operational efficiency.

Technical Components

- Raw water intake system constructed along the Okavango River with protective measures against flooding and sedimentation.
- Sand filtration units installed to remove suspended solids and improve water clarity before treatment.
- Pumping and transfer systems designed to handle variable flow rates and ensure consistent delivery to the treatment plant.
- Upgraded distribution network to ensure equitable water delivery across all beneficiary villages.

Project Outcomes

- Increased water production capacity, now meeting and exceeding the daily demand of the communities.
- Improved water quality, ensuring compliance with NamWater and Ministry of Health standards.
- Enhanced reliability and resilience of the water supply system, reducing dependency on a single borehole.
- Positive social impact, including better public health, reduced time spent collecting water, and improved quality of life.

Additional Details

- **Location:** 127 km east of Rundu, Kavango East Region, Namibia
- **Project Duration:** September 2023 – July 2024
- **Implementing Contractor:** Aqua Services Engineering (Pty) Ltd

HENTIES BAY EXTENSION (ERONGO REGION)

PHASE 1: PIPELINE AND PUMP STATION INFRASTRUCTURE

Scope of Work
The scope of work entailed the Construction of a 6.5 km, 250mm PN10 HDPE butt-welded pipeline from the Omdel offtake to Henties Bay as well as the Installation of a new pump station to facilitate efficient water transfer over the distance and elevation profile.

Key Features
The pipeline was designed to withstand coastal environmental conditions, including high salinity and shifting sands. The pump station includes automated controls and telemetry for remote monitoring and operational efficiency. This phase significantly improved the volume and consistency of water delivered to Henties Bay, addressing previous supply constraints during peak demand periods.

Commissioning
The infrastructure was officially commissioned by Hon. Calle Herman Schlettwein, former Minister of Agriculture, Water and Land Reform, marking a major milestone in regional water infrastructure development.

- **Start Date:** January 2024
- **Completion Date:** September 2024
- **Commissioning Date:** 13 December 2025
- **Contractor:** Strydo Construction CC

MAJOR CAPITAL PROJECTS THAT COMMENCED IN 2024/25

ONDANGWA – OMUTSEGWONIME PIPELINE REPLACEMENT

PROJECT OVERVIEW
The Ondangwa–Omutsegwonime Pipeline, also known as the South East (SE) Pipeline, is a vital component of the Ondangwa–Omutsegwonime Bulk Water Supply Scheme, designed to transport potable water from Ondangwa in a south-easterly direction to the urban center of Omuthiya and further to the rural village of Omutsegwonime.

This pipeline plays a critical role in supporting both urban and rural water needs, serving a growing population and supporting socio-economic development in the Oshikoto Region.

Scope of Work
- Replacement of the most failure-prone section of the pipeline.
- Installation of modern, high-pressure-rated pipeline materials to reduce burst frequency.
- Upgrades to valves, air release systems, and pressure management infrastructure.
- Integration with existing telemetry systems for real-time monitoring and leak detection

Strategic Importance
- Primary Supply Route: Delivers water to Omuthiya, a key administrative and service center.
- Branch Line Support: Feeds several important secondary pipelines, including:
- Onethindi–Onandjokwe
- Onethindi–Onayena
- Okatope–Okankolo
- Okatope–Omuntele
- Additional rural pipelines managed by the Directorate of Rural Water Supply (DRWS)

These connections extend the pipeline's reach to many rural communities, clinics, schools, and agricultural projects.

Challenges and Urgent Interventions
Despite its strategic role, the South East pipeline has faced persistent operational challenges, including:
- Inability to meet current water demand, especially during peak periods.
- Frequent pipe bursts, leading to service interruptions and water losses.
- The Ondangwa–Oshali section has been identified as the most problematic, with a high frequency of failures due to aging infrastructure and pressure fluctuations.

Current Intervention: Ondangwa-Oshali Section Replacement

- Contract Awarded: February 2024 via CPBN
- Contractors: Homefin Properties (JV with Jiangxi International Namibia (Pty) Ltd)
- Construction Start: 16 May 2024
- Expected Completion: August 2025
- Supervision: NamWater

Expected Outcomes

- Improved reliability of water supply to Omuthiya, Omutsegwonime, and surrounding areas.
- Reduced water losses and maintenance costs due to fewer bursts.
- Enhanced operational efficiency through modernized infrastructure and monitoring.
- Support for future demand growth, including urban expansion and rural development.

OUTAPI PURIFICATION PLANT EXTENSION

Project Overview

The Outapi Purification Plant Extension is a major infrastructure upgrade aimed at significantly increasing the potable water production capacity for Outapi and surrounding communities. The project responds to growing water demand driven by population growth, urban expansion, and increased agricultural and institutional needs in the Omusati Region.

Key Objectives

- Expand water treatment capacity to meet current and future demand.
- Improve water quality and reliability for domestic, commercial, and public use.
- Support regional development goals by ensuring sustainable access to clean water.

Technical Specifications

- New Treatment Plant Capacity: 438 m^3/hour
- This represents a substantial increase in output, enabling the plant to serve a larger population and reduce reliance on intermittent supply sources.
- Treatment Technology: While specific technologies are yet to be confirmed, the plant is expected to include:
- Pre-treatment units (e.g., sedimentation and filtration)
- Chemical dosing systems for disinfection and pH control
- Automated control systems for process optimization and monitoring
- Sludge handling and disposal systems to ensure environmental compliance
- Associated Infrastructure Includes:
- Raw water intake and transfer systems
- Clear water reservoirs
- Pump stations
- Access roads and security fencing
- Power supply and backup systems
- SCADA and telemetry systems for remote monitoring and control

Construction and Supervision

- The project was awarded to China Jiangxi International, in joint venture with Homefin Properties, through a competitive procurement process.
- Element Consulting Engineers are responsible for construction supervision, ensuring compliance with NamWater standards,

- environmental regulations, and quality assurance protocols.
- Construction activities include civil works, mechanical and electrical installations, and commissioning of treatment systems.

Expected Outcomes

- Reliable and safe drinking water for Outapi and surrounding settlements.
- Reduced water shortages and improved service delivery.
- Enhanced operational efficiency through modern treatment technologies and automation.
- Support for public health, education, and economic development in the region.

Project summary:
Implementing Agency: NamWater
Contractors: China Jiangxi International (JV with Homefin Properties)
Consulting Engineers: Element Consulting Engineers
Site Handover Date: 2 August 2024
Contractual Completion Date: 16 December 2025

AROAB EXTENSION AND UPGRADE PROJECT

Project Overview

The Aroab Extension and Upgrade Project is a critical infrastructure initiative aimed at enhancing water security and supply reliability for the town of Aroab and its surrounding communities. The project is part of NamWater's broader strategy to modernize rural water supply systems and ensure sustainable access to potable water in arid and semi-arid regions of southern Namibia.

Project Objectives

- Increase water availability by connecting additional groundwater sources (boreholes) to the existing supply network.
- Upgrade bulk water infrastructure to improve system efficiency, reduce losses, and ensure consistent delivery.
- Enhance storage capacity to buffer against supply interruptions and seasonal variability.

Scope of Work

- Pipeline Construction:
- Installation of a 12.53 km HDPE pipeline, including 30% slack to accommodate terrain shifts and thermal expansion.
- The pipeline connects newly drilled boreholes to the main water supply system, increasing abstraction capacity.
- Designed to withstand harsh geological conditions, including rocky subsoil and high temperatures.
- Reservoir Construction:
- Construction of a 500 m³ reinforced concrete ground-level reservoir to store treated water.
- The reservoir will serve as a buffer storage to stabilize supply during peak demand and maintenance periods.
- Ancillary Works:
- Valve chambers, air release valves, and washout points for operational control and maintenance.
- Access roads and fencing for security and maintenance access.
- Electrical and telemetry systems for remote monitoring and control.

Challenges Encountered

- Hard rock formations encountered during trenching and borehole connection works have significantly delayed progress.
- Specialized equipment and blasting techniques were required, increasing both time and cost.
- Despite these challenges, the project remains on track for completion by September 2025, with mitigation strategies in place to accelerate progress.

Expected Outcomes

- Improved water reliability for Aroab's residents, institutions, and livestock farmers.
- Reduced dependence on water trucking and emergency supply measures.
- Enhanced resilience to drought and climate variability.
- Support for local development, including health, education, and small-scale agriculture.

Photo: Encasement of pipeline, Aroab Extension and Upgrade project

Photo: Foundation works for the new concrete reservoir, Aroab Extension and Upgrade project

TALENT AND TECHNOLOGY PERSPECTIVE

INFORMATION TECHNOLOGY

During the reporting period, the Information and Communication Technology (ICT) Division continued to play a critical role in enabling operational efficiency, digital transformation, and organizational resilience. The year under review was marked by deliberate investments in technology and systems aimed at modernizing the utility's core platforms and enhancing service delivery, risk management, and customer engagement. Over N$ 23 million was invested in technology and systems.

The Governance, Risk, and Compliance (GRC) system was successfully implemented, enabling a more streamlined risk management, improved internal control processes, and better compliance tracking across business units. This forms part of our broader efforts to align with best practices in corporate governance and compliance.

In a continued effort to enhance customer experience and communication, the Short Message Service (SMS) solution was successfully deployed. This initiative enables timely distribution of billing information, ensuring bill notifications and timely reminders for customers, thereby improving revenue collection efficiency.

Efforts to enhance data management practices also gained momentum, with increased emphasis on data quality, integrity, and governance. These improvements are essential in supporting data-driven decision-making and ensuring compliance with emerging regulations.

The completion of business process mapping (BPM) established a foundation for process optimization, automation, and the integration of best practices across organizational departments. The outcome of the BPM initiative will inform future system configurations, integration efforts, and digital transformation projects.

Namwater maintained exceptional availability during the review period, ensuring minimal disruption to the Company's operations.

Key Metric	2024/25
System Uptime	99.5%
Network Uptime	99%

Our uptime is generally stable, but it can be affected by ISP downtime impacting connectivity, power supply disruptions in regional areas causing intermittent outages, and planned scheduled maintenance.

LOOKING FORWARD TO FY2025/26 AND BEYOND

Demonstrating a clear commitment to digital advancement, NamWater continues to invest in mission-critical systems. The SAP Enhancement Pack 8 (EHP 8) upgrade project has been formally awarded and is currently in the implementation phase and expected to conclude by July 2025. This strategic upgrade is a preparatory milestone for the eventual migration to S/4HANA and will deliver enhanced functionality, improved system performance, and compliance with SAP's latest standards.

Cybersecurity remains a core focus area amid a rapidly evolving threat landscape. Complex cyber related threats continue to pose significant risks to NamWater's operations necessitating robust controls and continuous monitoring to protect critical infrastructure and sensitive data. Namwater will continue to reinforce its cyber posture through ongoing threat monitoring, policy updates, and employee awareness initiatives. However, the increasing sophistication of cyber risks necessitates sustained vigilance and continuous investment in advanced security tools and practices.

Namwater remains committed to leveraging technology as a strategic enabler, ensuring that ICT continues to support organizational goals, improve business efficiency and customer satisfaction, and long-term sustainability.

The following project are planned:

- The implementation of Laboratory Information Systems aims to digitize and streamline laboratory operations. This enhances data accuracy, ensures real-time tracking of water quality testing, improves sample management, and increases compliance and reporting efficiency.
- The piloting of smart meters for rural water supply aims to enhance accurate billing, reduce water losses, improve resource management, engage customers, and boost operational efficiency.
- Enhancement of SAP Plant Maintenance which is designed to enhance maintenance capabilities by improving scheduling to minimize equipment downtime and increase reliability. It also aims to streamline spare parts procurement and optimize work order management through automated workflows

People

Our operating environment is ever changing, and jobs are evolving, roles are being redefined, our employees' skills are the currency of the future. We need a steady supply of diverse talent, experiences and personalities to make NamWater an employer of choice. To create a lasting impact, we focus on a sustainable performance culture where our employees understand the purpose of their work and how their contribution impacts the communities we serve. As the workplace continues to evolve, rapid organizational change, the looming drought, increased complexity, changes in the geopolitical and macroeconomic environment, and innovation are shaping what is expected from both employers and employees. All these factors call for new ways of collaboration, connection, and purpose-based direction that are rooted in common leadership language, vision, and behaviors of NamWater.

OUR WORKFORCE AT GLANCE

Effective workforce management plays a vital role in achieving our strategic goals and objectives. This includes supporting managers in their daily tasks, from recruitment to development, discipline management, performance management and to provide insights to executive management, which in turn support the delivery of NamWater's strategy as well as planning all activities to enable better informed decisions.

TOTAL WORKFORCE

The total workforce decreased with 10 employees since December 2025. The Management profile consists of 106 managers; the Non-Management profile within the category grade A-C is 698, which amounts to a total of 804 permanent employees effective 31 March 2025. The total number of non-permanent workers as at 31 March 2025 is 124.

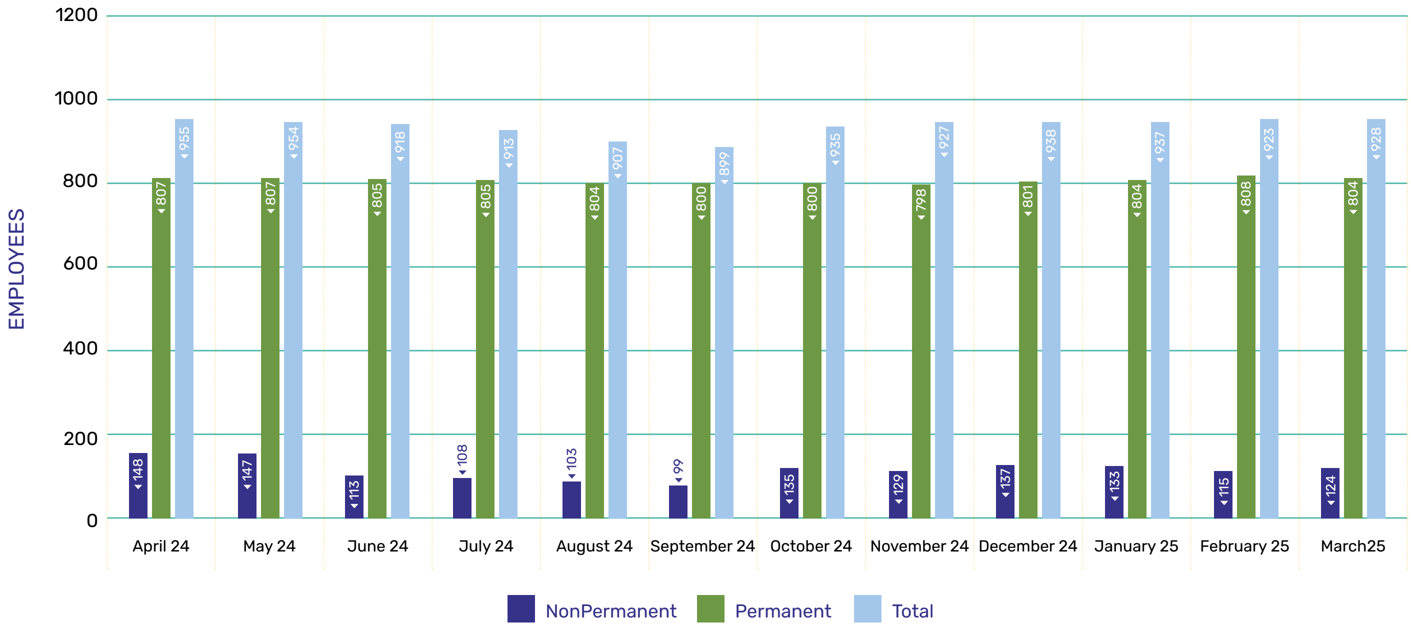


Figure 4: Total NamWater Workforce for FY2024/25

MANAGEMENT PROFILE:

NamWater deployed a total Workforce of 925 as at 31 March 2025. Employees in the Management category with grades D1-EU amounts to 106 as at 31 March 2025.

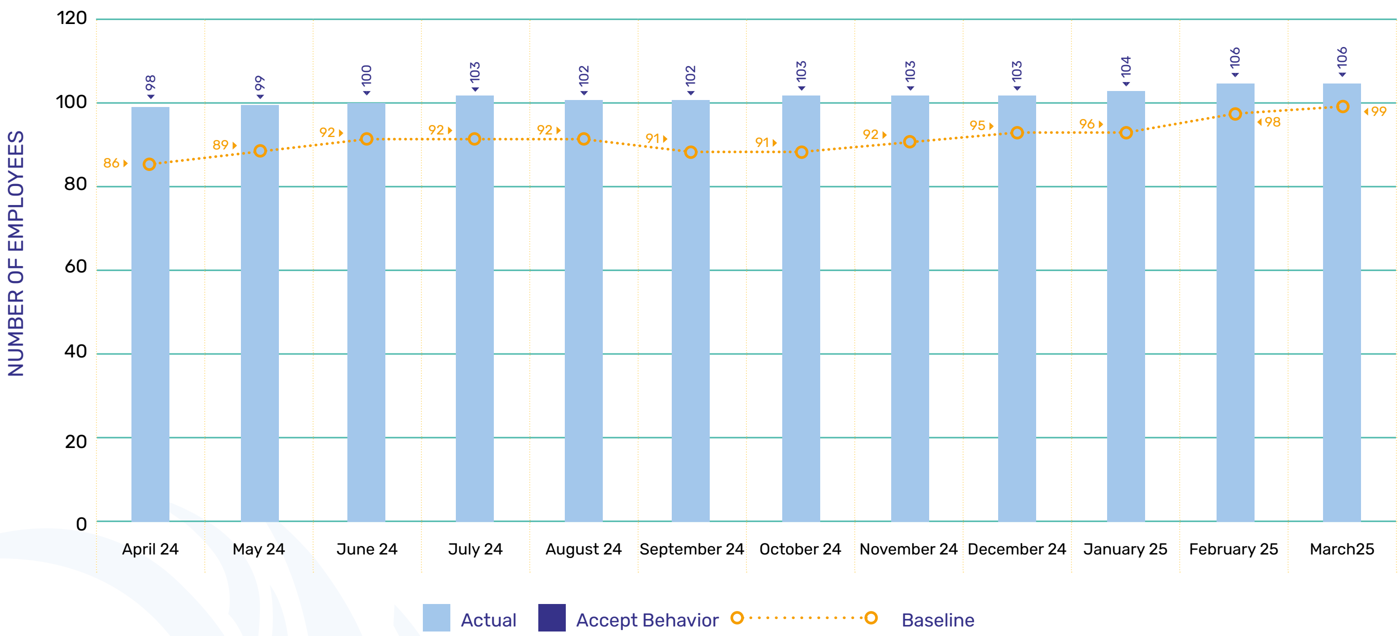


Figure 5: Management Profile for FY2024/25

EMPLOYEES A-C JOB GRADES

The number of employees in job grades A-C equals 698 on 31 March 2025.

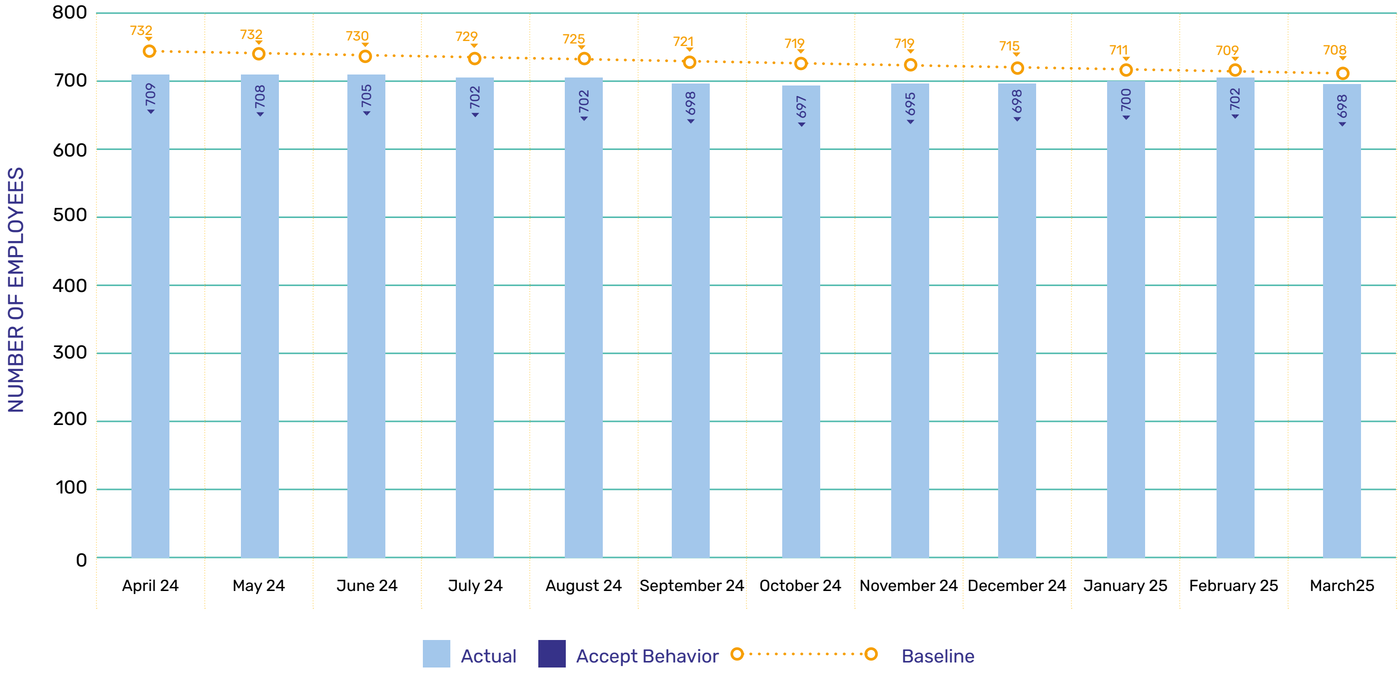


Figure 6: Non-Management Profile (Grades A-C) for 2024/25

ALL STAFF (MALE VERSUS FEMALE STAFF MEMBERS)

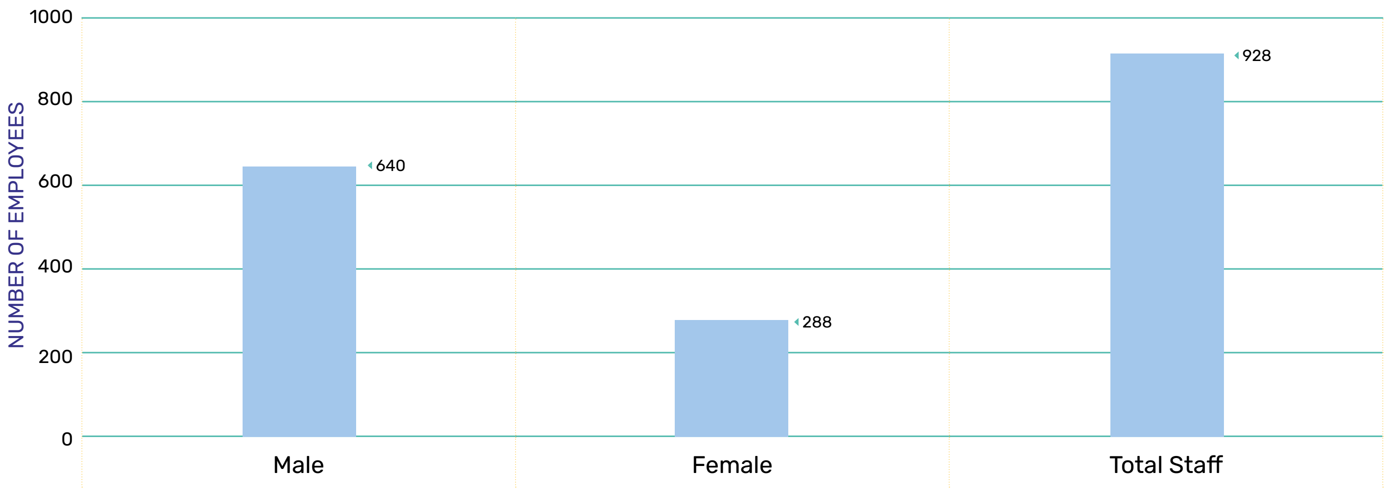


Figure 7: Male versus Female Staff Members

NAMWATER AA PROFILE:

Diversity, Equity and Inclusion are imperative to the future success of NamWater – it is essential that our employee base reflects the diverse clients we serve. The permanent workforce at 31 March 2025 is 844 and is represented in the AA Diverse Categories as per the Affirmative Action Act. Out of 844 permanent employees, 31.52% (266) are female, while 68.48% (578) are permanent male employees.

Workforce Profile

March 2025	Racially Disadvantaged		Racially Advantaged		Person with Disabilities		Non-Namibians		Total	
Job Category	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Exec. Directors	0	0	0	0	0	0	0	0	0	0
Senior Management	3	2	1	0	0	0	1	0	5	2
Middle Management	25	9	2	0	1	0	4	0	31	9
Senior Supervisory	41	22	3	4	0	0	0	0	44	26
Skilled	146	108	4	2	0	0	0	0	150	110
Semi-skilled	193	92	1	1	1	3	0	0	194	93
Unskilled	154	26	0	0	0	0	0	0	154	26
Total Permanent	562	259	11	7	2	3	5	0	578	266
Casual/ Temporary and Seasonal	0	0	0	0	0	0	0	0	0	0
Total	**562**	**259**	**11**	**7**	**2**	**3**	**5**	**0**	**578**	**266**

To better reflect society and our clients, we have an ambition to increase the number of women and people of all ethnicities of Namibia in senior, decision-making and client facing roles.

STAFF TURNOVER RATE:

Staff Turnover rate for 2024/25= 3.74%. A total of 19 employees left the corporation through 17 retirements, 2 resignations, 0 dismissal and 0 employee death.

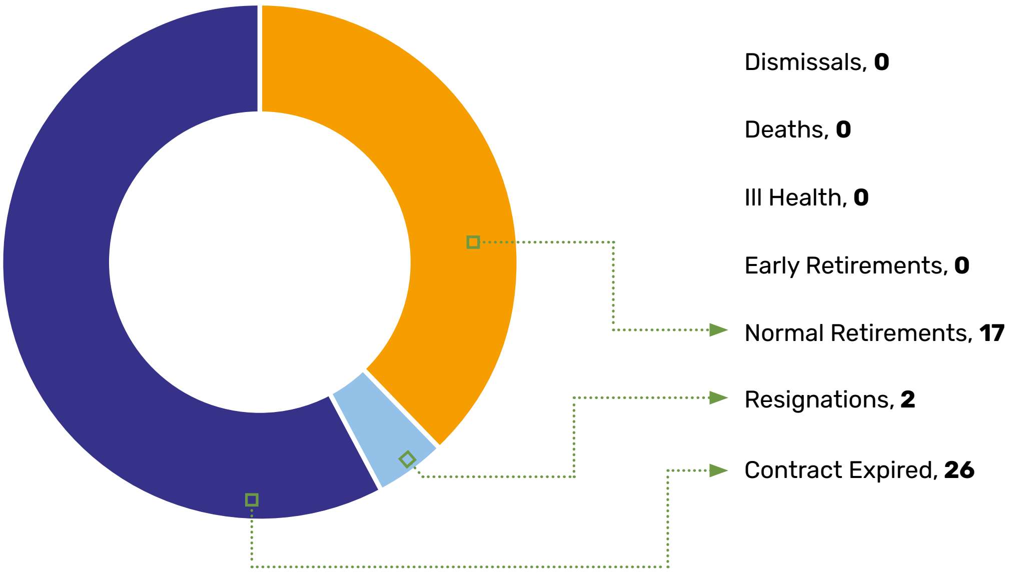


Figure 8: Staff Turnover/Attrition for FY24/25

A total of 13 permanent employees were hired, 0 placement in band, 0 Temporary staff appointed permanently, while 13 employees were promoted to higher positions, and 6 employees were transferred in the corporation.

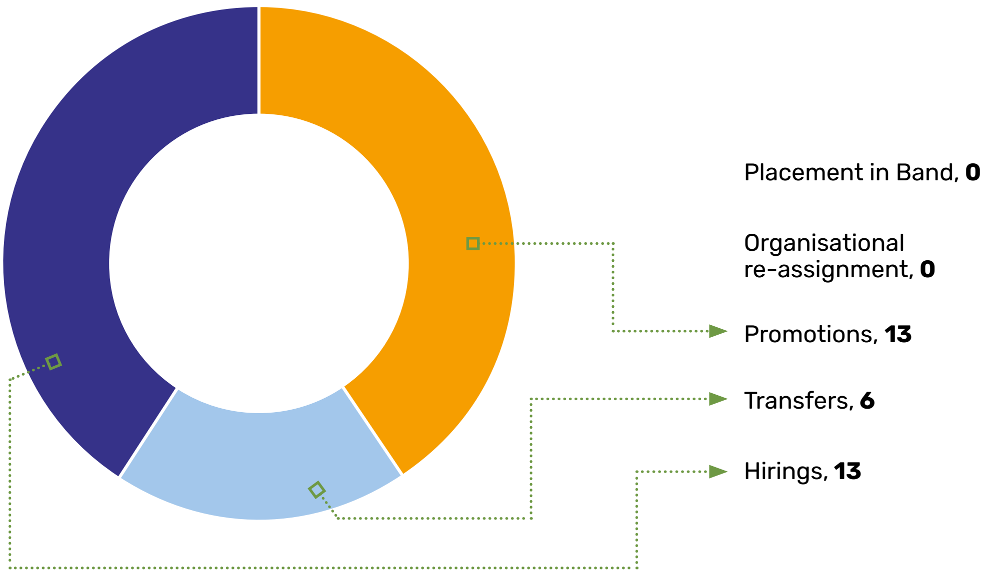


Figure 9: Staff Movements for FY2023/24FY24/25

REVENUE PER EMPLOYEE VS. COST PER EMPLOYEE FOR FY2024/25

The graph below depicts the relationship between revenue per employee and cost per employee. The average revenue per employee of N$ 201,530 (YTD) exceeded the cost per employee of N$ 152,613 which put the corporation in a favourable position in terms of the optimum utilization of the workforce and the associated cost. The corporation did exceptionally well during the months of November 2024, December 2024 and January 2025.

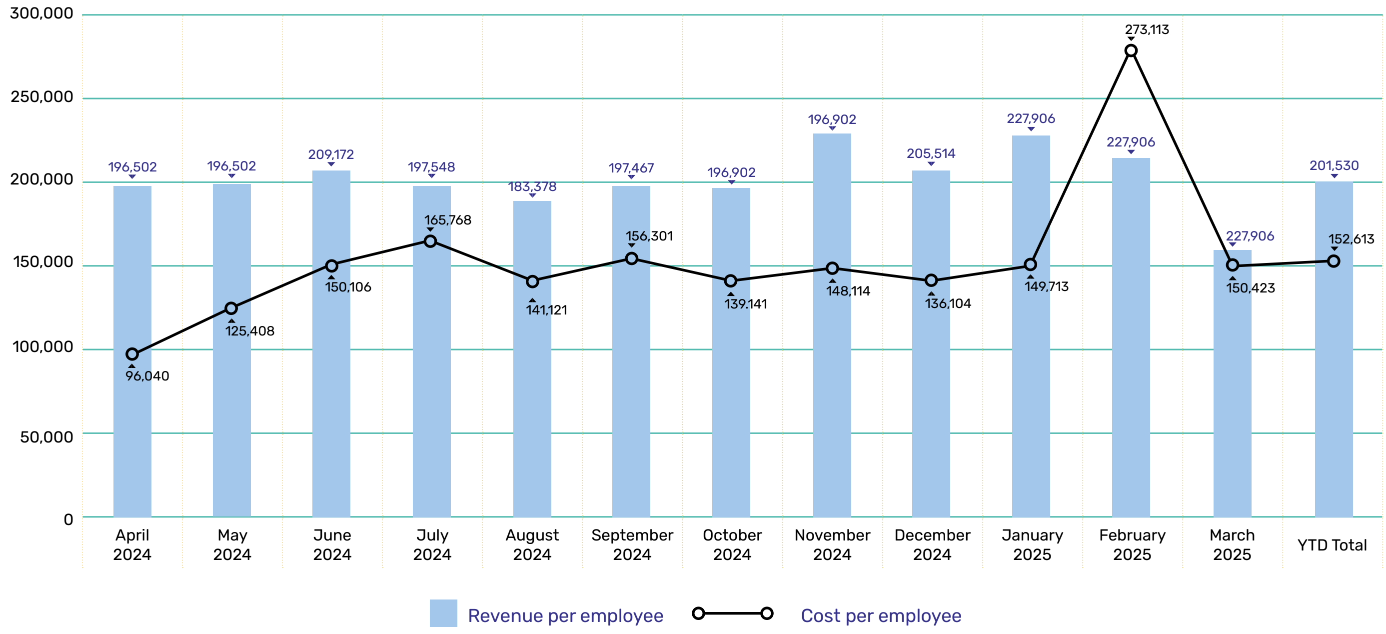


Figure 10: Revenue per employee vs Cost per employee 2024/25

EMPLOYEE WELLNESS AND STAFF PERFORMANCE

The well-being of our staff is an integral part of our culture, and we employ preventive and reactive actions to safeguard our talent every day. The objective of employee wellness is to increase employee productivity and engagement, improved employee morale, retention, and reduced health risks. There is a positive correlation between employee wellness and the business performance. To further coordinate meaningful wellness initiatives, such as health testing/screening, flu vaccine, stress management, smoking cessation, balanced nutrition, diabetes education, as well as weight management in order to assist our employees in becoming and remaining healthy.

The Employee Wellness Framework and Policy is currently under review. The following activities/ events were facilitated during the reporting period.

1. **Stakeholder engagements:**
   - Consultations with NamWater's Occupational Health Practitioner (including daily and weekly case management of cases referred to OHP
2. **Employee engagement: Otjiwarongo (21 February 2025)**
3. **Employee Wellness Engagement (information dissemination)**
   - 31 March 2025
   - 29 employees attended
   - Otjiwarongo Office
4. **Departmental Employee Wellness engagements:**
   - IT (17.02.2025)
   - Geohydrology (19.03.2025)
   - Procurement (14.03.2025)

During the period under review, 15 psychosocial support sessions were conducted and recorded as follows:

- 1 x Injury on Duty (IOD Cases) – Ongoing with the intervention from the OHP
- 4 x Ill-Health cases – 1 concluded and 3 ongoing
- 10 x Mental Health cases – 2 concluded and 8 ongoing

WELLNESS CASE DESCRIPTION FY25

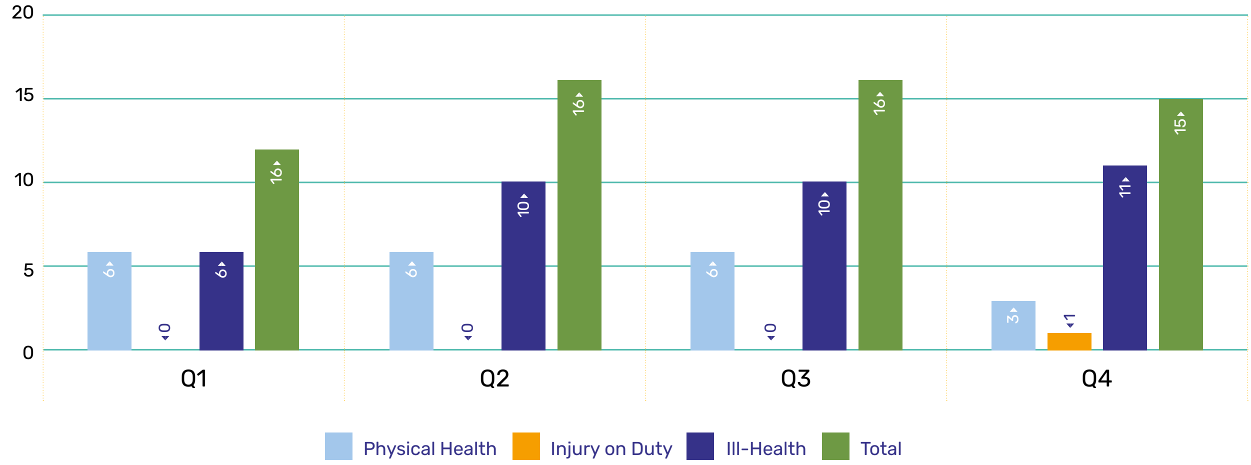


Figure 11: Number of Incidents for 2024/25

HEALTH AND SAFETY

Health, Safety, Injury on Duty & Support Services During the 2024/25 financial year, NamWater implemented key initiatives to improve workplace safety, upgrade infrastructure, and streamline support services across its operations. These efforts were guided by legal compliance, operational efficiency, and employee well-being.

- **Safety Statistics:**
  - 16 injury on duty cases reported.
  - 16 motor vehicle accidents (MVAs) recorded.
  - 20 other security-related incidents noted.

OHS Initiatives & Culture:

- Regular safety briefings, inspections, and corrective actions implemented.
- Expanded CCTV coverage and biometric systems improved access control.
- Strengthened stakeholder engagement, including contractor compliance.
- Safety Representatives appointed and trained across business units.
- Launched "Ten Seconds to Safety" campaign to promote daily safety mindfulness.

NamWater's 2024/25 efforts have strengthened its health and safety foundation, improved operational resilience, and reinforced a culture of shared responsibility. These initiatives support the Corporation's continued commitment to safe, sustainable, and efficient service delivery.

SPORTS

Sports is highly valued in the NamWater's corporate social responsibility policy. NamWater has sponsored various sports activities of its employees and Namibian nation to promote unity, celebrate diversity through sports and to encourage healthy lifestyle. During the reporting year a total of N$1,113,015 was contributed towards the SOE games which was hosted by NamWater in Rietfontein.

PUBLIC ENTERPRISES ANNUAL GAMES 2024

During the 2023 Public Enterprise (PE) Annual Games, NamWater and the Road Fund Administration (RFA) were requested to sponsor the 2024 PE Annual Games. As both a sponsor and participant, NamWater played a pivotal role in the Public Enterprises (PE) Annual Games 2024, held at the Oshakati Independence Stadium from 05 June 2024 to 09 June 2024. A dedicated team of 80 NamWater colleagues travelled to Oshakati, proudly representing the organization across various sports codes.

In 2024, NamWater reached the semi-finals in Soccer, Volleyball, Netball, and Relay, demonstrating consistent performance. The teams won bronze in Darts and maintained their winning streak in the Tug of War by securing gold. The 10 Km Run (Female) was a standout event, with NamWater again taking home the gold.

EMPLOYEE AND LABOUR RELATIONS

The objective of this section is to promote a high-quality workforce and collaborative relationships between employees, management, and the Union (NAPWU). The section provides guidance, training, and recommendations on managing underperformance, conduct disciplinary hearings, and resolves complaints at the lowest level, as well as to coordinate Union negotiations.

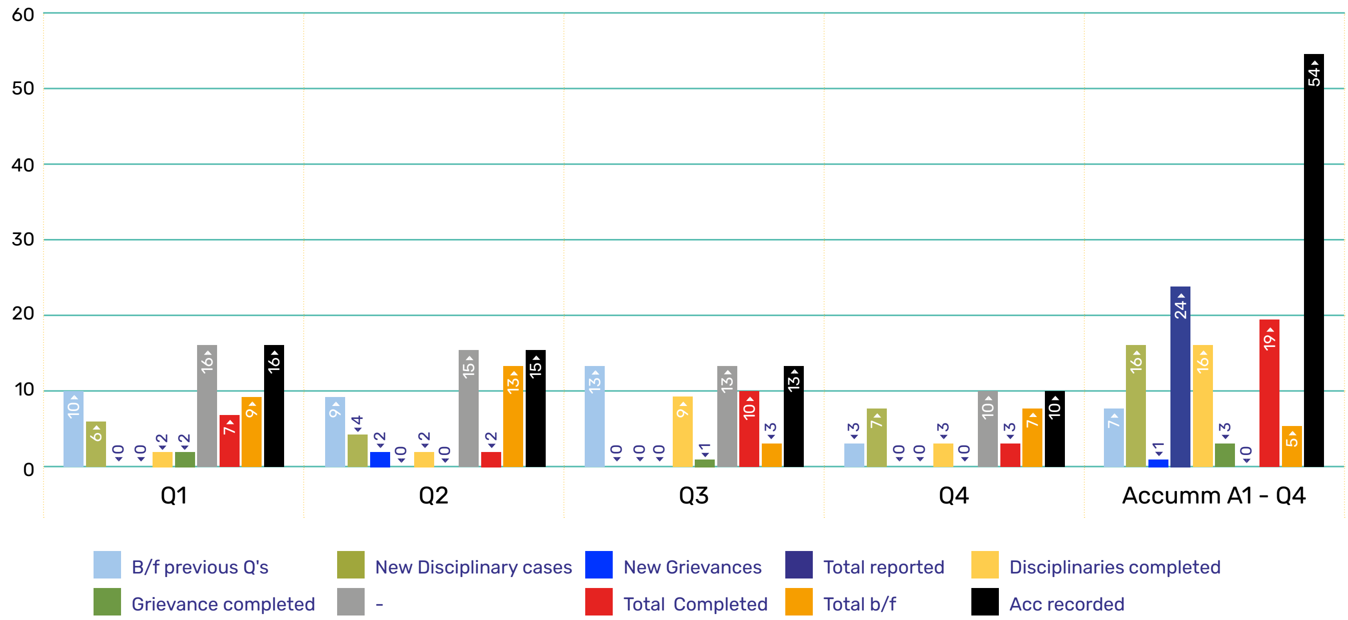


Figure 12: ER Cases recorded Q4 FY2024/25

TALENT MANAGEMENT AND STAFF DEVELOPMENT

The organisation continues to invest in the development of its employees with an emphasis on acquiring core & distinctive competencies to ensure maximum utility from employees. For the period of FY25, a training development plan was developed to address identified competencies to deliver water effectively. In executing the plan, training was implemented across the organisation.

A need-based training plan was approved at the begging of FY25 with ninety-seven (97) interventions to the cost of N$ 2,160,746.56 to be implemented during 2024/25.

Therefore, a total ninety-seven (97) interventions were implemented which is a combination of planned and unplanned interventions, attended by four hundred and fifty-six (456) employees from various departments and levels. An amount of N$ 2,160,743.56 was spent for the financial year. All training done accounts for two hundred and sixty-seven (267) training days.

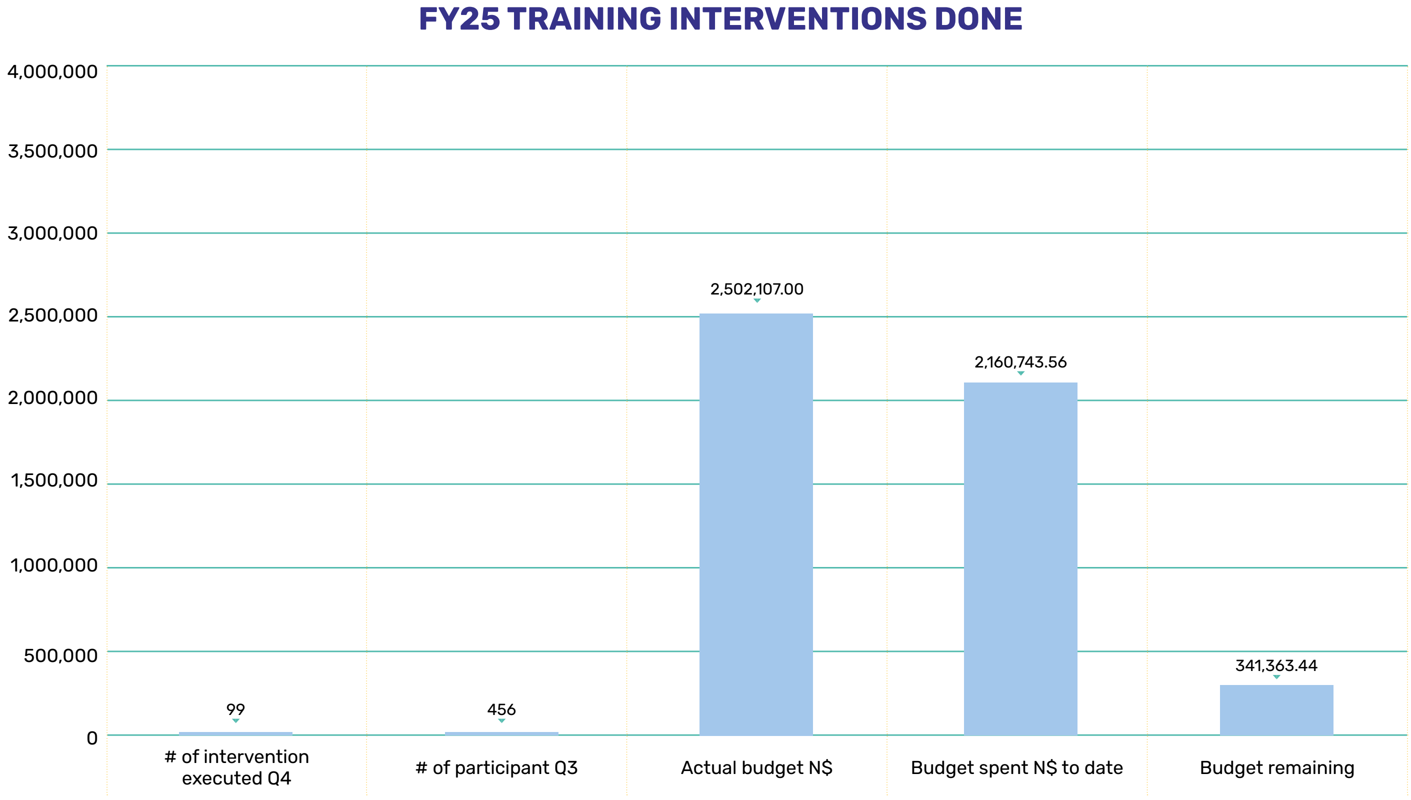


Figure 13: Intervention vs budget spent on skills development.Members

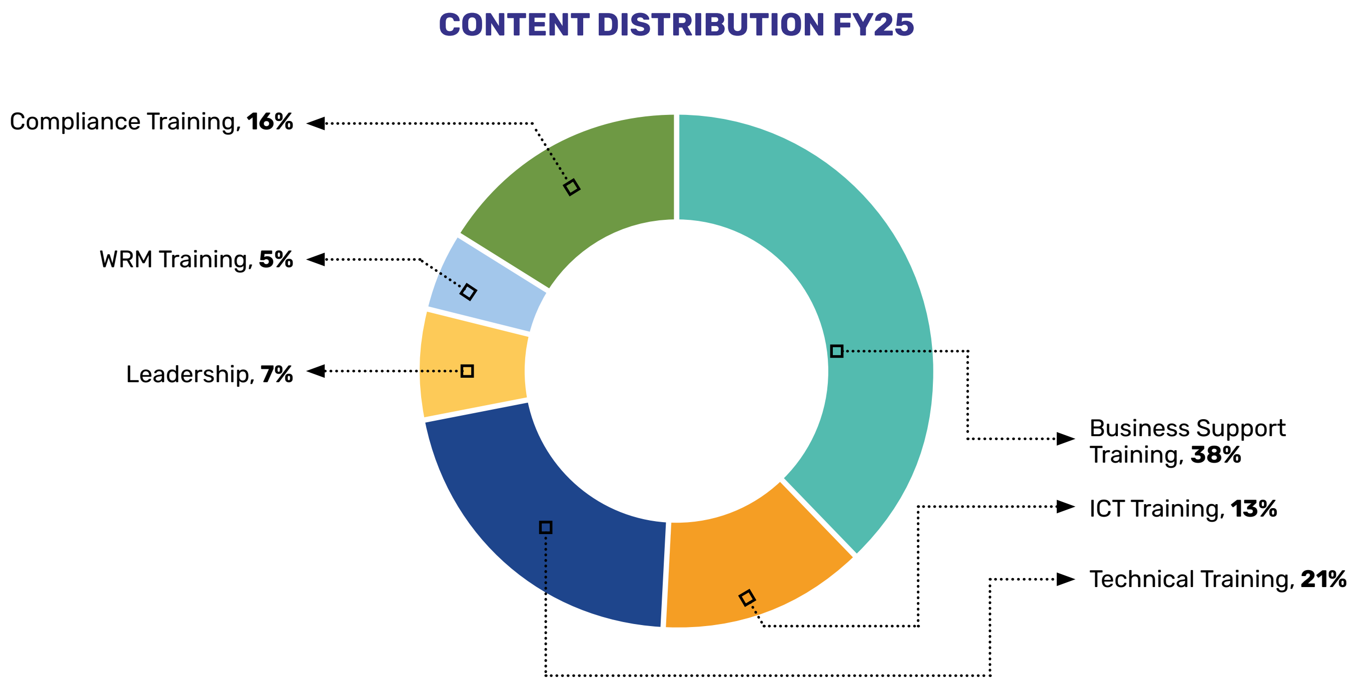


Figure 14: Training content distribution

Digital skills will continue to be essential as our organizations transform and integrate technologies like artificial intelligence in our core business operations. To keep pace, we are developing our in-house technology expertise by offering interesting career paths and learning opportunities.

ANNUAL FINANCIAL STATEMENTS

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CONTENTS

AUDIT & RISK COMMITTEE REPORT

1. Members of the Audit & Risk Committee
The committee consists of three directors appointed by the Board from amongst members.

The committee provides for the identification and appointment of field experts as and when required, in order to augment their skills with specialist issues.These experts shall operate on an advisory role without holding any membership status in the committee.

2. Meetings held by the Audit & Risk Committee
The audit and risk committee performs the duties laid upon it in terms of section 24 (1b) of the Namibia Water Corporation Act 12 of 1997, by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external and internal auditors.

3. External auditor
For the 2025 financial year audit assignment, the board has appointed Grand Namibia as the independent auditor and Mr. Ronald Beukes as the designated partner, who is a registered independent auditor.

The audit and risk committee satisfied itself through enquiry that the external auditors are independent as defined by the Namibia Water Corporation policies and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Namibia Water Corporation that internal governance processes within the firm support and demonstrate the claim to independence.

The audit and risk committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Unless impracticable, the audit committee resolved not to utilise the same external auditors for providing other non-audit services.

4. Annual Financial Statements
Following the review of the financial statements, the audit committee recommend board approval thereof.

5. Accounting practices and internal control
The audit committee on a continuous basis reviews the system of internal controls within the Corporation to ensure that it is adequate to manage the business of the Corporation. The audit committee is not aware of any material breaches in the internal control system that occurred during the financial year under review.

On behalf of the audit and risk committee

Heunis

F Heunis
Chairperson - Audit & Risk Committee
Windhoek

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

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

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

The directors have reviewed the cash flow forecast for the year to 31 March 2026 and, in light of this review and the current financial position, they are satisfied that the Corporation has or had access to adequate resources to continue in operationalexistence for the foreseeable future.

Chairperson: Board of Directors	Chairperson: Board Audit & Risk Committee
2026 - 07 - 08	2026 - 07 - 09
Date	Date

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Namibia Water Corporation Ltd.

Opinion

We have audited the annual financial statements of the Namibia Water Corporation Limited ("the Corporation") set out on pages 88 to 150 which comprise the statement of financial position as at 31 March 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of material accounting policies and the directors 'report.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Namibia Water Corporation Limited as at 31 March 20251 and its financial performance and cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the IASB, and the requirements of the Namibia Water Corporation Act (Act 12 of 1997).

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 Annual Financial Statement section of our report. We are independent of the Corporation 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 in 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.

Key Audit Matter

The auditor is required to communicate those matters which were of most significance in the audit of the financial statements, known as Key audit matters ("KAM's"). The KAM's are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our assessment, the matter we identified as the most significant in our audit and that will be communicated in our audit report as a key audit matter is:

Resident Partners: Ronald N Beukes (Managing) | Richard Theron | Petrus T Nghipandulwa

9 Axali Doëseb Street
PO Box 24304
Windhoek
Namibia
Tel: +264 61 255 263/4
Fax: +264 61 227 078
info@grandnamibia.com
www.grandnamibia.com

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the key audit matter

The Neckartal Dam (the dam) not appropriately capitalised in the books of the Corporation pinpointed to its rights and valuation.
 	
The following notes to the annual financial statements of the Corporation address the Neckartal Dam
 	
Section 17 of the directors' report:
During the financial year the Government transferred Phase 1 of Neckartal Dam and Bulk Water Supply scheme. Phase 1 comprises the dam, and major components like a pump station downstream of the dam, a 9 km pipeline connecting the pump station to the dam, mechanical and electrical works, and dam monitoring and instrumentation equipment. The transfer condition prohibits the corporation, from utilising the dam as collateral for any borrowing for a period of 20 years from the date of capitalisation.
 	
Recognition and Measurement
Phase 1 was capitalised for a total value of N$4,366,708,451. The dam was capitalised as work in progress and will only be brought into use when the full project is completed. The dam was recognised at the construction cost, utilising the actual costs incurred to construct the dam excluding penalties and claims by the contractor. Directors believe that due to its recent completion, the construction costs are representative of the fair value of the dam.
 	
Note 3 Property Plant and Equipment
Included in additions is the transfer of Phase 1 of the Neckartal Dam and Bulk Water Supply Scheme valued at N$4,166,708,451. With the initial contribution by NamWater of N$200 million, this brings the value of the Phase 1 Neckartal Dam and Bulk Water Scheme to N$4,366,708,451. The full amount is included in Assets Under Construction as the dam is specifically built for the irrigation scheme and will only come into use when the full project is completed. Commercial commissioning will also only happen when Phase 2 of the project is completed.
	Audit procedures performed during the substantive audit phase:
	• We obtained a comprehensive understanding of the capitalisation process, the reasons for capitalisation, including the nature of costs incurred, the timing of capitalisation and the application of the relevant IFRS standard IAS 16: Property, plant and equipment.
	
	• We held a key internal meeting with relevant staff members of NamWater to discuss the judgment in determining which dam-related costs were capitalised
	
	• We held a follow up meeting with relevant staff members of NamWater to enquire whether the dam sustained any damage since its completion and transfer to the Corporation, considering the treasury approval was done four years ago. We enquired about the following:
	  • The current physical condition of the assets
	  • Whether any impairment exists
	  • If any subsequent expenditure may require separate accounting treatment

Key audit matter	How our audit addressed the key audit matter
Rights and ownership of the dam Valuation of the dam	**Audit procedures done in terms of ISA 330** • We examined the signed treasury authorisation issued by the Ministry of Finance in which the ownership of the dam was transferred from the Ministry of Agriculture, Water and Land Reform to NamWater. No exceptions were noted. • We obtained the construction completion report compiled by the Project Supervisor and verified the reported costs of construction. This value was compared to the balance recorded under 'Assets Under Construction' to confirm accuracy and completeness of capitalised costs. No exceptions were noted. • Audit further traced the reported construction costs from the Project Supervisor report to the bill of quantities of the Contractor to corroborate these. No exceptions were noted. • Audit obtained the capitalisation sheet to confirm if the cost as per the project supervisor and contractor. No exceptions were noted. • Audit obtained an insurance claim from the insurer to confirm that the amount claimed was used as an estimate to reduce the value of the dam since it was damaged after the transfer to the Corporation. No exceptions were noted. • We assessed the appropriateness of using the insurance proceeds as a best estimate for the impairment charge against the asset. No exceptions were noted. • We reviewed an approved Board of Directors' submission which outlines that the dam has not been capitalised, but is instead recorded under Assets Under Construction which forms part of Property, plant and equipment. This treatment is based on the fact that the dam is not yet in the condition or location intended by management namely, to supply water to the Green Scheme irrigation project. Currently, the irrigation development is in the planning stage and will only be advertised once government funding has been secured. However the dam is included in NamWater's asset records for insurance purposes, and the Corporation has already commenced maintenance activities on the structure. We concur with this assessment and the allocation of the dam to the Asset under Construction class.

Other Information

The directors are responsible for the other information. The other information comprises the audit committee report and the detailed income statement and integrated annual report which we obtained prior to the date of this auditor's report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 annual financial statements in accordance with IFRS® Accounting Standards as issued by the IASB and the requirements of the Namibia Water Corporation Act (Act 12 of 1997), and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Corporation'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 Corporation 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 annual 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 Corporation'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 Corporation'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 annual 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 Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Grand Namibia
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: RN Beukes - Partner
Windhoek
13 October 2025

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements for the Corporation for the year ended 31 March 2025.

1. Main business and operations

In terms of Section 5(a) of the Namibia Water Corporation Act, the primary business is to carry out efficiently, and in the best interest of the Republic of Namibia, bulk water supply to customers, in sufficient quantities, of a quality suitable for the consumers' purposes, and by cost-effective, environmentally sound and sustainable means. NamWater supplies water in bulk to industries, municipalities, Government ministries and individual consumers on a full cost recovery basis.

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

2025	**Contribution to turnover**
Local & regional councils and ministries	49.00 %
Mining customers	37.00 %
Domestic customers	11.00 %
Private businesses	3.00 %
	100.00 %
2024	**Contribution to turnover**
Local & regional councils and ministries	50.00 %
Mining customers	35.00 %
Domestic customers	12.00 %
Private businesses	3.00 %
	100.00%

2. Review of financial results and activities

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

The Corporation recorded a net loss after tax for the year ended 31 March 2025 of N$ (128,291,114) (2024: N$80,517,451). This represented a decrease of 259.3% from the net profit after tax of the prior year of N$80,517,451. The decrease in profitability is mainly driven by substantial increase in the credit loss allowances of N$354 million. The increase in expected credit losses is mainly attributable to failure by a few large Municipalities to honour their accounts on time. Deterioration in the payments by local authorities worsened since Covid 2019.

During the financial year under review, the company recorded a net loss, primarily attributable to a substantial increase in the Expected Credit Loss (ECL) on receivables. This outcome is indicative of the

DIRECTORS' REPORT

prevailing challenging economic conditions, which have adversely affected customers' ability to settle outstanding accounts. Furthermore, the drought experienced during the year resulted in reduced water supply, thereby exerting additional pressure on the company's financial performance.

In response to these challenges, the Board exercised oversight and ongoing risk monitoring, and approved a comprehensive debtors plan aimed at enhancing the collectability of receivables through improved billing processes, proactive customer engagement, and strengthened collection strategies. The Board also oversaw and is monitoring the commencement of an assessment regarding the implementation of prepaid water meters as an additional measure to improve collections in future periods.

Risk management, including the continuous monitoring of key risks, and financial sustainability remain fundamental priorities for the Board. The Board continues to provide strategic direction and oversight as the company collaborates constructively with the responsible Ministry and other stakeholders to ensure that tariff adjustments are appropriately aligned with operational and capital requirements. The Board further ensures that the company remains committed to the ongoing review and enhancement of internal controls across all business areas, thereby reinforcing its dedication to sound governance, asset protection, and regulatory compliance. Through these collaborative initiatives, under the Board's guidance and risk monitoring, the company seeks to restore financial stability and to support the long-term provision of reliable and affordable water services to the communities it serves.

The Corporation's cash flows from operating activities (N$114,664,434) for the year ended 31 March 2025.

Financial Performance	**2025 N$'000**	**2024 N$'000**
Revenue	2,216,343	2,111,595
Net income for the year	(128,291)	80,517
Property, plant and equipment	9,555,630	5,387,585
Capital expenditure	242,628	177,096
Net finance income	**176,412**	**127,175**

During the financial year under review, the Corporation reported a reduction of 259.3% from prior year net income to a loss of N$128.2 million whereas the total revenue increased by 5% to N$2.2 billion. Included in total revenue is desalinated water purchases which increased by 18%, whilst ground treated water reduced by 1%. The slight increase in revenue is influenced by the changes in tarrifs for the mines that are determined based on full cost recovery. However, for domestic consumers there was no tariff increase awarded for the reporting period.

The total operating expenses increased by 7% compared to the prior financial year. The cost of desalinated water remained the largest cost driver because of the increased demand of desalinated water from the mines, followed by the personnel and electricity costs. The expected credit losses increased significantly by 194% compared to the preceding year as a result of most customers continue defaulting on their water bills. To curb the deterioration of debtors book, the Government has approved the roll out of retail prepaid metering systems in most Local Authorities and Regional Councils that

DIRECTORS' REPORT

are highly indebted to the Corporation of which implementation is in progress and this will in the end result in the local authorities being able to collect from their customers and settle their debts with NamWater.

For the reporting period, the capital expenditure including intangible assets totaled to N$242,6 million compared to the previous financial year total expenditure of N$190 million. The capacity to execute the capital expenditure budget remains a challenge. The Corporation adopted strategies to expedite procurement.

Operating cash flows were -N$114.7 million (2024: N$232.3 million), a decrease of 149.4% year on year. Net cash spent in investing activities was -N$678 million (2024: N$238 million) and net cash raised in financing activities was at N$581 million (2024: N$106 million).

Business Performance	Unit of measure	2025	2024
Net income margin	%	-5.79	3.81
Gross income margin	%	68.69	71.41
Operating cost to income	%	105.79	96.19
Income per employee	N$'000	2 388.30	2 211.09
Debt-equity ratio	%	132.78	51.23
Return on assets	%	-0.98	0.93
Assets turnover ratio	%	16.96	24.41
Current Ratio	Times	6.60	5.46
Solvency Ratio	%	1.7	11.3
Return on equity	%	-2.3	1.4
Payroll turnover ratio	%	24.6	23.7

The Corporation report a decrease in net income margin to -5.79% (2024: 3.81%) and return on assets to -0.98% (2024: 0.93%) due to an reduction in gross income margins in the current period to 68.69% (2024: 71.41%) as well as an increase of 6% in the total operating costs. There has been no external borrowing during the reporting period, despite the Corporation reporting an increase in the debt-equity ratio. The current ratio increased to 6.60 from 5.46 in the prior financial year which is largely attributable to a decrease in current liabilities.

Operational performance	2025	2024
Treated water volumes sold ($M^3$000)	85,739	85,820
Desalinated water volumes sold ($M^3$000)	15,954	14,044
Irrigation water volumes sold ($M^3$000)	33,604	52,109
Number of employees at year end	928	955

DIRECTORS' REPORT

During the year under review, there has been no changes in the treated water volumes sold that remained 86 Mm³, desalinated water sales volumes increased by 14% to 15.9 Mm³, whereas irrigation water sold reduced by 36% compared to prior year.

The staff complement of the Corporation decreased by 3% in the reporting period, predominantly because of resignations and retirements.

3. Share capital

Authorised	2025	2024
Ordinary shares	1,000,000,000	1,000,000,000

Issued	2025 N$	2024 N$	2025	2024
				Number of shares
Ordinary shares	959,054,444	959,054,444	959,054,444	959,054,444

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

4. Tariff Setting

Namibia Water Corporation tariffs are determined in accordance with the guidelines set in the Water Resource Management Act and Namibia Water Corporation Act. The tariffs are calculated based on full cost recovery principles excluding any profit. Total cost per scheme is determined to include normal taxation, a contribution towards infrastructure replacement and that cross-subsidisation between water supply areas is allowed.

For the last five (5) financial years including the current financial year, the tariffs remain unchanged, except for mines. The Corporation has submitted its proposed tariff increase for the 2025 financial year to the Cabinet through its line Ministry. However, no approval was received, in spite of increases on the operational costs side of the business. The continuous non- approval of tariff increases will adversely affect the financial sustainability of the Corporation in the medium to long term.

5. Dividends

The Corporation's dividend policy is to consider an interim and a final dividend in respect of each financial year.

Given the current state of the infrastructure the board of directors believes that it would be more appropriate for the Corporation to preserve cash to ensure that the Corporation is best placed to withstand any urgent investments in infrastructure replacement as a result of unforseen infrastructure failures. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 March 2025 (2024 - N$0.00).

DIRECTORS' REPORT

6. Provision for and collection from doubtful debtors

Efforts to manage outstanding debtors continued during the period, with signing of repayment agreements with some of the customers. The Board believes that all doubtful debtors are sufficiently provided for in the annual financial statements, and there is no additional costs that will result from balances in the current financial year.

7. Directors

The directors in office at the date of this report are as follows:

Directors	Office	Designation
L Rukira	Chairperson	Non-executive Independent
M Shipiki-Kali	Director	Non-executive Independent
V Kinyaga	Director	Non-executive Independent
F Uugwanga	Director	Non-executive Independent
U Nakamhela	Director	Non-executive Independent
M Hauuanga	Director	Non-executive Independent
F Heunis	Director	Non-executive Independent

The Board of directors constituted four committees to support their oversight role as directors. The four committees are the Board Audit & Risk Committee, the Board Strategy Committee, the Board Human Resources and Remuneration Committee and the Board Technical Committee. The composition of the Committees is shown in the table below. Each of the commitees has clearly defined terms of reference, mandates and responsibilities in respect of matters delegated thereto by the Board. The Board retains full accountability for decisions and actions of the committees.

The following table shows the meetings of the Board and Board Committees and their attendance during the financial period:

Business Performance	Board Meetings	Audit & Risk Committee	HR & Remuneration Committee	Technical Committee	Strategy Committee
L Rukira (S) (Chairperson)	7	-	-	-	4
F Uugwanga (B)/(S) (Chairperson HR & Remuneration Committee)	7	-	7	-	4
F Heunis (B)/(A) (Chairperson Audit & Risk Commitee)	7	5	7	-	-
M Shipiki Kali (T) (Chairperson Technical Committee)	4	-	-	4	-
M Hauuanga (A) / (T)	7	4	-	4	-
U Nakamhela (B) / (A)	8	5	7	-	-
V Kinyaga (S)/(T) (Chairperson Strategy Committee)	7	-	-	4	4

DIRECTORS' REPORT

(A) Audit & Risk Committee member
(B) HR & Remuneration Committee member
(S) Strategy Committee member
(T) Technical Committee member

8. Directors' interests in contracts

During the financial year, no contracts were entered into for which directors or officers of the Corporation had an interest and which significantly affected the business of the Corporation.

9. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Corporation or in the policy regarding their use.

At 31 March 2025 the Corporation's net investment in property, plant and equipment amounted to N$9,555,630,364 (2024: N$ 5,387,585,432), of which N$4,409,429,254 (2024: N$ 190,688,216) was added in the current year. Refer to note 3 of the annual financial statements for further details. During the year, the government transferred the Neckartal dam to the Corporation at a total cost of N$4.1 billion.

The Corporation has commitments in respect of contracts placed for capital expenditure to the amount of N$342,278,418 (2024: N$150,095,508). These commitments have been approved by the board of directors of the Corporation. Refer to note 27 of the financial statements for further details.

10. Shareholder

The Government of the Republic of Namibia is the sole shareholder of the Company.

11. Borrowing Powers

In terms of the Memorandum of Incorporation, the borrowing powers of the Corporation are unlimited. However, all borrowings by the Corporation where such borrowing will result in encumbrance of assets of the Corporation that exceeds N$10,000,000 and/or borrowings outside the country are subject to ministerial aprroval. As at 31 March 2025, the Corporation had no external borrowings. The Corporation has approved unutilised facilities of N$1,125,053,748 (2024: N$1,125,053,748). Payment guarantees were issued in favour of Nampower of N$28,446,252 (2024: N$28,446,252). No other payment guarantees were issued at year end.

12. Events after the reporting period

In May 2025 the Corporation was rated by Fitch Ratings BB- with a stable outlook.

DIRECTORS' REPORT

13. Going concern

The Board of Directors have assessed the ability of the Corporation to continue as a going concern in the foreseeable future. In performing this assessment, management performed cash flow projections for the next five (5) years and are comfortable that the use of the going concern basis of accounting is appropriate for these periods. Furthermore, the Corporation maintained its credit rating of BB- with Stable outlook for the period under review.

As at 31 March 2025, the annual financial statements have been prepared on the going concern basis. Notwithstanding, the prevailing economic conditions, the Directors are satisfied to report that the Corporation remains financially viable and is of the opinion that it has sufficient financial resources to sustain its liquidity, short term debts, operational and investment needs for the next 12 months to medium term.

The going concern assessment was undertaken, considering the following:

1. The Corporation has secured funding from the Government of the Republic of Namibia through AfDB and KfW under the Namibia Water Sector Support Programme, where the Government entered into loan agreements with these institutions, with NamWater being the implementing agent.
2. The cash flow for the 12 months ended 31 March 2025 shows that the Corporation has adequate cash resources, closing the period with a net balance of N$801 million. In addition to this, the balance sheet shows that at the end of March 2025, the Corporation has a balance of N$1.5 billion in other financial assets that further support the Corporation to continue as a going concern.
3. The operational and financial risks of the Corporation have been reviewed to determine their impact on the business under various conditions. Mitigating strategies and controls are in place as reflected in the business and risk management plan of the Corporation.
4. An assessment was done on the facilities that NamWater has at its disposal to execute its mandate. The facilities such as; overdraft facility of N$50 million, WSSP facility of N$1.8 billion from GRN for capital projects and support from major suppliers further support that NamWater is a going concern.
5. The technology used by NamWater to purify water remains solid and relevant and able to process the raw water of the company. There is however no threat of new technology coming that may make our operations obsolete and affect our ability to sustain the operations of the company into the foreseeable future. If anything, most technological advancement in our field support our ability to continue as a going concern.

14. Litigation statement

The Corporation becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The Corporation is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

15. Secretary

The company secretary is Mr. O Iithete. Business address:
176 Iscor Street, Windhoek Namibia

DIRECTORS' REPORT

16. Namibia Water Sector Support Loan

The Government of the Republic of Namibia (GRN) entered into loan agreements with the African Development Bank (AFDB) and Frankfurt am Main (KfW). The purpose of these loans is to assist in financing the Namibia Water Support Program. According to the loan agreements, Ministry of Agriculture Water and Land Reform shall be the borrower for the program, while NamWater is the Implementing Agent.

The funded projects have commenced and are underway.

17. Neckartal Dam and Bulk Water Supply Scheme

During the financial year the Government transferred Phase 1 of Neckartal Dam and Bulk Water Supply scheme. Phase 1 comprises the dam, and major components like a pump station downstream of the dam, a 9 km pipeline connecting the pump station to the dam, mechanical and electrical works, and dam monitoring and instrumentation equipment. The transfer condition prohibits the corporation, from utilising the dam as collateral for any borrowing for a period of 20 years from the date of capitalisation. Recognition and Measurement

Phase 1 was capitalised for a total value of N$4,366,708,451. The dam was capitalised as work in progress and will only be brought into use when the full project is completed. The dam was recognised at the construction cost, utilising the actual costs incurred to construct the dam excluding penalties and claims by the contractor. Directors believe that due to its recent completion, the construction costs are representative of the fair value of the dam.

18. Auditors

Grand Namibia Chartered Accountants (Namibia) have been re-appointed as statutory auditors for the Corporation for 3 years starting March 2023. Their term of office expires at the end of the 2025 financial year statutory audit.

19. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Thursday, 18 September 2025. No authority was given to anyone to amend the financial statements after the date of issue.

20. Vote of thanks

Thanks and appreciation are extended to our shareholder, staff, suppliers and consumers for their continued support to the Corporation.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

Figures in Namibia Dollar	Note(s)	2025	2024
Assets			
Non-Current Assets			
Property, plant and equipment	3	9,555,630,364	5,387,585,432
Intangible assets	4	41,054,712	64,012,107
Other financial assets: Fair value through profit or loss	7	98,466,731	59,733,288
Deferred tax	5	527,852,744	435,983,186
Other financial assets: At amortised cost	7	287,517,085	301,265,599
		10,510,521,636	**6,248,579,612**
Current Assets			
Inventories	6	14,210,944	8,812,650
Trade receivables	8	631,349,762	751,983,268
Other receivables	8	35,280,425	41,366,066
Other financial assets: At Amortised Cost	7	1,078,015,873	663,666,167
Current tax receivable	21	1,265,237	-
Cash and cash equivalents	9	801,208,959	935,238,052
		2,561,331,200	2,401,066,203
Total Assets		**13,071,852,836**	**8,649,645,815**
Equity and Liabilities			
Equity			
Share capital	10	959,054,444	959,054,444
Non distributable reserves	11	1,704,514,627	1,776,255,494
Retained income		2,952,000,132	2,984,347,771
		5,615,569,203	**5,719,657,709**
Liabilities			
Non-Current Liabilities			
Post retirement medical obligation	12	143,170,000	157,122,000
Deferred income	13	5,578,422,025	891,754,073
Deferred tax	5	1,338,701,621	1,433,628,214
Severance pay obligation	12	7,646,000	7,354,000
		7,067,939,646	**2,489,858,287**
Current Liabilities			
Trade and other payables	15	347,861,713	335,741,687
Deferred income	13	40,482,274	40,672,167
Current tax payable	21	-	63,715,965
		388,343,987	440,129,819
Total Liabilities		**7,456,283,633**	**2,929,988,106**
Total Equity and Liabilities		**13,071,852,836**	**8,649,645,815**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Namibia Dollar	**Note(s)**	**2025**	**2024**
Revenue	16	2,216,343,194	2,111,595,041
Cost of sales	25	(693,869,791)	(603,715,262)
Gross profit		**1,522,473,403**	**1,507,879,779**
Other operating income	26	44,789,894	52,373,873
Movement in credit loss allowances	17	(536,710,720)	(182,502,818)
Other operating expenses	35	(1,497,983,470)	(1,404,566,988)
Operating (loss)	**17**	**(467,430,893)**	**(26,816,154)**
Interest income	18	179,132,874	129,752,267
Interest paid	19	(2,720,610)	(2,576,987)
(Loss) profit before taxation		**(291,018,629)**	**100,359,126**
Taxation	14	162,727,515	(19,841,675)
(Loss) profit for the year		**(128,291,114)**	**80,517,451**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(losses) on defined benefit liability - Severance Pay	12	1,137,000	513,000
Actuarial gain/(losses) on defined benefit liability - Post Retirement Medical Aid	12	32,944,958	697,755
Deferred Tax on actuarial (losses)		(9,879,351)	(387,442)
Total items that will not be reclassified to profit or loss		**24,202,607**	**823,313**
Other comprehensive income for the year net of taxation		**24,202,607**	**823,313**
Total comprehensive (loss)/income for the year		**(104,088,507)**	**81,340,764**

STATEMENT OF CHANGES IN EQUITY

Figures in Namibia Dollar	Share capital	Revaluation reserve	Asset replacement reserves	Total reserves	Retained income	Total equity
Balance at 1 April 2023	**959,054,444**	**1,847,482,938**	**10,033,634**	**1,857,516,572**	**2,821,745,929**	**5,638,316,945**
Profit for the year	-	-	-	-	80,517,451	80,517,451
Other comprehensive income	-	-	-	-	823,313	823,313
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**81,340,764**	**81,340,764**
Revaluation reserve released to retained income	-	(81,261,078)	-	(81,261,078)	81,261,078	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(81,261,078)**	**-**	**(81,261,078)**	**81,261,078**	**-**
Balance at 1 April 2024	**959,054,444**	**1,766,221,860**	**10,033,634**	**1,776,255,494**	**2,984,347,771**	**5,719,657,709**
Loss for the year	-	-	-	-	(128,291,114)	(128,291,114)
Other comprehensive income	-	-	-	-	24,202,607	24,202,607
Total comprehensive Loss for the year	-	-	-	-	**(104,088,507)**	**(104,088,507)**
Revaluation reserve released to retained income	-	(71,740,868)	-	(71,740,868)	71,740,868	-
Total contributions by and distributions to owners of company recognised directly in equity	-	**(71,740,868)**	**-**	**(71,740,868)**	**71,740,868**	-
Balance at 31 March 2025	**959,054,444**	**1,694,480,993**	**10,033,634**	**1,704,514,627**	**2,952,000,132**	**5,615,569,203**
Note(s)	10	11				

STATEMENT OF CASH FLOWS

Figures in Namibia Dollar	Note(s)	2025	2024
Cash flows from operating activities			
Cash (utilised)/generated from operations	20	(114,664,434)	232,299,590
Interest received		179,132,874	129,752,267
Finance costs		(2,720,610)	(2,576,987)
Income taxes paid to Government	21	(98,929,187)	(137,896,361)
Net cash from operating activities		**(37,181,357)**	**221,578,509**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(242,628,693)	(190,681,673)
Purchase of intangible assets	4	(13,369)	(21,000)
Proceeds on sale of property, plant and equipment	3	4,006,083	2,607,518
(Purchases)/Sale of financial assets	7	(439,334,635)	426,415,195
Net cash from investing activities		**(677,970,614)**	**238,320,040**
Cash flows from financing activities			
Contributions by Government and customers	13	581,122,878	105,571,274
Net cash from financing activities		**581,122,878**	**105,571,274**
Total cash movement for the year		**(134,029,093)**	**565,469,823**
Cash at the beginning of the year		935,238,052	369,768,229
Total cash at end of the year	**9**	**801,208,959**	**935,238,052**

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Corporate information

Namibia Water Corporation Limited is a public limited company incorporated and domiciled in Namibia. The financial statements for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors.

1. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared on the historic cost basis, and incorporate the principal accounting policies set out below. The functional and presentation currency is Namibia Dollars.
These accounting policies are consistent with the previous period, except where otherwise stated.

1.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision- maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments has been identified as the Management Executive Committee (EXCO). An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporations' other components. An operating segment's results are reviewed regularly by EXCO to make decisions about resources to be allocated to the segment and assess performance, and for which separate financial information is available.

1.2 Significant judgments and sources of estimation uncertainty

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

The Corporation assesses its trade receivables for impairment at the end of each reporting period. The impairment for Individual domestic consumer trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. Impairment for bulk consumer trade receivables is calculated on a case by case basis, based on historical payment patterns by the customers.

The Corporation measures financial instruments such as financial assets through profit and loss, and non-financial assets such as property, plant and equipment, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions - Notes 3 and 7

ACCOUNTING POLICIES

- Quantitative disclosures of fair value measurement hierarchy - Note 31
- Property, plant and equipment under revaluation model - Note 3
- Financial instruments (including those carried at amortised cost) - Note 7, 8, 15

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements assumes that transactions are taking place in a active market. In the absence of the latter it would assume that it would be based on the next advantageous market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the annual financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted market prices in active markets for identical assets or liabilities that the entity can access at measurement date.
- Level 2 — Inputs other than quoted market prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 — Inputs that are unobservable for the asset or liability.

For assets and liabilities that are recognised in the annual financial statements on a recurring basis, management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the quoted market prices that is significant to the fair value measurement as a whole) at the end of each reporting period. The executive management committee consists of the Chief Executive Officer, Chief Financial Officer, Chief Strategy and Corporate Affairs Officer, Chief Operation Officer, Chief Scientific Officer and Chief Engineering Services. External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by management after discussion with and approval by the Corporation's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Corporation's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management committee analyse the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Corporation's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. Management, in conjunction with the Corporation's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Management and the Corporation's external

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valuers present the valuation results to the Board Audit & Risk Committee and the Corporation's independent auditors. This includes a discussion of the major assumptions used in the valuations. The Corporation engaged an independent valuation specialist to assess the fair values as at 31 March 2020. Land & buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of property. Refer to note 4 for detailed estimation criteria for Land and Buildings. On an annual basis, the Corporation assesses whether the variables influencing the fair value of assets have changed materially. Where such change is noted, a decision to do a new revaluation will be done. A new valuation will be done after 7 years from the date of any full revaluation. A period of 7 years is considered appropriate due to the nature of water infrastructure.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability.

Estimation of useful life PPE

Property, plant and equipment are made up as costs acquired to construct property, plant and equipment. IAS 16 requires annual life and residual values to be assessed on a project basis. The Corporation does annual reviews to ensure estimation and judgement are supported by sound assumptions through the use of valuation experts.

Post retirement medical aid & Severance pay obligation

Post retirement defined benefits are provided for certain existing and former employees. Actuarial valuations which are performed by external valuers are based on assumptions which include employee turnover, mortality rates, the discount rate, healthcare inflation costs and rates of increase in compensation costs.

Severance pay provision in line with the current interpretation of the provisions of the Labour Act are provided for certain existing employees. Assumptions on termination dates, discount rates and future salary increments were done based on currently available information, to compute the liability.

Valuations for post retirement benefits and severance pay obligation are done every second year.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Corporation; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. When a component of property, plant and equipment is replaced, the replacement cost is capitalised as part of the carrying amount of the property, plant and equipment, provided that the recognition criteria are met. The remaining carrying amount of the replaced part is derecognised at that stage.

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The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment (other than land, buildings and water schemes) is subsequently measured at cost less accumulated depreciation and any impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the net of tax difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are depreciated on the straightline basis over their expected useful lives to their estimated residual value.

Property, plant and equipment in the course of construction which is for production, supply or administrative purposes (accounted for as assets under construction) is carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Corporation's accounting policy. Such Property, plant and equipment is reclassified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Useful life
Buildings	50 years
Construction equipment	5 to 10 years
Furniture and fixtures	3 to10 years
Motor vehicles	4 to 15 years
Operational equipment	5 to 15 years
Water schemes	5 to 82 years

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

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

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

The gains or losses arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gains or losses arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The asset class for water schemes is composed of a number of subclasses that have different useful lives, hence the large range of useful lives. The shorter end of the range is composed of mainly mechanical components whilst the longer end is composed of civil components.

Refer to note 3 for the carrying amounts of Property, plant and equipment.

The residual value of an asset is the estimated amount that the Corporation would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.4 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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

Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de- recognised. Amortisation is included in operating expenses.

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Following initial recognition, of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually. Amortisation is provided to write down the intangible assets, on a straight line basis, as follows:

Item	Useful life
Computer software	3 to 5 years
Electricity supply points	3 to 30 years

The length of the amortisation period for electricity supply points is influenced by the length of the electricity contract agreement with the supplier.
Refer to note 4 for carrying amount of intangible assets.

1.5 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the

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period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred tax relates to the same taxable entity and the same taxable authority.

Current and deferred taxes are recognised as income or an expense and included in the Statement of Profit or Loss and Other Comprehensive Income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.
- Tax effect of all items presented in other comprehensive income are presented on the face of the other comprehensive income section of the statement of profit or loss and other comprehensive income.
- Value added taxation
- When the input VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the input VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.6 Leases

IFRS 16 replaces IAS 17 and applies for annual reporting periods beginning on or after 1 January 2019. It aims to improve representation of lessee' assets and liabilities as well as increasing transparency of lessees' financial obligation and leasing activities. Where previously a lease was defined as an agreement whereby the payment or series of payments resulted in (created) the right to use an asset for an agreed period of time, under IFRS 16 it is defined as a contract or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Thus under IFRS 16, leases are accounted for based on a 'right-of-use model' where at the commencement date, a lessee has a financial obligation to make lease payments to the lessor for its right to use the underlying asset during the lease term while the lessor conveys that right to use the underlying asset at the commencement of the lease, which is
the time when it makes the underlying asset available for use by the lessee.

IFRS 16 prescribes a single model of accounting for every lease for the lessees where a lessee does not need to classify the lease at its inception and determine whether it's finance or operating, rather they need to recognize a right-of-use asset and corresponding liability in its statement of financial

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position for all the leases; The asset shall be depreciated and a liability amortized over the lease term. There is however a recognition exemption whereby the lessee may elect to not apply the above requirements to short term leases and leases for which the underlying asset is of low value. Also, Under IFRS 16, rental or lease payments must be split to account for a lease element and a service element separately, mostly as an expense through profit or loss. The Corporation does not have any sale-and-leaseback arrangements in place and there were no modification or reassessment in place, hence the implications of these aspects of IFRS 16 are not considered for the assessment.

Lease agreements where the Corporation is a lessor:
The lessor's accounting remains largely unchanged from IAS 17. As such, the Corporation will continue to classify leases as either finance leases or operating leases in line with IFRS 16. IFRS 16 therefore does not have significant impact on the accounting for leases where the Corporation is the lessor.

Lease agreement where the Corporation is a lessee:
Short-term leases: The Corporation applied the recognition exemption instead of recognition requirements of IFRS 16 to its leases of Machinery and Properties as these leases meet the definition of a short term lease as per IFRS 16 due to the lease periods of 12 months or less at the commencement date. Machinery is leased only in the event of breakdowns or emergencies for periods not exceeding 3 months, while Property leases are for office space leased for periods of up to 12 months renewable before the end of the 12 months. The Corporation accounts for payments associated to these leases as an expense on straight line basis and shall continue to do so due to the short duration of such agreements.

The Corporation further has long-term lease agreements for computer equipment. These are classified as long-term as the lease period is 36 months. Through these agreements, the lessors grant the Corporation right of use over the Equipment for the said period in exchange for a fixed monthly rental charge. The equipment however remains the property of the lessor during the entire period of the lease. Based on its salient aspects the agreement meets the definition of a lease in terms of IFRS 16 and therefore needs to be accounted according to the requirements IFRS 16. The Corporation therefore need to recognise a right-to-use asset and a corresponding liability in respect of the lease agreements for the printers.

The Corporation does not have leases which are classified as a finance lease therefore the implications of leases previously classified as finance leases are not considered.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement coveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating leases - lessor
Operating lease income is recognised as an income on a straight-line basis over the lease term.
Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

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Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.
Any contingent rentals are expensed in the period they are incurred.

1.7 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
The cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

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

1.8 Impairment of non-financial assets

The Corporation assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Corporation estimates the recoverable amount of the asset. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU) fair value less costs of disposal and its value is use.

Irrespective of whether there is any indication of impairment, the Corporation also:
- tests intangible assets for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease, however, if this is exhausted, the impairment loss would be recognised in profit or loss.

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1.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised to retained income in the year in which they are declared.

1.10 Employee benefits

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The expense is recognised in the period in which the service is rendered. The liability is recognised to the extent that contributions are outstanding and where the liability is not expected to be settled within 12 months after the end of the reporting period, it shall be discounted.

Defined benefit plans

The Corporation operates a defined benefit post-employment medical aid and a severance pay benefit plan which requires contributions to be made to a separately administered fund. The funds have no assets. The cost of providing the benefit under the defined plan is determined using the projected unit credit method.

The Corporation operates a defined benefit post-employment medical aid and a severance pay benefit plan which requires contributions to be made to a separately administered fund. The funds have no assets. The cost of providing the benefit under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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Past service costs are recognised in profit or loss on the earlier of; the date of the plan amendment or Curtailment and the date that the Corporation recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Corporation recognises the following changes in the net defined benefit obligation under administration expenses in the Statement of Profit or Loss and Other Comprehensive Income; service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income.

Reliance is placed on expert valuation.

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Corporation will comply with the conditions attaching to them; and
- he grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income. The Corporation releases the deferred income into the Statement of Profit or Loss and Other Comprehensive Income over the useful life of the related assets financed from the government grant.

Grants related to income are presented as a credit in the Statement of Profit or Loss and Other Comprehensive Income.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.
Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Government grants received are recognised in the Statement of Cashflows as cash flows from financing activities due to the fact that a liability (deferred income) is raised for such grants when they are received, and is amortised over the life of the infrastructure that is created utilising such grant funding.

1.12 Revenue

Revenue on assets donated from customers is recognised over time as part of revenue in the profit or loss to match the depreciation of the assets per annum. The Corporation adopted the application of IFRS 15.

ACCOUNTING POLICIES

Revenue from sale of water is recognised at the point in time of when control of the asset is transferred to the customer, generally delivery of the water is at the point of bulk meter. The normal credit terms are 30 days from invoice.

There are no separate performance obligations other than the supply of water. The transaction price is fixed. Significant financing component

The Corporation receives advance payments from customers for sale of water. Water purchased is consumed within a month. The Corporation applies the practical expedient for short-term advances received from customers. That is, the promised amount of the consideration not adjusted for the effects of a significant financing component if the payment period between the transfer of the promised goods or services is payment one year or less.

Non-Cash Consideration

The Corporation does not allow non-cash consideration for water services. Variable Consideration The Corporation does not allow variable consideration for water services. Contract Assets

The Corporation does not have any contract assets as there are no conditional performance considerations to be fullfilled after the water was supplied.

Contract Liabilities

The Corporation does not have any contract liabilities as there are no conditional performance obligations to be fullfilled. Collectability of Revenue

Revenue may only be recognised if it is believed at the time of sale that the revenue is likely to be recovered from the customer. The recoverability requirement is not considered to have been met in contracts who have a poor payment history and for which the entity does not have the ability to manage the credit risk. The entity accounts for revenue from these contracts on a cash (rather than accrual) basis. Where the recoverability requirement is met, revenue is recognised on an accrual basis. Management applied significant judgement in determinig whether the recoverability requirement has been met. The application of this judgement did not have a material impact on the revenue recognised in the current year.

1.13 Interest Income

Included in investment income is a total of N$41,342,810 (2024: N$119,128,057) which is not yet realised. On some investments the actual interest realised will depend on the interest rates at the time of requesting for a payout of the investment income generated. The directors do not believe that the amounts disclosed as investment income earned will materially differ from the amounts that will be received by the Corporation.

1.14 Borrowing costs

Borrowing costs consist of interest and other costs that the Corporation incurs in connection with the borrowing of funds.

ACCOUNTING POLICIES

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:
- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.
- Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Deferred income

There are instances where customers fund the construction of their infrastructure by paying for all the costs for the establishment of the infrastructure. At the end of the construction period, the assets are transferred to NamWater. The donations are accounted for as follows:
- the fair value of the assets donated is reflected as assets.
- the assets are depreciated according to the NamWater policy on similar asset classes.
- an amount equal to the fair value of the asset is recognised as income in Other Income in the Statement of Profit or Loss and Other Comprehensive Income in the year that the asset is available for use.

The Corporation signs a water supply agreement with the respective customers which stipulates the obligations of each party regarding the future utilisation, and the repairs and maintenance of the respective assets.

The cash in flows creating deferred income, are recognised in the Statement of Cash flows as cash flows from financing activities.

1.16 Asset Replacement Reserve

In order to reserve funds for the replacement of infrastructure, the Corporation is compelled to allocate internally generated profits after tax into a funded replacement reserve account. These funds are included in non-distributable reserves in the Statement of Financial Position. The funds so allocated are utilised by the Corporation to fund the acquisition and construction of new infrastructure.

ACCOUNTING POLICIES

1.17 Financial Instruments

The Corporation has adopted consequential amendments to IFRS 9 Financial Instruments: Disclosures. IFRS 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

(a) Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL)

Namwater Business Model

The objective of the entity's business model is to hold assets only to collect cash flows, or to collect cash flows to sell ("the Business Model test"), and
The contractual cash flows of an asset give rise to payments on specified dates that are soley payments of principal and interest ("SPPI") on the pricipal amount outstanding ("the SPPI test").

(b) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Corporation to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Corporation to recognise a loss allowance for expected credit losses on:

(1) Debt investments measured subsequently at amortised cost or at FVTOCI;
(2) Lease receivables;
(3) Trade receivables and contract assets; and
(4) Financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

ACCOUNTING POLICIES

In particular, IFRS 9 requires the Corporation to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Classification

The classification of financial assets is dependent on the ‘business model’ test and ‘contractual cash flow’ test to determine whether they are measured at fair value or amortized cost.

The classification of financial liabilities under IFRS 9 remain broadly the same as in IAS 39. Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cashflows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Subsequent measurement: All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets as outlined below:

ACCOUNTING POLICIES

Financial Instruments	Business Model	IFRS 9 Measurement
Endowment policies	Not held for contractual cashflows which are SPPI	Fair value through profit and loss
Short term deposits	Collect contractual cash flows which represents SPPI	Amortised cost
Sinking fund for bond redemption	Collect contractual cash flows which represents SPPI	Amortised cost
Trade receivables	Collect contractual cash flows which represents SPPI	Amortised cost
Other receivables	Collect contractual cash flows which represents SPPI	Amortised cost

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income/expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial instrument, or, where appropriate, a shorter period, to the gross carrying amount of the financial instrument on initial recognition.

The amortised cost of financial instruments is the amount at which the financial instruments is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. Interest income is recognised in profit or loss and is included in the "interest income" line item (Note 18).

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 31.

(iii) Impairment of financial assets

The Corporation recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at

ACCOUNTING POLICIES

each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Corporation always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Corporation recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Corporation measures the loss allowance for that financial instrument at an amount equal to 12- month ECL.

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

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Corporation's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and all the cash flows that the Corporation expects to receive, discounted at the original effective interest rate.

The Corporation recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial instruments

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Definition of default

Default is defined as a customer that fails to honour the agreed commitments in quantitative and timeous terms. Write-off is where a customer has been declared insolvent and liquidated.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

There are no new accounting standards implemented during the current financial year that have a significant impact on the Annual Financial Statements of the Corporation, however, the following amendments and standards became effective in the current period :
Amendments to IAS1 - Requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.
Amendments to IFRS 16 - Subsequent measurement requirements for sale and leaseback transactions were added.

Amendment to IAS 7 and IFRS 7 - Additional disclosures about it's supplier finance arrangements. The amendments also add supplier finance arrangement as an example within the liquidity risk disclosure requirements of IFRS 7.
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information. The objective of IFRS S1 is to require an entity to disclose information about it sustainability-related risks and opportunities that is useful to users of general- purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 - Climate-related Disclosures. The objective of IFRS S2 is to require an entity to disclose information about it's climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

2.2 New and Revised Standards and Interpretations issued but not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2025 or later periods:

Standard/ Interpretation:	**Effective date: Years beginning on or after**	**Currently applicable**
IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027	No
IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027	No

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment

			2025
	Cost / Valuation	Accumulated depreciation	Carrying value
Operational and Administration Land and Buildings	553,201,522	(133,140,628)	420,060,894
Construction Equipment	89,524,298	(74,693,803)	14,830,495
Furniture and fixtures	67,782,778	(54,399,122)	13,383,656
Motor vehicles	169,916,682	(133,925,501)	35,991,181
Operational equipment	40,240,746	(31,720,484)	8,520,262
Water schemes	7,825,698,582	3,593,246,656)	4,232,451,926
Assets under construction	4,830,391,950	-	4,830,391,950
Total	**13,576,756,558**	**(4,021,126,194)**	**9,555,630,364**

			2024
	Cost / Valuation	Accumulated depreciation	Carrying value
Operational and Administration Land and Buildings	550,031,383	(121,154,144)	428,877,239
Construction Equipment	85,387,882	(69,496,305)	15,891,577
Furniture and fixtures	62,422,738	(49,324,124)	13,098,614
Motor vehicles	158,813,645	(127,449,337)	31,364,308
Operational equipment	36,046,887	(28,677,439)	7,369,448
Water schemes	7,171,945,107	3,422,544,012)	3,749,401,095
Assets under construction	1,141,583,151	-	1,141,583,151
Total	**9,206,230,793**	**(3,818,645,361)**	**5,387,585,432**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation on transfers and retirements	Depreciation	Impairment loss	Total
Operational Land and Buildings	428,877,239	3,170,139	-	-	-	(11,986,484)	-	420,060,894
Construction equipment	15,891,577	4,270,506	(134,089)	-	134,089	(5,331,587)	-	14,830,496
Furniture and fixtures	13,098,614	6,035,971	(675,931)	-	582,315	(5,657,313)	-	13,383,656
Motor vehicles	31,364,308	16,051,179	(4,941,503)	(6,639)	4,833,085	(11,309,249)	-	35,991,181
Operational equipment	7,369,448	4,054,416	(12,210)	151,653	10,264	(3,053,308)	-	8,520,263
Water schemes	3,749,401,095	17,637,987	(8,269,491)	660,522,141	21,873,207	(192,752,012)	(15,961,003)	4,232,451,924
Assets under construction	1,141,583,151	4,358,209,056	-	(660,667,155)	-	-	(8,733,102)	4,830,391,950
	5,387,585,432	**4,409,429,254**	**(14,033,224)**	**-**	**27,432,960**	**(230,089,953)**	**(24,694,105)**	**9,555,630,364**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation on transfers and retirements	Depreciation	Impairment loss	Total
Operational Land and Buildings	440,863,603	-	-	-	-	(11,986,364)	-	428,877,239
Construction equipment	8,175,861	11,973,602	(11,137)	(1,650)	7,007	(4,252,106)	-	15,891,577
Furniture and fixtures	5,510,622	10,731,544	(288,340)	4,130	269,182	(3,128,524)	-	13,098,614
Motor vehicles	25,464,397	15,585,787	(1,315,712)	(6,639)	1,119,391	(9,482,916)	-	31,364,308
Operational equipment	5,265,909	2,753,466	(21,890)	1,718,617	22,487	(2,369,141)	-	7,369,448
Water schemes	3,851,056,750	18,010,111	(761,442)	76,403,976	254,513	(195,562,813)	-	3,749,401,095
Assets under construction	1,094,815,097	131,633,706	(630)	(78,117,417)	-	-	(6,747,605)	1,141,583,151
	5,431,152,239	**190,688,216**	**(2,399,151)**	**1,017**	**1,672,580**	**(226,781,864)**	**(6,747,605)**	**5,387,585,432**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

Pledged as security

All the Property, plant and equipment are free of any encumbrances.

Transfers between asset categories

A number of transfers were done between asset categories. The transfers were to capitalise assets that were under construction in the previous year, and which were completed in the current year.

Neckartal Dam and Bulk Water Supply Scheme

Included in additions is the transfer of Phase 1 of the Neckartal Dam and Bulk Water Supply Scheme valued at N$4,166,708,451. With the initial contribution by NamWater of N$200 million, this brings the value of the Phase 1 Neckartal Dam and Bulk Water Scheme to N$4,366,708,451. The full amount is included in Assets Under Construction as the dam is specifically built for the irrigation scheme and will only come into use when the full project is completed. Commercial commissioning will also only happen when Phase 2 of the project is completed.

Compensation received for losses on property, plant and equipment – included in operating profit.

Equipment and Vehicles	**1,879,154**	**1,021,789**

During the financial year, the Corporation received insurance compensation for damage to some of its assets. The damaged equipment were decommissioned.

Revaluations

The Corporation endevours to value its property plant and equipment every 7 years. No revaluation of assets were performed during the current financial year. A revaluation on land and non operational buildings were performed in the 2020 financial year. The revaluations were performed by Messers Lund Consulting Engineers and Property Valuations Namibia. The organisation is not connected to the Corporation and has recent experience in the location and category of the Water Supply Infrastructure being valued.

The valuation was based on the open market value for existing use for the land and buildings, and for water supply infrastructure was based on the replacement cost.

The carrying value of the revalued assets under the cost model would have been:

Land and Buildings	95,090,721	94,778,711
Water schemes	1,947,438,570	1,365,121,234

Fair value of the revalued assets was determined using the market comparable method for land and buildings and replacement cost for water supply infrastructure. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature,

NOTES TO THE FINANCIAL STATEMENTS

location or condition of the specific property. As at the date of the revaluation, fair values of the revalued assets were based on valuation performed by Mr. P. J Scholtz (Sworn Valuer) of Property Valuations Namibia.

Significant unobservable valuation input: Price per square meter on Buildings N$ 200 to N$ 9 500 and on Land N$ 0.10 to N$ 600.

Significant increase / (decreases) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value.

Other information

In prior years Government constructed water supply infrastructure and donated this to the Corporation. Some of the donated water supply infrastructure is dedicated to supply water to rural communities. For further information on capital expenditure commitments, refer to note 29. For further additional fair value information, refer to note 34.

Proceeds of N$3,886,700 (2024: N$2,539,742) were received from assets written off and/or sold with a carrying value of N$198,389 (2024: N$719,930).

Details of properties
A register containing the information required by the Companies Act is available for inspection at the registered office of the Corporation.

4. Intangible assets

			2025
	Cost / Valuation	Accumulated depreciation	Carrying value
Computer software	6,514,519	(6,479,532)	34,987
Electricity Supply points	256,287,875	(215,268,150)	41,019,725
Total	**262,802,394**	**(221,747,682)**	**41,054,712**

			2024
	Cost / Valuation	Accumulated depreciation	Carrying value
Computer software	20,149,805	(20,050,210)	99,595
Electricity Supply points	256,287,875	(192,375,363)	63,912,512
Total	**276,437,680**	**(212,425,573)**	**64,012,107**

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of intangible assets - 2025

	Opening balance	Additions	Disposals	Amortisation on Retirements and Transfers	Amortisation	Impairment loss	Total
Computer software	99,595	13,400	(11,234,844)	13,648,655	-	(11,986,484)	-
Electricity Supply points	63,912,512	-	-	-	(22,892,787)	-	41,019,725
	64,012,107	**13,400**	**(11,234,844)**	**13,648,655**	**(22,970,764)**	**(2,413,842)**	**41,054,712**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software	565,630	21,000	(487,035)	99,595
Electricity Supply points	86,805,299	-	(22,892,787)	63,912,512
	87,370,929	**21,000**	**(23,379,822)**	**64,012,107**

Pledged as security

All intangible assets are free of encumbrances.

Other information

Computer software is replaced once it has reached the end of it's useful life. Electricity Supply Points have a remaining useful life of 5.8 years.

Contractual commitments

There are no commitments to purchase any new intangible assets.

5. Deferred tax

	2025	2024
Deferred tax liability		
Endowment Policy	(29,540,019)	(19,114,652)
Inventory	(4,263,283)	(2,820,048)
Insurance Prepayment	(1,378,041)	-
Property, plant and equipment	(520,526,874)	(542,641,648)
Property, plant and equipment released through retained income	(782,993,404)	(869,051,866)
Total deferred tax liability	**(1,338,701,621)**	**(1,433,628,214)**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Deferred tax asset		
Severance Pay Obligation	2,293,800	2,353,280
Liabilities for health care benefits accrued	42,951,000	49,871,563
Doubtful debt allowance	475,550,468	378,504,221
Debtors with credit balances	2,967,128	3,270,865
Provision for leave pay	2,083,598	-
Performance bonus provision	2,006,750	1,983,257
Total deferred tax asset	**527,852,744**	**435,983,186**

6. Inventories

Spare parts and consumables	14,210,944	8,812,650

Inventory is free of any encumbrances. Total inventories is measured at the lower of cost and net realisable value.

7. Other Financial Assets

At fair value through profit or loss - designated		
Investments	98,466,731	59,733,288
The amount is comprised of N$98,466,731 (2024: N$59,733,288) in endowment policies. This investment is an endowment policy held with Old Mutual.		
Amortised Cost		
Other financial asset	1,232,301,354	870,995,484
Ten short-term deposits with a total capital amount of N$1.1 billion with interest rates ranging from between 7.50% and 8.80% with tenure ranging from 48hrs to 14 months invested with registered Namibian Banks. A total of N$950 million (2024: N$505 million) reinvestments were made during the year.		
Sinking Fund	133,231,604	93,936,281
The sinking fund is an investment held with Standard Bank to mitigate the possible credit risk of the loan from AFDB taken by Government to support the water sector.		
Financial Assets at Amortised Cost	**1,365,532,958**	**964,931,765**
Total Other Financial Assets	**1,463,999,689**	**1,024,665,053**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Long term		
At fair value through profit or loss	98,466,731	59,733,288
Amortised Cost	287,517,085	301,265,599
	385,983,816	**360,998,887**
Short term		
Amortised Cost	1,078,015,873	663,666,167
Total other financial assets	**1,386,114,895**	**1,024,665,054**

Fair value information		
Reconciliation of financial assets held at fair value through profit and loss		
Opening balance	59,733,288	55,591,344
Investment income unrealised	38,733,443	4,141,944
	98,466,731	**59,733,288**
Reconciliation of financial assets at Amortised cost		
Opening balance	870,995,484	1,337,614,283
Investment during the year	950,000,000	555,027,335
Interest income unrealised	71,022,851	31,062,767
Interest income realised	23,937,677	57,395,239
Disinvestments during the year	(683,654,658)	(1,110,104,140)
	1,232,301,354	**870,995,484**
Other Financial Assets at Amortised cost: Sinking Fund		
Opening balance	93,936,281	57,874,622
Investment during the year	29,923,560	29,923,560
Interest income unrealised	9,371,763	6,138,099
	133,231,604	**93,936,281**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Sales/(Purchases) of Investments		
Disinvestments during the year: Financial Assets at amortised cost	683,654,658	1,110,104,140
Investments during the year: Financial Assets at amortised cost	(950,000,000)	(555,027,335)
Additional Investments in Sinking Fund	(29,923,560)	(29,923,560)
Investment Income: Financial Assets at Amortised cost	(104,332,293)	(94,596,106)
Investment Income: Endowment Policy	(38,733,443)	(4,141,944)
	(439,334,638)	**426,415,195**

Financial assets at fair value through profit or loss are recognised at fair value, which is equal to their carrying amounts at the date of reporting.

The amortised cost investments are recognised at cost plus investment income earned and are both current and non- current in nature. The short term held to maturity investments comprise of fixed term deposits held at a term not exceeding 24 months. The non-current held to maturity investments comprise of an investment in a sinking fund held with Standard Bank.

Financial assets at fair value through profit or loss are denominated in the following currencies:

Namibia dollar	98,466,731	59,733,288
Financial assets at amortised cost are denominated in the following currencies:		
Namibia Dollar	1,232,301,354	964,931,765
There were no gains or losses realised on the disposal of held to maturity financial assets in 2025 and 2024, as all the financial assets were disposed of at their redemption date.		
Sinking fund - Standard Bank Namibia - Namibia Dollar	133,231,604	93,936,281

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information and forward looking information about counterpart and industry default rates. With regards to the investments, only investments in the money market, with products that guarantee the capital balance invested are allowed per the investment policy. The investments in these institutions must be investment grade.

8. Trade and other receivables

Trade receivables	2,478,235,699	2,061,908,007
Allowance Account - Trade Receivables	(1,846,885,937)	(1,309,924,739)
Value added tax	-	6,150,284
Other receivables	237,855,580	238,041,415
Allowance Account - Other Receivables	(202,575,155)	(202,825,633)
	666,630,187	**793,349,334**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

Other Receivables

Included in other receivables is an amount of N$101,390,966 which pertains to funds advanced toward drought relief intervention measures during the 2017 financial year to assist the City of Windhoek with borehole drilling projects. The amount has been provided for in full. Other receivables also include N$59,917,986 for interest refundable from government for the loan advanced to the government relating to the Neckartal Dam and an amount of N$30,980,679 relating to the Otjimbingwe scheme. These amounts are underwritten to be paid by the Namibian Government which reduces the risk of default.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to historical and forward looking payment performance and default rates. The credit quality of customers is assessed and regularly monitored by the debtor's committee. Bulk water sales are covered by performance agreements.

None of the financial assets that are fully performing have been renegotiated during the last year.

Fair value of trade and other receivables

Management assessed that the fair values of trade and other receivables approximate their carrying amounts largely due to the short term maturities of these instruments

Trade and other receivables impaired

The amount of the provision was N$ 2,049,461,092 as at 31 March 2025 (2024: N$ 1,512,750,372).

All the amounts that are past due have been provided for in the 2025 and 2024 financial year.
The ageing of trade and other receivables are as follows:

Trade receivables: Unrelated parties		
Current	225,873,860	179,491,119
31 - 60 days	11,023,603	5,376,690
61 - 120 days	33,219,694	4,569,790
Above 121 days	976,093,537	855,066,991
Subtotal	1,246,210,694	1,044,504,590
Trade receivables: Related parties Current	- 180,064,857	- 184,240,483
31-60 Days	13,693,535	26,651,591
61 - 120 days	45,616,795	51,399,550
Above 121 days	992,649,818	755,111,793
Total related party receivables	1,232,025,005	1,017,403,417
Total Trade receivables	**2,478,235,699**	**2,061,908,007**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Total trade receivables		
Current	405,938,717	363,731,602
Past due 31 - 60 days	24,717,139	32,028,282
Past due 61 - 120 days	78,836,489	55,969,339
Past due 121 days and above	1,968,743,354	1,610,178,784
	2,478,235,699	**2,061,908,007**

2025	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Trade Receivables	405,938,717	24,717,139	78,836,489	1,968,743,354	2,478,235,699
ECL Loss	-	(22,028,568)	(70,261,167)	(1,754,596,202)	(1,846,885,937)
ECL Rate %	-	1	4	95	100

2025	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Other Receivables	215,639	4,285,382	(4,503,175)	237,857,734	237,855,580
ECL Loss	-	-	-	(202,575,155)	(202,575,155)
ECL Rate %	-	-	-	100	100

2024	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Trade Receivables	363,731,602	32,028,282	55,969,339	1,610,178,784	2,061,908,007
ECL Loss	-	(24,816,703)	(42,440,944)	(1,242,667,092)	(1,309,924,739)
ECL Rate %	-	2	3	95	100

2024	**Current**	**31-60 days**	**61-120 days**	**<121 days**	**Total**
Trade Receivables	6,838,670	-	-	237,353,029	244,191,699
ECL Loss	-	-	-	(202,825,633)	(202,825,633)
ECL Rate %	-	-	-	100	100

Trade Receivables		
Due but not Impaired	405,938,717	363,731,602
Due and Impaired	103,553,628	87,997,621
Past due and Impaired	1,968,743,354	1,610,178,784
	2,478,235,699	**2,061,908,007**
The carrying amount of trade receivables are denominated in the following currencies:		
Namibia Dollar	2,478,235,699	2,061,908,007

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	1,512,750,372	1,330,918,427
Provision for impairment	536,710,720	182,114,247
Amounts written off	-	(282,302)
	2,049,461,092	**1,512,750,372**

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation holds collateral for desalinated water customers. Included in related party trade receivables is an amount of N$1,218,586,119 relating to Local Authorities and Regional Councils which according to management has the higest risk of defaulting. However, repayment agreements have been entered into with some these customers. Also included in trade receivables is an amount of N$1,040,664,162 owed by private consumers and rural water supply. The amounts are fully provided for. No interest was applied during the current year.

Trade receivables include amounts owing from related parties. Trade receivables are non-secured on a 60 day term.

Other receivables include study loans given to employees and other sundry receivables. The receivables are non-secured and non-interest bearing with no repayment terms.

Assumptions and judgements used to calculate the expected credit loss:

The sectors of the Corporations customers that are supplied with bulk water include, mining customers, local authorities private businesses and individuals. In arriving at the estimated credit losses the Corporation considered at looking at the historic collection rate of these customers for the past seven years and the following assumptions were factored to arrive at the credit losses balances:

- Forward looking factors considered
- Namibian GDP growth rates given this key indicator used to verify the country's growth rate
- nternational Uranium prices were used as a key determinant of the viability if the mining activities and the customer's ability to repay.

9. Cash and cash equivalents

Cash and cash equivalents relate to money on hand and deposits held with banking institutions. The average interest rate earned on deposits with banking institutions in call and current accounts averaged 4.37% p.a. (2024: 4.37%).

Cash on hand	77,408	80,015
Bank balances	801,131,551	935,158,037
	801,208,959	935,238,052

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
The total amount of undrawn facilities available for future operating activities and commitments	1,125,053,748	1,125,053,748
Included in bank balances is funds contributed by the Government for projects to be executed by NamWater. These funds are not available for general purpose use:		
Government - KfW	488,962,815	96,422,780
Government - AfDB	31,219,168	30,979,114
Government- Local Authority Prepaid Meters	192,895,000	-

10. Share capital

Authorised		
1 000 000 000 Ordinary shares of N$1 each	1,000,000,000	1,000,000,000
Issued		
959,054,444 ordinary shares of N$ 1 each	959,054,444	959,054,444

11. Non distributable reserves

Revaluation reserves equal to the depreciation net of tax on the revalued portion of assets is released directly into Retained Income.

Opening balance	1,766,221,860	1,847,482,938
Revaluation reserve released into retained income	(71,740,868)	(81,261,078)
Revaluation reserves	1,694,480,992	1,766,221,860
Asset replacement reserve	10,033,634	10,033,634
	1,704,514,626	**1,776,255,494**

The Asset Replacement reserve relate to money set aside for the future replacement of fixed assets. As guided by the Namibia Water Corporation Act, the Corporation can capitalise part of it's profits as may be deemed necessary into a capital replacement reserve for future replacement of it's assets.

12. Retirement benefits

12.1 Post Employment Medical Aid obligation

The Corporation has an obligation to continue to fund 50% of the employees' contribution to Medical Aid after employment. The liability is actuarially calculated on an annual basis. The employees are free to join their medical aid service provider of choice, whilst the Corporation utilises one of the medical aid funds to benchmark the level of contributions to the fund.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

The plan is a post employment medical benefit plan, and was closed in January 2010 to new members joining the Corporation.

Reliance is placed on expert valuation done by, NMG Actuarial Consultants for the current reporting period.

Carrying value		
Present value of the defined benefit obligation-not funded	143,170,000	157,122,000
Net expense recognised in Profit or loss		
Current service cost	3,782,000	3,717,000
Interest cost	19,849,000	17,823,000
	23,631,000	**21,540,000**
Opening Balance		
Present value of the defined benefit obligation-not funded	(157,122,000)	(140,640,000)
Movements for the year		
Contributions to retired employees	4,638,042	4,360,245
Net expense recognised in Profit or loss	(23,631,000)	(21,540,000)
	(18,992,958)	**(17,179,755)**
Net actuarial gain recognised in other comprehensive income		
Actuarial gain through OCI	32,944,958	697,755
Closing Balance		
Present value of the defined benefit obligation-not funded	(143,170,000)	(157,122,000)

Key assumptions used		
Assumptions used on last valuation on Monday, 31 March 2025.		
Normal retirement age (years)	60	60
Discount rate	12.88 %	12.91 %
Medical inflation rate	8.89 %	9.31 %
Figures in Namibia Dollar	PA(90)-2	PA(90)

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Sensitivity analysis to mortality rates		
Change in accrued liability	3,579,250	(3,579,250)
Change in current service cost	94,550	(94,550)
Change in interest cost	496,225	(496,225)
Decrease/ (increase) in liability	**4,170,025**	**(4,170,025)**

The actual mortality experience of the current employees and the continuation members will materially affect the actual cost. Should the actual cost be higher than that assumed in the valuation, the cost of subsidies will decrease. Likewise, should the actual mortality be lower than that assumed the cost will be greater than expected.

Figures in Namibia Dollar	-1% decrease	+1% increase
Sensitivity to medical aid inflation		
Change in total accrued liability	(15,319,190)	18,182,590
Change in current service cost	(427,366)	510,570
Change in interest cost	(2,242,937)	2,679,615
(Decrease)/ increase in liability	**(17,989,493)**	**21,372,775**

The cost of subsidy after retirement is dependent on the increase in the contributions to the medial aid scheme before and after retirement. The rate at which these contributions increase will thus have direct effect on the liability of future retirees. Management believes a realistic assumption on medical aid inflation is a change of 1%.

Sensitivity to discount rate	**-1% decrease**	**+1% increase**
	N$	N$
Change in total accrued liability	17,896,250	(14,889,680)
Change in current service cost	219,356	(192,882)
Change in interest cost	1,151,242	(1,012,299)
	19,266,848	**(16,094,861)**

The variable having the greatest effect on the liability is the real discount rate, i.e. the discount rate net of health care cost inflation. Even small changes to this assumption have a relatively large impact on the liabilities. Management believes that the realistic assumption on medical aid discount rate is a change of 1%.

12.2 Severance pay obligation

In terms of the current interpretation of the provisions of the Labour Act, there is a requirement for the Corporation to provide for the payment for all permanent staff members who will part with the Corporation at the age of 65 years. The policy of the Corporation makes provision for retirement at the age of 60 years. An actuarial valuation was done to determine the fair value of

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

the liability. This valuation takes into account the Corporations provision for retirement age of 65 years for fixed term contract employees who might remain in the employment of the Corporation beyond the normal retirement age of 60. Amounts reported for the current year were projected per the last valuation performed on 31 March 2024.

Reliance is placed on expert valuation done by, Strategic Actuarial Partners Namibia (Pty) Ltd for the current reporting period.

Carrying value		
Present value of defined benefit obligation - not funded	7,646,000	7,354,000
Net expense recognised in Statement of profit or loss		
Service cost	680,000	1,341,000
Interest cost	749,000	575,000
Actuarial (gain)/loss	(1,137,000)	(513,000)
	292,000	**1,403,000**
Movement for the year		
Opening balance	7,354,000	5,951,000
Net expense recognised in Profit or loss	292,000	1,403,000
	7,646,000	**7,354,000**
Figures in Namibia Dollar	-1% decrease	+1% increase
Sensitivity to salary inflation		
Change in liability	7,018,000	7,728,000
Change in service cost plus interest cost	1,361,000	1,505,000
(Decrease)/increase in liability	**8,379,000**	**9,233,000**

The effect of a 1% increase and decrease in the salary inflation assumption on the contractual liability and the annual expense is shown in the table above. Management believes that it is a realistic assumption to expect a change in salary inflation of 1%.

Valuation assumptions		
Salary inflation	6.60%	6.60%
Discount Rate	10.50%	10.50%

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

13. Deferred income

Non-current liabilities	5,578,422,025	891,754,073
Current liabilities	40,482,274	40,672,167
	5,618,904,299	**932,426,240**

The Corporation received revenue from external sources for capital projects as listed below:

Summary of deferred income		
Swakopmund - Langer Heinrich Upgrade	19,718	19,718
Rossing - Valencia	266,105	266,105
Finkenstein Water Supply	60,571	60,692
Langer Heinrich Water Supply	48,043,630	49,212,677
Ondobe Pipeline	218,017	235,615
Skorpion Mine Water Supply	37,858,456	39,601,370
Opuwo Treatment Plant	1,203,726	1,276,115
Klein Manasse	582,747	604,640
Ogongo Oshakati Canal Rehabilitation	13,297,678	13,297,678
Andara Water Supply	134,887	144,954
Ndiyona Water Supply	652,854	693,768
Ogongo Agricultural College Pumpstation	143,606	143,606
Mpunguvlei Pipeline	341,681	341,681
Rosh Pinah pipeline upgrade	143,448	175,609
Calueque Pump Station upgrade	406,839	406,839
Oshikango Pipeline Reroute	215,324	223,705
Oanob - Oamites Water Supply	83,000	83,000
Swakop South Water Supply	39,314,893	59,902,321
Outapi road crossings	111,813	127,919
Rural water supply infrastructure	185,978,043	194,722,857
Prepaid Water Meter Funds	192,895,000	-
Kalkveld extension & upgrade	1,459,807	1,459,807
Neckartal Dam and Bulk Water Supply Scheme Phase 1	4,166,708,451	-
Vioolsddrift/Noordoewer dam study	375,411	375,411

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
NTA/GIZ Heavy Equipment Training	1,738,041	1,975,933
Swakopmund-Rossing Upgrade	210,808	228,631
Omdel-Swakopmund Pipeline Replacement	103,537,541	108,922,259
Aussenkehr New Town Scheme	350,000	350,000
Unicef Water Tankers	3,235,234	4,144,938
Shamvhura-Shamangorwa Rural Water Scheme	5,217,319	5,217,319
Farm Hoffnung Boreholes	262,377	279,951
Water Security Project	261,305,892	267,505,294
Cuvecom Project	31,786	31,786
Eenhana Water Treatment Plant Project	2,903,980	3,617,583
Dessert Research Foundation Project	50,959,960	50,959,960
African Development Bank	29,999,575	29,999,575
Hardap Irrigation Scheme Rehabilitation	2,667,500	2,667,500
VAT Portion Mota-Engil Angola	219,732	-
KFW	465,748,849	93,149,424
Less: Transfer to current portion of deferred income	(40,482,274)	(40,672,167)
	5,578,422,025	**891,754,073**

Reconciliation of deferred income		
Opening balance	932,426,240	884,793,365
Transfer to capital redemption	(45,944,549)	(45,516,549)
Contribution from government and customers	565,714,157	93,149,424
Neckartal Dam and Bulk Water Supply Scheme Transfer	4,166,708,451	-
	5,618,904,299	**932,426,240**

The Government transferred phase 1 of the Neckartal Dam and Bulk Water Supply financial year.

The amount of N$45,944,549 (2024: N$45,516,549) is included in Capital redemption as Revenue Income. The full balance of Capital redemption includes amounts that are direct payments from customers, not going through the Deferred Income account.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

14. Taxation

Major components of the tax expense through Statement of Profit or Loss		
Current Taxation		
Local income tax - current period	(33,947,987)	(64,290,723)
Deferred Taxation		
Originating and reversing temporary differences	196,675,502	44,449,048
	162,727,515	**(19,841,675)**

Major components of tax expense through Statement of Other Comprehensive Income:

Deferred Taxation		
Medical Aid & Severance obligation	(10,286,827)	(387,442)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.		
Accounting (loss)/profit	(291,018,629)	100,359,126
Tax at the applicable tax rate of 31% (2024: 32%)	(90,215,775)	32,114,920
Exempt Income	(15,293,023)	(12,885,623)
Disallowed Expenditure	630,358	612,379
Change in Tax Rate	(57,849,075)	-
	(162,727,515)	**19,841,676**

The corporate tax rate changed in the current year to 31% (2024:32%).

15. Trade and other payables

Financial instruments:		
Trade payables	126,915,774	110,872,865
Value added tax	4,244,231	-
Payroll control accounts	104,163	279,685
Other payables	109,224,039	125,896,534
Accrued leave pay	55,174,990	48,229,661
Accrued bonus	6,689,166	6,197,679
Year end accruals	45,509,350	44,265,263
	347,861,713	**335,741,687**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

The carrying amounts of trade and other payables are denominated in the following currencies:

Namibia Dollar Amount		
Namibia Dollar	347,861,713	335,741,687

Trade payables and year-end accruals comprise amounts accrued for services provided by suppliers. The amounts are due for payment 30 days from the date of the supplier statements. Other payables to third parties are pension funds, retirement funds and provision for retention creditors.

Accrued leave pay relates to the cumulative number of leave days owed to employees. Each employee accrues 2.5 days of leave per month of service, capped to 45 days.

Accrued bonus relates to provision payable to employees for the 13th cheque. The 13th cheque is equivalent to 69% of an employee's monthly package, and payable in November of each year.

16. Revenue

Water sales - Treated water	1,367,296,081	1,377,336,511
Water sales - Desalinated water	768,667,439	553,042,326
Interest received on overdue trade receivables	74,080	5,238,573
Water sales - Untreated water	35,945,863	29,851,586
Water sales - Irrigation water	8,761,634	13,775,870
Capital Redemption - Infrastructure Loan	35,598,097	33,776,418
	2,216,343,194	2,013,021,284

17. Operating Profit/(Loss)

Operating (loss) for the year is stated after accounting for the following:

(Loss)/Profit on sale of property, plant and equipment	(400,858)	206,537
Amortisation of intangible assets	22,970,764	23,379,822
Depreciation on property, plant and equipment	230,082,666	226,781,961
Employee costs	544,266,636	461,074,750
Amount expensed in respect of retirement benefit plans:	66,272,825	62,332,396
- Defined contribution funds	41,212,825	38,876,396
- Defined benefit funds	25,060,000	23,456,000
Provision for expected credit losses		
Current year provision for allowance account	536,710,720	182,502,818

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Audit fees	1,311,723	1,242,060

18. Interest Income

Interest from investments held at amortised cost (note 8)	104,332,290	94,596,106
Endowment policy earinings: unrealised fair value gain	38,733,442	4,141,944
Bank Interest	36,067,142	26,122,280
Interest on Other Receivables	-	4,891,937
Total interest income	**179,132,874**	**129,752,267**

19. Interest Paid

Creditors	2,720,610	2,576,987

20. Cash (used in)/generated from operations

Profit/(Loss) before taxation	(291,018,629)	100,359,126
Adjustments for:		
Depreciation of property, plant & equipment (refer to note 4)	230,082,666	226,781,962
Amortisation of intangible assets (refer to note 5)	22,970,764	23,379,822
Interest income (Refer to note 19)	(179,132,874)	(129,752,267)
Interest Paid	2,720,610	2,576,987
Movements in retirement benefit liabilities less payments processed (Refer to note 14)	20,421,958	19,095,755
Capital Redemption (Refer to note 15)	(61,353,271)	(57,938,399)
Impairment of Assets	7,203,463	4,859,001
Changes in working capital:		
(Increase)/decrease Inventories	(5,398,294)	2,418,200
(Decrease)/increase Trade receivables	120,633,506	(134,597,664)
(Increase)/decrease Other receivables	6,085,641	122,765,003
Increase/(decrease) Trade and other payables	12,120,026	52,352,064
	(114,664,434)	**232,299,590**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

21. Tax Receivable/Payable

Balance at beginning of the year	(63,715,965)	(137,321,603)
Current tax recognised in profit or loss	(33,947,987)	(64,290,723)
Amount paid to NAMRA	98,929,189	137,896,361
	1,265,237	**(63,715,965)**

22. Financial assets by category

The categories for financial instruments are listed below:

2025			
	Amortised Cost (N$)	Fair value through profit or loss (N$)	Total(N$)
Other financial assets	1,365,532,958	98,466,731	1,463,999,689
Other receivables	35,280,425	-	35,280,425
Trade receivables	631,349,762	-	631,349,762
Cash and cash equivalents	801,208,959	-	801,208,959
	2,833,372,104	**98,466,731**	**2,931,838,835**

2024			
	Amortised Cost (N$)	Fair value through profit or loss (N$)	Total(N$)
Other financial assets	964,931,765	59,733,288	1,024,665,053
Other receivables	41,366,066	-	41,366,066
Trade receivables	751,983,268	-	751,983,268
Cash and cash equivalents	935,238,052	-	935,238,052
	2,693,519,151	**59,733,288**	**2,753,252,439**

23. Assets Under Construction

Capital work in progress comprise a number of infrastructure creation projects that were not yet completed at the end of the financial year. A total of N$4,358,209,056 (2024: N$131,633,706) was added to assets under construction (Refer to note 3), whilst N$660,667,155 (2024: N$78,117,417) was transferred to fixed assets after completion of the work (Refer to note 3).

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

The projects included here are at various stages of completion.

24. Financial liabilities by category

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

2025		
	Financial liabilities at amortised cost (N$)	Total(N$)
Trade and other payables	347,861,713	347,861,713

2024		
	Financial liabilities at amortised cost (N$)	Total(N$)
Trade and other payables	335,741,687	335,741,687

25. Cost of sales

Sale of goods		
Purchase of desalinated water	693,869,791	603,715,262

26. Other operating income

(Loss)/Profit on sale of assets	(400,858)	206,537
Rental income	5,949,490	6,194,510
Insurance proceeds	1,879,154	1,021,789
Capital redemption	25,755,174	24,161,981
Human Resource Development Centre, Laboratory services and other income	11,606,934	20,789,056
	44,789,894	**52,373,873**

27. Commitments and guarantees

Authorised capital expenditure

Already contracted for but not provided for		
Property, plant and equipment	342,278,418	150,095,508
Not yet contracted for but authorised by directors	1,137,521,582	1,383,904,492

This committed expenditure relates to water supply infrastructure and will be financed by available bank facilities, retained profits, mortgage facilities, existing cash resources, and funds internally generated.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Operating leases – as lessor (income)		
Minimum lease payments due		
- within one year	7,712,571	8,210,274
- in second to fifth year inclusive	34,632,791	36,705,752
	42,345,362	**44,916,026**

Lease rentals increase on an annual basis with inflation, for all the houses that are located in urban areas. Management considers houses individually that are located in communal or remote areas to escalate their rentals.

28. Related parties

Members of key management

Abraham Nehemia	Chief Executive Officer
Kadiva Hamutumwa	Chief Strategy and Corporate Affairs Officer
Andries Kok	Chief Operations Officer
Johannes Sirunda	Chief Scientific Services
Saltiel Shaanika	Chief Engineering Services
Cornwell Chadya	Chief Financial Officer
Katrina Kagadhinwa	Chief Information Officer

Related party balances

Amounts included in Trade and other receivables regarding related parties		
Ministries	18,071,089	30,092,555
Towns and Village councils	1,001,028,122	830,269,748
Municipalities	205,006,231	150,353,934
Namibia Wildlife Resorts Ltd	576,176	812,297
Roads Construction Company Ltd	860,585	792,248
UNAM	1,285,944	263,392
Namibia Airports Company	252,169	531,099
Other related parties	4,944,689	4,288,143

Related parties of N$1,020,890,994 (2024: N$620,464,162) were provided for as likely not to be collectable at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Amounts included in Trade and other Payables regarding related parties		
Erongo Red	(9,274,507)	(9,685,611)
Cenored	(4,052,159)	-
Nored Electricity (Pty) Ltd	(5,485,107)	(5,391,703)
Telecom	(561,781)	(56,200)
NamPower	(3,719,809)	(367,954)
Municipalities	(3,182,420)	(1,942,365)
Towns and Village councils	(7,405,179)	(3,217,880)
Road Fund Administration	(154,932)	-

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, and accrue interest at prime lending rate. Settlement of the balances outstanding is in cash. There have been no guarantees provided or received for any related party receivables or payables. The impairment on the receivables is shown above. The assessment for impairment is undertaken each financial year, through examining the financial position of the related party and the market in which the related party operates.

Related party transactions		
Sales to related parties		
Ministries	(72,698,314)	(57,648,708)
Town and village councils	(509,122,861)	(474,384,936)
Municipalities	(663,531,648)	(704,008,586)
Namibia Wildlife Resorts Ltd	(9,275,950)	(9,421,372)
Roads Construction Company Ltd	(64,909)	(92,170)
Namport	-	(56,634)
Namibia Airports Company	(2,733,318)	(2,721,174)
Roads Authority	(6,935)	(36,342)
NamPower	(610,199)	(224,417)
Cenored	(260,967)	(296,355)
Unam	(7,275,565)	(4,527,199)
Cenored	(260,967)	(296,355)
Unam	(7,275,565)	(4,527,199)

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024
Purchases from related parties		
Erongo Red	114,545,655	113,839,300
Cenored	47,335,018	43,954,499
Nored Electricity (Pty) Ltd	70,367,576	72,558,428
Telecom	2,882,163	3,683,503
NamPower	175,212,577	410,332,194
Municipalities	10,597,934	12,187,615
Town councils	2,896,654	-
Road Fund Administration	3,803,624	6,577,037
Nampost	2,742,985	2,483,119
Oshakati Premier (Pty) Ltd	17,938,279	16,035,455
Compensation to key management		
Short-term employee benefits	8,986,271	8,359,994
Post-employment benefits - Pension - Defined contribution plan	992,084	967,501
	9,978,355	**9,327,495**

Nature of relationships

The above entities are considered related parties because of the significant influence that the shareholder has on these entities through the shareholders ownership or ability to direct.

29. Directors' emoluments

A total of N$1,830,072 (2024: N$2,564,893) was paid to the directors during the year.

Non-executive & Executive (fees & expenses)

2025					
	Directors' Fees(N$)	Committees Fees(N$)	Retainer Fees(N$)	Directors Expenses(N$)	Total(N$)
L Rukira (Chairperson)	100,609	19,050	136,758	6,027	262,444
M Shipiki-Kali (Vice Chairperson)	32,510	27,913	135,646	-	196,069
V Kinyaga	56,893	46,873	168,278	-	272,044
F Heunis	56,894	68,229	168,278	-	293,401
U Nakamhela	65,021	57,150	150,322	-	272,493
M Hauuanga	56,894	33,337	150,322	-	240,553
F Uugwanga	56,893	67,897	168,278	-	293,068
	425,714	**320,449**	**1,077,882**	**6,027**	**1,830,072**

NOTES TO THE FINANCIAL STATEMENTS

2024					
	Directors' Fees(N$)	Committees Fees(N$)	Retainer Fees(N$)	Directors Expenses(N$)	Total(N$)
L Rukira (Chairperson)	299,419	14,287	142,196	43,043	498,945
M Shipiki-Kali (Vice Chairperson)	89,405	25,698	135,646	4,050	254,799
V Kinyaga	79,132	46,963	168,277	-	294,372
F Heunis	116,779	72,661	168,278	3,116	360,834
U Nakamhela	168,537	57,150	153,315	6,911	385,913
M Hauuanga	168,537	52,387	159,300	7,367	387,591
F Uugwanga	127,899	53,942	168,278	6,285	356,404
T Maswahu	-	4,762	-	-	4,762
L Ashipala	-	4,762	-	-	4,762
P Mushendami	-	6,987	-	-	6,987
J Kaumbi	-	4,762	-	-	4,762
H Jesaja	-	4,762	-	-	4,762
	1,049,708	**349,123**	**1,095,290**	**70,772**	**2,564,893**

30. Risk management

Capital risk management

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

The capital structure of the Corporation consists of debt, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

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

Consistent with others in the industry, the Corporation monitors capital on the basis of the debt: equity ratio.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total equity is represented in the statement of financial position.

The Corporation's strategy is to maintain a debt: equity ratio of lower than 50%. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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Figures in Namibian Dollars	2025	2024

The debt: equity ratio at 2025 and 2024 respectively were as follows:

Total borrowings			
Post employment benefits	12	150,816,000	164,476,000
Trade & Other Payables	17	347,861,713	335,741,687
		498,677,713	500,217,687
Less: Cash and cash equivalents	9	801,208,959	935,238,052
Net debt		(302,531,246)	(435,020,365)
Total equity		5,464,005,690	5,719,657,709
Total capital		**5,161,474,444**	**5,284,637,344**
Gearing ratio		7%	7%

Financial risk management

The Corporation's activities expose it to a variety of financial risks: market risk (fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Corporation's board of directors have the overall responsibility for the development and enforcement of a risk management process. The risk management process is managed by the Audit Committee, which is a subcommittee of the board. Activities of the Audit Committee are reported to the full Board for ratification.

The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. Risk management is carried out by the Finance Department under policies approved by the board of directors. Corporate finance identifies and evaluates financial risks in close co-operation with the Corporation's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Corporate Finance Department maintains flexibility in funding by maintaining availability under committed credit lines.

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Corporation's approach to liquidity risk management is to always have adequate liquidity to meet obligations as they fall due. This is achieved through maintaining adequate cash resources, as well as lines of credit with the Corporation's bankers. In addition to that,

NOTES TO THE FINANCIAL STATEMENTS

a close relationship is maintained with the central government in order to ensure that the central government funds the activities of the Corporation which are not economically viable.

Cash flow forecasts are prepared and borrowing facilities maintained to cover the short term operational cash flows. In addition to this, the Corporation's cash investments adequate to meet all annual operational costs are maintained in investment instruments which can be called on short notice. The board further approved the establishment of a sinking fund, into which the Corporation will periodically save funds to mitigate the possible credit risk of the loan from AFDB taken out by Government.

The table below analyses the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2025	Less than 1 year N$
Trade and other payables	347,861,713

At 31 March 2024	Less than 1 year N$
Trade and other payables	335,741,687

Interest rate risk

As the Corporation has significant interest-bearing assets and liabilities, the Corporation's income and operating cash flows are substantially affected by changes in market interest rates.

The Corporation's interest rate risk arises from long-term borrowings and money market investments held with financial institutions. During 2025 and 2024, the Corporation's borrowings were denominated in the Namibia Dollar. The Corporation settled its variable interest rate loans, and replaced the amount with fixed interest rate bonds.

The Corporation analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on profit and loss of a defined interest rate shift.

Cash flow interest rate risk

Financial instrument	Current average interest rate	Due in less than a year	Due in one to two years
Fixed term deposits	8.37 %	1,078,015,873	287,517,085
Cash in current banking institutions	4.37 %	801,208,959	-

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

Fair value interest rate risk

Financial instrument	Current interest rate	Due in less than a year
Endowment policies	8.73 %	98,466,731

At the reporting date, the interest rate profile of the Corporation's interest bearing financial instruments was as follows:

Ratio of fixed interest rate financial instruments	%	%
Financial assets	94	61
Financial liabilities	100	100

Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract leading to financial risk. The Corporation is exposed to this risk in cash deposits, cash equivalents and trade debtors.

The Corporation only deposits cash with major financial institutions with high quality credit standing and limits exposure to any one counter-party to a maximum of 30%.

Trade receivables are dominated (60%) by local and regional authorities and government ministries. Management evaluate credit risk relating to customers on an ongoing basis. Such evaluation mainly focuses on historical payment history of the customers, assisted by continuous meetings with the major debtors to get updated information about the customers. Whilst there are no credit limits set for customers in the above category, exposure to the customers is managed through a 60 days credit term policy. The utilisation of credit terms is regularly monitored, and reviewed in a management Debtors Committee.

A number of the customers had exceeded their credit limit. In addition to reviewing all other available information, management believes all those customers who had exceeded their credit limits, and the other information available also pointed to doubt in the collectability of the amounts owed, were fully provided for during the financial period.
Generally no collateral is held by the corporation to support future payments by the customers. For the desalinated water, the Corporation holds prepayments and payment guarantees as follows: (1) a prepayment for electricity charges equal to

1.5 times the month's invoice (2) a bank guarantee equal to 2 times the month's invoice and (3) a prepayment equal to 2 times the monthly invoice for the capacity and output payment.

The Corporation believes that all the financial assets that are neither past due nor impaired are of such a good quality that the amounts will be collected in full on their due dates.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

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

Financial instrument		
Fair value through profit and loss	98,466,731	59,733,288
Trade receivables	631,349,762	751,983,268
Held to maturity investments	1,365,532,958	964,931,765
Cash and cash equivalents	801,208,959	935,238,052
The maximum exposure to credit risk for trade receivables by type of customer is:		
Treated water consumers	1,224,105,442	1,010,716,237
Local & regional councils and government ministries	163,958,766	91,906,373
Mines	687,408,806	597,075,207
Domestic rural	41,257,627	36,902,140
Industries	361,505,058	325,308,050
Sundry debtors	**2,478,235,699**	**2,061,908,007**
The above balances are shown before impairments.		

The above balances are shown before impairments.		
The following table shows the total number of active customers over the years:		
Number of years	**Number of customers**	
0 - 4 years	8,515	7,667
5 - 10 years	19,873	19,183
> 10 years	30,598	34,493
	58,986	**61,343**

The Corporation holds collateral for desalinated water customers. This collateral is required to support early payments that are required to the desalinated water supplier. The Corporation also has to issue collateral to the supplier.

The credit quality of customers whose balances are not yet past their due date nor impaired is considered of a high quality.

Prepayment	41,939,080	41,939,080

NOTES TO THE FINANCIAL STATEMENTS

Foreign exchange risk

The effect of foreign exchange risk is very limited as the Corporation has very limited transactions in foreign currency with the exception of purchases of some pieces of spare parts, plant and equipment. At year end, the Corporation did not have any material balances in foreign currencies.

Price risk

The Corporation is indirectly exposed to equity securities price risk because of investments held by the Corporation and classified on the statement of financial position as at fair value through profit or loss. The Corporation is not exposed to commodity price risk. To manage its price risk arising from investments, the Corporation has only invested in capital protected investments which protects the initial capital amounts. On a periodic basis, the interest earned on these investments is divested and reinvested, in order to qualify for capital protection. Diversification of the portfolio is done in accordance with the 30% limit exposure to any one financial institution, set by the Corporation. All investments are done through financial institutions, in order to also increase the expertise of the parties involved in investment decisions.

No sensitivity analysis was done on the price risk as the Corporation does not deal directly in any equity instruments.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Corporation's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Corporation's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risk are controlled and managed accordingly. The Corporation maintains an adequate cash buffer to be able to continue trading in any financial year, should any group of customers with similar characteristic not be able to honour their commitments to the Corporation. This amount for the year ended 31 March 2025 was set at N$ 801 million (2024: N$ 935 million).

31. Fair value information Fair value hierarchy

The table below analyses assets and liabilities measured at fair value. The different levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities that the Corporation can access at measurement date.

Level 2: Inputs other than quoted market prices included in level 1 that are observable for the asset or liability either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

Level 3: Inputs that are unobservable for the asset or liability.

Levels of fair value measurements

Level 1			
Recurring fair value measurements			
Assets			
Financial assets designated at amortised cost	7		
Endowment policies		98,466,731	59,733,288
Total		**98,466,731**	**59,733,288**
Level 2			
Recurring fair value measurements			
Total		-	-

Endowment policies are valued utilising the indices for the portfolios where the funds are invested. Fair value of quoted investments in the portfolio is valued with reference to quoted market prices.

Level 3			
Recurring fair value measurements			
Assets			
Buildings and Water Schemes	3	4,652,512,820	4,178,278,334

Property Plant and Equipment

Fair Value information (continued)

Please refer to accounting policy in 1.2 and note 3 for information about the valuation techniques and inputs used to derive the PPE valuation.

32. Employee Costs

Salaries	503,053,811	411,074,750
Contribution to defined contribution plan	41,212,825	38,876,396
	544,266,636	**449,951,146**

As at 31 March 2025, the corporation employed 928 (2024: 955) permanent employees.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Namibian Dollars	2025	2024

33. Contingent Liability

The Corporation will be engaging with the Namibian tax authorities regarding potential tax obligations arising from differences in tax opinions which resulted in the way certain transactions were treated for tax purposes

The possible exposure cannot be quantified until the tax authorities have made a pronouncement on the matter.

34. IFRS 16

The Corporation has assessed the impact of IFRS 16 and will apply the modified prospective transition approach. Although it is concluded that after the assessment the impact is not material to warrant extensive disclosure for the financial year under review. The value of equipment identified under the application of the IFRS 16 is leases of photocopiers which can be concluded as below materiality as it is deemed as low value items.

35. Operating Expenses

Operating expenses for the year includes the following expenses:		
Depreciation and Amortisation	253,053,430	250,161,783
Employee Costs	544,266,636	499,951,146
Utilities	398,929,739	378,873,415
Repairs and Maintenance	73,004,698	77,835,131
Post Employment Benefits	25,060,000	23,456,000
	1,294,314,503	**1,230,277,475**

NAMWATER
Namibia Water Corporation Ltd

176 Iscor Street, Northern Industrial Area
Windhoek, Namibia
+264 61 71 0000
cco@namwater.com.na
https://www.namwater.com.na