TRUSTCO 3.0

*investing excellence*

# INTEGRATED ANNUAL REPORT

## AND AUDITED FINANCIAL STATEMENTS

# ABOUT THIS REPORT

### SCOPE AND BOUNDARY

The 2022 integrated annual report addresses Trustco's stakeholders and presents the performance, goals and strategy in a balanced and objective way, in line with international best practices. In addition, it conforms to other international and local statutory and reporting frameworks, including the Listings Requirements (LR) of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX).

The audited annual financial statements (presented elsewhere in this report) were prepared in terms of the International Financial Reporting Standards (IFRS) and comply with the South African Institute of Chartered Accountants (SAICA) financial reporting guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa, as amended, as far as applicable. This report is available online on the group's website at www.tgh.na in portable document format (pdf).

### MATERIALITY

Trustco defines materiality as both financial and non-financial information, which it considers to be of significant interest to current and prospective investors and any other stakeholders who wish to make an informed assessment of the ability of the group to generate capital appreciation and investment income over the short-, medium- and long-term.

The report has been prepared for the 12 month period from 1 September 2021 to 31 August 2022. Any informative and material information after 31 August 2022 has been included and is identified in the report where applicable.

### ASSURANCES AND APPROVAL

It is the responsibility of the board of directors to ensure the integrity of the integrated annual report. The board, assisted by the audit and risk committee, approved this report and has taken steps to ensure the integrity of its content.

Combined assurance oversight and monitoring from internal assurance providers includes the board and the relevant board committees, executive and senior management as well as the internal audit function.

External assurance providers include oversight from the external auditors and the sponsors of the JSE and NSX. The annual financial statements were audited and signed by the group JSE accredited external auditors, Nexia SAB&T. The board acknowledges that save for the disclosures set out in the report and to the best of their knowledge the company is in compliance with the Companies Act and relevant laws of establishment specifically relating to its incorporation. The company operates in conformity with its memorandum.

### STATEMENT OF THE BOARD OF DIRECTORS OF TRUSTCO GROUP HOLDINGS LIMITED

The board, supported by the relevant board committees, acknowledges its responsibility to ensure the integrity of the contents of the integrated annual report. The board has applied its collective mind to the integrated annual report and is of the opinion that the report addresses all material issues and matters and fairly presents the group's integrated performance. The board of directors is the ultimate custodian of shareholders funds with a responsibility to invest these funds appropriately in order to create value for shareholders. The board unanimously approved this report and authorised its release.

**ADV RAYMOND HEATHCOTE SC**
CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

**DR QUINTON VAN ROOYEN**
GROUP MANAGING DIRECTOR AND CEO



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1

# LETTERS TO SHAREHOLDERS

# CHAIRMAN'S LETTER

"By remaining positive, focused and solution-oriented, the board and management were able to navigate the challenges Trustco faced and came out stronger on the other side of this reporting period"

**ADV RAYMOND HEATHCOTE SC**
CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR



**DEAR SHAREHOLDERS,**
It is impossible to ignore the profound impact that the COVID-19 pandemic, post-pandemic effects and the war in Ukraine have had on our investments and the world as a whole. These events have brought unprecedented challenges, but they have also highlighted the resilience and adaptability of our team, and the strength of our diverse investment portfolio.

Despite the difficult conditions, our investment portfolio performed well in the past year. Our diversified approach and rigorous risk management strategies assisted to mitigate the effects of market volatility caused by the pandemic and the ongoing conflict in Ukraine. Our team has been able to identify and capitalise on new opportunities, while also carefully monitoring and adjusting our existing investments. Trustco had changed and the group adapted to move forward. I will lean on the wisdom of Sun Tzu's Art of War to explain better:

**"IN THE MIDST OF CHAOS, THERE IS ALSO OPPORTUNITY"**
Trustco had a difference of opinion on the accounting treatment of transactions with its regulator, to such an extent that it was widely reported on in the media. Sometimes you can win the small battles but lose the war.

The act of a regulator instructing an independent board to restate its financials in a way that results in an increase in the company's liability on its balance sheet by NAD 1.5 billion is unfair and unjust. No regulatory authority should have complete autonomy to make such decisions without proper checks and balances in place.

Rest assured that the board has the ability to change direction, to adapt strategy and remain focused on the goal, which is to act in the best interest of its shareholders' investment value creation. The board has not forgotten nor abdicated its responsibility.

**"GREAT RESULTS CAN BE ACHIEVED WITH SMALL FORCES"**
I do not think there is anything that can dampen Trustco's spirit. It is easy to become overwhelmed by the complexity and uncertainty, but by staying focused on the problem, and being solution seekers, we can make a positive impact. We must not lose sight of our goals and values, and we must and will remain committed to finding innovative and effective ways to overcome the obstacles that lie ahead. By remaining positive, focused and solution-oriented, the board and management were able to navigate the challenges Trustco faced and came out stronger on the other side of this reporting period.

**"THE GREATEST VICTORY IS THAT WHICH REQUIRES NO BATTLE"**
Despite the multiple fronts on which Trustco has battled during the year, the board's belief in the company and its management never wavered, and this has been a key factor in the company's ability to not only survive but thrive. The leadership team has always remained steadfast in their conviction that the company will ultimately prevail. This unwavering hope has enabled creative thinking and produced innovative solutions to the problems encountered. It's this type of innovative thinking that has allowed the company to remain ahead of the curve and continue to grow and succeed in the face of adversity.

**"OPPORTUNITIES MULTIPLY AS THEY ARE SEIZED"**
Fortune favours the bold. Opportunities are created, but not all are created equal. Some are missed if you do not seize them when they present themselves. Trustco had to make difficult decisions regarding the opportunities in its sight and I believe time will be the judge on the ability of the board and the leadership to grasp these opportunities and to turn them into sustainable wealth.

**"A LEADER LEADS BY EXAMPLE, NOT BY FORCE"**
Trustco had to operate on two distinct levels during this year. On the one level, it was heads down, do the work, every day, consistently, and therefore I want to thank management and each and every employee. On another level, the team had to focus with resolute determination on achieving the deliverables and keep making sound investment decisions during raging media and publicity storms.

**"IN DIFFICULT GROUND, PRESS ON"**
I believe that the board of Trustco will be able to conquer and lead on the road to victory for Trustco to create significant and sustainable investment opportunities in the near future.

We would like to extend our gratitude to our stakeholders for their unwavering support and trust. We look forward to coinvesting with you in the future to achieve shared goals in the years to come. I can assure all of you, victory only belongs to the most persevering.

Thank you.

# MANAGING DIRECTOR'S LETTER

**DEAR INVESTORS,**

On 21 August 2022, Trustco turned 30. A few days later, the group concluded its first year reporting as an investment entity under IFRS 10. The board of directors firmly believes that reporting as an investment entity aligns with our core business purpose of creating sustainable, medium- to long term wealth for our investors. It also reflects our continued commitment to ensuring that our financial statements are transparent, accurate and provide a clear picture of the group's financial performance and position.

## THE ROAD TO TRUSTCO AS AN INVESTMENT ENTITY

Trustco's enduring commitment to create sustainable medium- to long term wealth for its investors is demonstrated through the various corporate actions the group has undertaken over the last decade. Notably, the 2015 acquisition of Meya Mining by Trustco Resources marked Trustco's first partial ownership investment. By 2017, Trustco had secured coinvestors in both its insurance and investments segment, with the group retaining an 80% stake, and in Trustco Resources, where it retained a 98.7% stake.

Since then, Trustco has taken decisive measures to ensure sustainable, medium- to long term wealth creation through capital appreciation and investment income. Notably, the partial exit from its resources portfolio, along with the restructuring of its internal management and governance structures, signalled a significant turning point in the execution of Trustco's objectives. This restructuring included the adoption and implementation of investment policies, investment charters and exit strategies for all investments by September 2021.

In light of these developments, Trustco had to re-evaluate its reporting requirements within the financial reporting framework. Consequently, Trustco began reporting as an investment entity, aligning its business purpose of generating capital and investment income for investors with its financial reporting.

## OUR INVESTORS

As a result, Trustco's trove of coinvestors acquired in the Trustco ecosystem over its 30 year existence would now see Trustco reporting on the fair value of its underlying investments. Trustco had always had its individual coinvestors and owing to its Namibian roots, they numbered almost 5 100 in total, with Namibians constituting more than 3 700 and almost

**DR QUINTON VAN ROOYEN**
GROUP MANAGING DIRECTOR AND CEO

1400 individual international investors. Trustco's institutional investors, however, make up for their number in value, with the group having almost 90 institutional coinvestors, of which more than 20 are local Namibian institutions.

## OUR INVESTMENTS

Our investors expect strong returns on their investment in Trustco and we remain committed to delivering on that expectation. Throughout the year, our focus has been on maximizing wealth creation for our investors on a per share basis, with particular



emphasis on our financial services and resources investment portfolios.

We have achieved a balance of risk and return that we are confident is optimal for our investors and we believe that our continued focus on these portfolios will enable continuous sustainable growth until we eventually exit at the most advantageous time. The details of our investments within these portfolios, as well as their returns, can be found in other sections of this report. We remain committed to providing our investors with accurate, transparent and comprehensive information about our investments in these portfolios.

Unfortunately, while Trustco's internal returns on its investments remain strong, the same cannot be said for our returns on the stock exchange, which remains a cause for concern. As a result, our board of directors is actively exploring alternatives that will allow us to deliver the reported returns to our investors. We are carefully evaluating various strategies to optimize returns and minimize any negative impacts. We are confident that our ongoing efforts will yield positive results.

## LEGAL ACTIONS

Both Trustco as well as its investees had to initiate efforts to protect and enhance the value of our investments by engaging in various legal actions over the course of the past few years. While some of these actions have been successful in achieving our objectives, others have not. We understand that these legal actions can be complex, costly and time consuming, and we are committed to keeping our investors informed of their progress.

The details of these legal actions can be found in other sections of this report. We would like to assure our investors that we take these legal actions very seriously and will continue to take whatever steps are necessary to protect and enhance the value of their investment in Trustco.

## MACROECONOMIC PROSPECTS

Across the board, however, our investments are growing in rich fields. In Namibia, we see significant potential for future growth, particularly in the areas of green hydrogen and oil exploration. The country has a wealth of natural resources, as well as vast reserves of undeveloped solar and wind resources, which make it well-suited for the production of green hydrogen. Additionally, recent oil finds off the coast of Namibia have the potential to significantly boost the country's economy and provide new opportunities for investment. We believe that these developments have the potential to drive growth in the Namibian economy and create new opportunities for our investors. We are closely monitoring these trends and believe that these developments, coupled with the country's growing population and expanding middle class, position Namibia to be the key to African growth in the coming decade

In Sierra Leone, we see particular potential in the diamond mining sector. The country has a rich history of diamond mining and it's believed that there are still significant reserves that have yet to be discovered. The government has been working to attract foreign investment and improve the legal framework for the mining sector, which could lead to an increase in diamond production in the future. Additionally, the government has also been working on promoting responsible mining practices and ensuring that the mining sector contributes to the development of local communities. We believe that the diamond mining sector in Sierra Leone has the potential to drive growth in the country's economy and boost the investments already made there.

## APPRECIATION

None of the above would be possible without the support our leadership team has received during the year. I would like to extend our deepest appreciation to the members of our board of directors and our employees for their hard work and dedication to making our group a success. Their contributions have been invaluable in driving our performance and achieving our goals. The board of directors has provided invaluable guidance and oversight, helping us to navigate the complex and ever-changing business landscape. Our employees have been tireless in their efforts to ensure that we are delivering the best possible results for our investors. We are proud to have such a talented and dedicated team and we look forward to continuing to work together to achieve even greater success in the future.

As such, I would like to leave you with a quote from Benjamin Franklin that resonates with our investment philosophy:

"An investment in knowledge pays the best interest."

We firmly believe that knowledge and understanding are the foundation for making informed and strategic investment decisions.

We remain committed to providing our investors with the information and insights they need to understand our investments and the markets in which we operate. We will continue to invest in our team, our processes and our knowledge to ensure that we can deliver the best possible returns to our investors.

Thank you for your support and trust in us over the last 30 years. We will reward your support in the true Trustconian way – by giving you the exceptional returns you've come to expect from us!

# 2

CHAPTER



2

# INVESTMENT PROFILE

# INVESTMENT PROFILE

### ABOUT US

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### WHO WE ARE

Trustco is a diversified, triple listed majority family owned investment group with a culture of creating long-term sustainable growth for all stakeholders. Decisions are biased towards long-term value creation and short-term hurdles are viewed as catalysts to drive success. The company primarily invests in assets in the financial services and resources industries.

Trustco's business purpose is sustainable, medium- to long-term wealth creation through capital appreciation and investment income for our stakeholders on a per share basis, which aligns with our objectives of being a long-term but not permanent investor.

### VISION

With our roots firmly in Namibia and our reach extended into the rest of Africa and the emerging markets beyond, we seek to generate above average growth over time to create wealth for our shareholders, investors and employees while impacting positively on society and our planet.

### MISSION

We build wealth by our unique approach of coinvesting alongside our investors and stakeholders. We capitalise on growth opportunities in Namibia and beyond for long-term value creation and superior returns. Through our extensive experience, expertise and our commitment to sustainable growth, we strive to drive economic and social development of the communities in which we invest.

## OVER 10 YEARS

Earnings growth
**19.6%**

Growth in total assets
**11.1%**

Growth in net asset value per share
**3.3%**

Average return on assets
**4.3%**

Average price earnings ratio
**6.0**

- MARKET CAPITALISATION
  **NAD 494 MILLION**
- NET ASSET VALUE
  **NAD 1.8 BILLION**

## UNLISTED INVESTMENTS

### INSURANCE

- FAIR VALUE
  **NAD 561 MILLION**

The insurance investee offers a diversified range of financial and risk products to individuals and SMEs in Namibia and is the holder of short- and long-term insurance licences.

| INDUSTRY | OPERATIONS | SHAREHOLDING |
| --- | --- | --- |
| SHORT-TERM INSURANCE | Trustco Insurance | 80% |
| LONG-TERM INSURANCE | Trustco Life | 80% |



### BANKING AND FINANCE

- FAIR VALUE
  **NAD 285 MILLION**

The banking and finance investee comprises of a bank, Trustco Bank Namibia, with innovative banking products which promotes economic development and caters to the banking needs of individuals and businesses alike. Trustco Finance provides financial assistance for educational and training purposes ensuring an optimal structure where profits and social investment are aligned, whilst Trustco Capital provides long-term financing in the form of property advances.

| INDUSTRY | OPERATIONS | SHAREHOLDING |
| --- | --- | --- |
| BANKING | Trustco Bank Namibia | 100% |
| FINANCE | Trustco Finance | 100% |
| FINANCE | Trustco Capital | 100% |

### REAL ESTATE

- FAIR VALUE
  **NAD 1.4 BILLION**

The real estate investee invests in mixed-use land for development by sustainably contributing to the high public demand for serviced land and housing for Namibians from all walks of life.

| INDUSTRY | OPERATIONS | SHAREHOLDING |
| --- | --- | --- |
| REAL ESTATE | Trustco Properties | 80% |
| REAL ESTATE | Elisenheim Lifestyle Estate | 80% |
| REAL ESTATE | Ombala Estates | 80% |
| REAL ESTATE | Lafrenz | 80% |
| REAL ESTATE | Herboths Blick | 80% |

### EDUCATION

- FAIR VALUE
  **NAD 271 MILLION**

The education investee dedicates its resources, energy and passion to make education accessible to working students and students in the rural areas of Namibia.

| INDUSTRY | OPERATIONS | SHAREHOLDING |
| --- | --- | --- |
| EDUCATION | I·O·L Institute for Open Learning | 100% |

### RESOURCES

- FAIR VALUE
  **NAD 1 BILLION**

Trustco Resources was established in 2015 to pursue opportunities within the natural resources sector. Its focus during the last seven years has been on the diamond industry and the establishment of a international diamond mining operation, which is now set to mature into extraordinary shareholder value.

| INDUSTRY | OPERATIONS | SHAREHOLDING |
| --- | --- | --- |
| RESOURCES | Trustco Resources | 98.7% |
| RESOURCES | Huso Investments | 98.7% |
| MINING | Meya | 55.25% |
| MINING | Northern Namibia Development Company (Pty) Ltd | 98.7% |

# INVESTMENT CASE AND VALUE CREATION

## INVESTMENT PROFILE AND OUTLOOK

Trustco Group was founded on 21 August 1992, and this financial year saw its 30th birthday. Trustco Group has always operated as a majority family owned investment entity, with a focus on generating medium to long term sustainable growth and value for all stakeholders. It holds three listings – the Namibian and Johannesburg Stock exchanges as well as the OTCQX in New York.

The group has managed a compounded annual growth rate (CAGR) of 74.6% in capital and reserves from its inception, and 22.8% since its first public listing on the NSX in 2006. With a presence in four African countries, and more than NAD 4.3 billion in assets under management, the group presents a strong investment opportunity currently trading at a significant discount to its Net Asset Value.

From Trustco's headquarters in Windhoek, Namibia, this investment holding entity manages investments in a financial services portfolio, which covers investments in banking and financing, insurance, education and real estate, as well as its resources portfolio, with its high profile international investment being Meya Mining Ltd in Sierra Leone. Both portfolios make use of support services provided by the group's shared services subsidiaries.

Substantial growth in the Namibian economy is still lacking, although high profile prospects like a significant oil reserve discovery and green hydrogen projects hint at growth prospects returning. At the time of reporting, however, the negative situation in Europe had escalated, with many knock on effects to the local economy. As a result, inflation has increased with monetary policy contractions already experienced and expected to become worse.

With effect from 1 September 2021, Trustco Group, in consultation with its professional advisors, concluded that it comply with the exception to IFRS 10 International Financial Reporting Standards), whereby investment entities are exempted from consolidation.

Trustco had partly commenced with this transition in 2017, when it first sold a minority stake in part of its financial services portfolio. As a result, the group transitioned from only managing fully owned and operated businesses, to evaluating each business portfolio for its investment returns to shareholders instead. Trustco's change in its business purpose from a permanent investor to a medium-to-long term investor is aligned with the change in strategic direction of the company which has been implemented with effect from September 2021.

Trustco's strategic direction of value creation through capital appreciation, investment income or both is defined in accordance with its formalised investment policy and investment charter, as adopted by the board of directors in September 2021 and directed by the investment committee. Trustco formalised exit strategies for its debt and equity instrument further align with its investment strategies to create value through capital appreciation, investment income or both.

This has resulted in Trustco as an entity having to value its portfolio of investments in terms of IFRS 13. Valuations were predominantly done *via* the income approach, with differing discount rates relative to the portfolio companies' activities, all applied from a market participant's perspective.

Trustco, however, continues to consolidate its shared services subsidiaries. These entities provide investment related support services to Trustco's investment portfolios on a cost recovery basis.

Trustco Group reported a profit for the year ended 31 August 2022 of NAD 1 437 million. For the year ended 31 August 2022, the group reported basic earnings of 145.9c per share, and headline loss of (195.1c) per share.

## THE TRUSTCO ADVANTAGE

Over the last 30 years, Trustco has coinvested in a stable of Namibian investments that have formed part of the backbone of Namibia's economy. These investments have curated a large customer base that synergistically enable superior returns by being accessible across multiple investee companies within the financial services portfolio. By enabling a local decision-making structure in its investment portfolios, time-to-execution in every investment is minimised, allowing opportunities to be seized quickly. This has extended into the group's other portfolios as the group has coinvested in them.
Trustco thus focuses on identifying and coinvesting in companies that have the potential for medium- to long-term value creation and superior returns.

Trustco currently coinvests in two broad investment portfolios, namely Financial Services and Resources.

## REVIEW OF INVESTMENTS

### TRUSTCO'S FINANCIAL SERVICES PORTFOLIO AS AT 31 AUGUST 2022

Trustco's financial services portfolio is an integrated financial services provider which has successfully operated in Namibia for the past 22 years. Since inception, it has been the key driver of Trustco Group's returns for its investors and business partners, but in the last year has had to weather the perfect storm of adverse economic conditions and its subsequent consequences.

Through bold, decisive and innovative action, financial services have remained resilient and positioned itself and its world class assets to execute the new opportunities that present themselves in the modern world. Financial services provide a full spectrum of modern and dynamic financial services to the growing middle class of Namibia. The portfolio will continue to serve its customers across every stage of life, with a full bouquet of financial services products that can last a lifetime.
By harnessing the existing client base and its high-quality portfolio of assets, coupled with exceptional technological capabilities, it ensures sustainable value creation for all.

Financial services comprise of the following investments:

- Insurance and its investments consisting of
  - insurance
  - real estate and
  - education
- Banking and finance consisting of
  - commercial banking and
  - micro-finance.

Trustco's financial services portfolio is diversified, having invested in a range of different financial and ancillary services to mitigate risk and capitalise on growth opportunities. Being part of this portfolio creates an extremely competitive advantage as opportunities always arise to create value for other product ranges in different investees or to access new customers. Across the financial services portfolio, banking, finance and education products lend themselves ideally to enhancement by the insurance product range while the real estate business and the bank also create an unmatched value proposition in Namibia.

The financial services portfolio companies are valued using the income approach, with specific financial services entities discounted by cost of equity, while other ancillary investments in the portfolio, such as education and property developments, are discounted at a weighted average cost of capital, all of which saw an increase during the period under review due to volatility in market conditions.

In the banking and finance, insurance and education investees of financial services however, this increase was counteracted by higher interest rate margins on its underlying cash flow forecasts, as interest rate expectations soared.

# INVESTMENT CASE AND VALUE CREATION (CONTINUED)

**FINANCIAL SERVICES INVESTEES REVIEW AS AT 31 AUGUST 2022**

**INSURANCE (80% SHAREHOLDING)**

- Focused business model refined over many years.
- Market leader in Namibia in legal insurance.
- Large and established customer base in excess of 215 000 insured members.
- Strong solvency position.
- Key competitive advantages through intergroup synergies.
- Prominent level of brand recognition and loyalty.
- Developing innovative products remains its primary trademark.

The insurance investee holds both long- and short-term insurance licences. Through its diversified product offering and by continually adapting to changing market conditions, the insurance investee continues to provide unparalleled service to its loyal client base.

The short-term insurer primarily provides its members with access to high quality legal cover for those who otherwise would not be able to afford legal services, thereby protecting their constitutional rights. The long-term insurer offers funeral benefits, term- and whole-life products as well as access to private health facilities to those who can't afford a traditional medical aid.

With a variety of savings and investment products, offering above average market returns, the insurer encourages a savings culture and promotes the financial wealth of members and investors. During the last quarter of the period under review, the Trustco Domestic Investment Programme 6a.22 (TDIP6a.22) was launched. The aim of the programme is to raise NAD 50 million for the upliftment of the Namibian society by investing in the educational needs for tertiary students in Namibia. At financial year-end the programme had attracted several investors, investing a total of NAD 15.9 million in the TDIP6a.22. At the date of issue of this annual report the programme had been fully subscribed to the limit of NAD 50 million.

The insurance investee maintained its digital migration process to not only expand its reach, but also ensure future sustainability. Members can interact with the insurer from the comfort of their home *via* various online platforms.

During the reporting period, the insurance portfolio generated gross premium income of NAD 84.6 million with a claims ratio of 20.68%, maintained a solvency ratio of 24.2% and a CAR ratio of 2 612% for the short- and long-term insurance companies respectively.

**More information about Trustco Insurance and Trustco Life is available at: www.legalshield.na and www.life.na**

**REAL ESTATE (80% SHAREHOLDING)**

- High quality real estate portfolio strategically located in high growth zones.
- Low gearing on property assets.
- Significant returns to shareholders over many years.
- High growth potential due to national serviced land shortages.

The real estate investee maintains its status as one of the largest private property development companies in Namibia. The investee's flagship project, the Elisenheim Lifestyle Estate, has availed more than 1 051 serviced mixed-use erven over a period of 9 years. Upon completion of the development, the real estate investee will avail more than 6 000 mixed use erven. Since inception, the Elisenheim Lifestyle Estate has generated an ROI on EV of 17.16% to its investors.

The four large property developments in the real estate portfolio of the investee include residential estates with scope for commercial development as well as industrial parks. The landbank spans more than 4 000 hectares of the highest quality, strategically located Namibian real estate. It is ideally situated to cater for the present and future housing, commercial and industrial needs of Namibia and will provide a sustainable source of cash flow to the investee and consistent returns to its investors for the next 20 to 25 years.

The mismatch between the supply of developed land and the demand therefor remains the principal factor contributing to the acute shortage of serviced land in the country. During the reporting period, the Namibian economy remained constrained because of the ongoing dominant COVID-19 post pandemic effects which was further exaggerated by commodity price and repo rate increases.

Furthermore, supply chains experienced unprecedented shortages and increased prices fuelled by the ongoing conflict in Europe, Russia and Ukraine.

During the reporting period, the housing market recorded lower than expected sales volumes compared to the corresponding period. The contraction in property sales was fuelled by the rapid rise in the short-lived low interest rate, the unavailability of property development financing, the lack of funding for prospective homeowners as well as uncertainty in the economy which forced a change in consumer behaviour and purchasing power.

At the reporting date:

- Trustco Properties owns an estimated 4 567 hectares of high quality real estate.
- The total land bank creates an opportunity for the provision of over 26 000 mixed use erven.
- Trustco Properties had successfully serviced over 1 106 erven across all developments.
- Revenue generated during the reporting period amounted to over NAD 60 million.
- Trustco Properties owns rental properties valued at NAD 140 million with an occupancy rate of 60% and ROI of 12.5%.

**More information about Trustco Properties is available at: www.trustcoproperties.na**

**COMMERCIAL BANKING (100% SHAREHOLDING)**

- Strong competitive advantages in the local market due to intergroup synergies.
- Alternative low cost business model which enables value creation across the Trustco Group.
- Flexible technology solutions allowing modern and dynamic product development.

# INVESTMENT CASE AND VALUE CREATION (CONTINUED)

- Sustainable growth potential.
- Fully Namibian commercial bank.

Trustco Bank is one of only two Namibian owned banks in Namibia. The bank aims to build a bank fit for future generations – one that can easily adapt to rapidly changing social and economic environments.

During the financial year, the bank's non-interest income increased by 94%, which indicates the bank's determination to push boundaries within the existing banking sphere is bearing fruit.

The bank aims to enhance its existing competitive strengths and create new capabilities. The focus areas for the bank are its digital migration strategy, expanding income streams, client-centric product development as well as strategic partnerships and synergies.

Trustco Bank recognises that the future of banking is moving towards a cashless society that requires virtual channels through which clients can transact. The bank is in the process of implementing an innovative technology platform that is based on the latest technology architectures and event- driven microservices. This will enable rapid product development, improved time to market and a single user friendly point of entry to supply value added services to customers quickly and easily. To effortlessly adapt to these changes and achieve the desired growth and expansion in establishing itself in the Namibian market, the bank intends to leverage its position of being a new entrant in the market, together with its current technology partner, by providing a simplified, fintech driven solution to retail banking in Namibia. Using the aforementioned technology will broaden service offerings, enabling the bank to create a cost-effective route to market whilst growing the institution.

**More information about Trustco Bank is available at: www.tbn.na**

**MICRO-FINANCE (100% SHAREHOLDING)**

- Business model which perfectly complements the education investee.
- Market leader in tailor made educational lending, enabling personal growth and development.
- Solid and sustainable returns with high growth potential.
- Well established brand with an exemplary record of accomplishments over 17 years.
- Large loan portfolio, with more than 15 000 active account holders.

Trustco Finance is a well-established educational lending business that provides 100% financing on all courses offered by the Institute for Open Learning (IOL). Acquired in 2005 with the aim of better meeting the needs of lower income Namibian consumers, Trustco Finance has made education a viable option for all.

Additionally, negotiations are at an advanced stage to provide financing to other educational institutions in Namibia to target a larger student base. The financing will encompass tuition fees, hostel fees and educational equipment for digital use. These agreements will have a snowball effect on the sister companies as a percentage of the loans will benefit Trustco Life in a form of credit insurance and IOL for the educational tools offered through the institution.

Trustco Finance funds innovative educational courses tailored to add value to its customers' lives and financial wellbeing. These courses encompass a variety of academic, information and communication technology, as well as numerous skills enhancing short courses. With more than 17 years of microlending expertise and an initial loan portfolio of only NAD 5 million, Trustco Finance has grown



from strength to strength to become the preferred student loan financier in Namibia, with a total loan portfolio exceeding NAD 620 million.

Trustco Finance's key focus remains its customers and their needs and has invested in digital offerings and channels to improve customer satisfaction while retaining an individualised touch with the services offered.

The collection performance of Trustco Finance was adversely affected by the ongoing economic downturn prompted by the recession and exacerbated by the COVID-19 pandemic and its post-pandemic effects. As a result, Trustco Finance adopted a COVID-19 relief programme during the reporting period with its primary purpose to provide financial relief to individuals currently faced with financial distress. The programme is ongoing and will be maintained during the next financial year. The company will continue to work closely with its international partners to ensure financing opportunities remain available to support Namibian students.

**More information about Trustco Finance is available at: www.trustcofin.na**

**EDUCATION (100% SHAREHOLDING)**

- One of the largest distance private higher education learning institutions in Namibia with more than 62 000 students since establishment.
- Accredited by the Namibia Qualifications Authority (NQA) and registered with the National Council for Higher Education (NCHE) in Namibia.
- All qualifications are registered on the National Qualifications Framework in Namibia.
- Innovative business model that provides access to affordable education and facilitates funding for students in need.
- State of the art academic administration systems and online platforms.
- Environmentally conscious with various implemented green initiatives.
- A proud pioneer of applying action learning.

The education investee through its distance learning model, the Institute for Open Learning (IOL), embraces its vision to commit to excellent, recognised educational programmes. Since the acquisition of IOL in 2005, with only 2 500 students, IOL has employed technology to radically improve its performance. The institution has reformed and carefully repositioned itself throughout the years to become Namibia's largest private electronic and online institution of higher learning. All IOL courses are offered online which does not restrict the students to a particular location. The capital invested in systems development has enabled IOL to adapt to the changing educational landscape. IOL is a perfect fit for the new paradigm shift, which is the transition to an electronic and exclusively online environment.

IOL focuses on the most relevant environmental, social and governance (ESG) areas which are integrated into its strategic plans and initiatives based on the educational market circumstances, national educational priorities and the expectations of key stakeholders. Students enjoy the freedom and flexibility of studying wherever and whenever it suits them through an easy-to-use intuitive online learning platform. Ongoing quality assurance, continuous assessment processes as well as the monitoring and improvement of the quality of the programmes remain the key areas of focus. The latter is succinctly illustrated by the institution's accreditation status with the NQA, registration with the NCHE as well as its engagement with the broader Namibian community. IOL has a strong belief that the impact of excellent governance, world class practices, and efficient and effective innovative solutions will augment its institutional performance and fortify its ability for a transformed education sector. The institution aims to build a reputation as a recognised global organisation that applies action learning effectively and is known for its educators who change lives and makes an impactful difference.

Through memorandums of understanding with regional quality assurance bodies, IOL is constantly adapting its quality assurance to different regional norms in order to reach students throughout SADC. The institution aims to maximise its revenue by expanding into new markets and adding new educational programmes and services to its current portfolio whilst providing its students with new and creative learning solutions.

In addition to pursuing academic excellence, IOL challenges its students to become remarkable catalysts for change in their communities.

**More information about the Institute for Open Learning is available at: www.iol.na**

# INVESTMENT CASE AND VALUE CREATION (CONTINUED)

### TRUSTCO'S RESOURCES PORTFOLIO AS AT 31 AUGUST 2022

**TRUSTCO RESOURCES (98.7% SHAREHOLDING)**

Trustco Resources was established in 2015 with the strategic intent to diversify Trustco's investment portfolio *via* the natural resources sector. By enabling the group to generate United States Dollar (USD) returns, an internalised hedge was created, to offset macroeconomic factors that might impact the group's traditional markets in Namibia and South Africa in the long run. Whilst the resources mandate is to build a diversified natural resources portfolio, its primary focus currently remains on unlocking and increasing value from its diamond assets.

The resources investee holds and operates two diamond mining assets namely:

- Northern Namibia Development Company (Pty) Ltd - in Namibia
- Meya Mining - in Sierra Leone.

### RESOURCES INVESTEES AS AT 31 AUGUST 2022

As a result of the COVID-19 pandemic, Northern Namibia Development Company (NNDC) has been under care and maintenance since April 2020. Given the prevailing market conditions, both from a capital raising as well as trading perspective, the portfolio's primary objective is to develop Meya Mining's world class diamond deposit in Sierra Leone.

Meya Mining (Meya) is registered in the Republic of Mauritius and holds and operates a diamond mine in the eastern province of Sierra Leone, under a large scale mining licence, ML 02/2019 (the Meya Project) covering an area of 129.38 $km^2$.

Trustco Resources initially held a 65% shareholding in Meya, which was acquired in 2016, but with the transition to commercial production, additional external funding was sourced at the expense of diluting its shareholding to 55.25%.

**MEYA MINING (55.25% SHAREHOLDING AS AT 31 AUGUST 2022)**

- High grade, high value, primary diamond deposit in Sierra Leone.
- 25 year mining licence issued on 26 July 2019.
- Five of the world's largest stones were discovered from within the immediate surroundings of the licence area.
- Simple and focused business model:
  - underground mining method
  - bespoke processing plant and
  - mine configuration scalable/high margin.
- High barriers to entry:
  - scarcity of high quality primary diamond deposits
  - regulatory requirements and
  - capital intensive.
- High growth potential:
  - the resource results to date only represent 5% of the geo economic potential of the licence area and
  - current mine plan could be replicated across the licence area / increase depletion rate.

Key factors and trends shaping the diamond industry's future:

- Sustainability, transparency and social welfare is an increasing priority for consumers and investors across the value chain.
- Transparent and digitally enabled reporting value chain.
- Desirability- medium and large stones accounting for 80% of global diamond revenue (25% by volume).
- Widening of the global demand and supply gap.



- Provenance and socio economic impact from mine to market.
- Generation Z becoming both a growth engine and a change agent for the industry, with its evolving preferences, purchasing behaviours and sustainability focus.
- Prices for higher quality polished diamonds continuing to outperform lower quality diamonds.
- Diamond producers forming partnerships with midstream players and high end brands to gain additional margins on polished diamond sales.

Due to the above factors, mining companies such as Meya, which hold high grade, high value, large stone primary (kimberlite) deposits are uniquely positioned to meet the demands of the future diamond market.

### VALUATION

The increase in fair value of the resource portfolio at date of deemed disposal and reacquisition (1 September 2021) is due to the investment in Meya being measured in accordance with IFRS 13 using the income approach and discounted by its weighted average cost of capital (WACC). The WACC saw a marked increase during the period under review as a result of lending rates, market risk as well as equity risk premiums increasing during the year. These increases were, however, offset by a devaluation of the US/NAD dollar exchange rate.

In June 2022, Trustco and its partner Germinate (SL) Ltd entered into a term sheet with SJSL Investments (SJSL) from the UAE, whereby SJSL would invest a combination of equity and debt into Meya. As a result, as at 31 August 2022, Trustco valued its investment in the resources investee using the independent offer from SJSL as the basis for the fair value in accordance with IFRS 13.

At the time of this report, Trustco Resources, Germinate (SL) Ltd and Sterling Global Trading Ltd (SGT), SJSL's nominee, entered a transaction in whereby SGT will invest a total of USD 75 million in Meya. The investment comprises of USD 25 million in equity, USD 25 million as a SGT loan and a USD 25 million third-party market loan. The investment will be utilized exclusively for the development of the mine over the next 24 months, by which time the production target is approximately 30 000 carats per month. Upon conclusion of the equity investment, SGT will hold 70% of Meya's equity.

Not only does this investment enable Meya to transition into commercial production, but also lays the foundation to grow this asset exponentially in the medium-term. Ongoing exploration and resource development targeting fifteen of the sixteen remaining exploration phases across the licence area over the next 10 to 15 years should yield significant growth potential. The strategic intent is to align and increase production from the mine as the mineral resource inventory increase. All future growth will be funded from internal cash flows.

### INVESTMENT CASE

Trustco, as a majority family owned investment entity, remains committed to investing for medium- to long-term sustainable growth and wealth creation. This approach not only benefits its coinvestors, but also contributes to the development and prosperity of the communities in which it operates.

It remains true that all markets and economies can be cyclical – especially in the current climate - and thus setbacks are expected. However, Trustco sees these challenges as opportunities to drive success. By maintaining a long-term perspective, staying disciplined and being patient, Trustco can take advantage of these opportunities to create value for its coinvestors.

Trustco will continue to identify and invest in opportunities with high growth potential and medium- to long-term sustainability. The group remains mindful of the impact its investments have on the environment and society and strive to make investments that promote inclusive development and positive change.

Trustco remains driven by a deep sense of responsibility to its investors, employees and community and are committed to building long-term relationships and creating exceptional sustainable value for all its stakeholders.

# KEY STATISTICS

| FOR THE FINANCIAL PERIOD<br>FROM<br>TO | '22<br>1 SEP 21<br>31 AUG 22 | '21<br>1 OCT 20<br>31 AUG 21 | '20<br>1 APR 19<br>30 SEP 20 | '19<br>1 APR 18<br>31 MAR 19 | '18<br>1 APR 17<br>31 MAR 18 | '17<br>1 APR 16<br>31 MAR 17 | '16<br>1 APR 15<br>31 MAR 16 | '15<br>1 APR 14<br>31 MAR 15 | '14<br>1 APR 13<br>31 MAR 14 | '13<br>1 APR 12<br>31 MAR 13 | '12<br>1 APR 11<br>31 MAR 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **STOCK EXCHANGE PERFORMANCE** | | | | | | | | | | | |
| **SHARE PRICE** | | | | | | | | | | | |
| HIGH (C) | 235 | 420 | 1 135 | 1 600 | 1 000 | 417 | 540 | 380 | 120 | 125 | 135 |
| LOW (C) | 38 | 125 | 179 | 615 | 261 | 276 | 290 | 115 | 63 | 90 | 70 |
| CLOSING (C) | 50 | 165 | 315 | 1 047 | 875 | 404 | 310 | 300 | 119 | 118 | 114 |
| VOLUME-WEIGHTED AVERAGE PRICE (C) | 1.00 | 2.48 | 6.50 | 9.98 | 5.39 | 3.72 | 3.83 | 2.34 | 0.85 | 1.05 | 0.95 |
| CLOSING P/E (HEPS) | (0.26) | (2.19) | (2.76) | (17.05) | 32.17 | 5.71 | 5.61 | 7.58 | 6.33 | 25.11 | 5.62 |
| CLOSING P/E (EPS) | 0.34 | (1.90) | (2.73) | (17.33) | 36.92 | 5.85 | 5.60 | 6.88 | 3.54 | 21.85 | 3.25 |
| VOLUME TRADED (MILLIONS) | 8 | 5 | 11 | 28 | 93 | 60 | 259 | 101 | 115 | 114 | 115 |
| VALUE TRADED (MILLIONS) | 8 | 12 | 70 | 283 | 504 | 222 | 993 | 236 | 98 | 120 | 108 |
| VOLUME TRADED / SHARES | 0.8% | 0.5% | 1.1% | 2.9% | 11.3% | 7.8% | 33.6% | 13.1% | 14.9% | 14.8% | 14.8% |
| **TRACK RECORD** | | | | | | | | | | | |
| HEADLINE EARNINGS (MILLIONS) | (1 922) | (709) | (1 080) | (526) | 205 | 543 | 419 | 276 | 142 | 34 | 139 |
| HEPS (c) | (195.1) | (75.4) | (114.0) | (61.4) | 27.2 | 70.8 | 55.3 | 39.6 | 18.8 | 4.7 | 20.3 |
| EARNINGS (MILLIONS) | 1 437 | (815) | (1 092) | (517) | 274 | 530 | 420 | 303 | 253 | 39 | 240 |
| EPS (c) | 145.9 | (86.7) | (115.2) | (60.4) | 23.7 | 69.1 | 55.4 | 43.6 | 33.6 | 5.4 | 35.1 |
| SHAREHOLDERS EQUITY (MILLIONS) | 1 834 | 182 | 829 | 1 970 | 3 587 | 2 492 | 2 189 | 1 550 | 1 224 | 1 224 | 913 |
| NAV/SHARE (c) | 186 | 19 | 87 | 230 | 504 | 323 | 284 | 201 | 162 | 133 | 134 |
| TOTAL ASSETS (MILLIONS) | 4 340 | 4 547 | 5 105 | 5 677 | 6 112 | 5 268 | 4 014 | 3 159 | 2 474 | 1 533 | 1 520 |
| MARKET CAPITALISATION | | | | | | | | | | | |
| GROSS OF TREASURY SHARES (MILLIONS) | 494 | 1 629 | 3 110 | 10 201 | 7 237 | 3 119 | 2 394 | 2 316 | 919 | 911 | 880 |
| NET OF TREASURY SHARES (MILLIONS) | 493 | 1 552 | 2 966 | 9 734 | 6 843 | 2 950 | 2 394 | 2 131 | 829 | 911 | 873 |
| SHARES | | | | | | | | | | | |
| ISSUED (MILLIONS) | 987 | 987 | 987 | 974 | 827 | 772 | 772 | 772 | 772 | 772 | 772 |
| TREASURY SHARES (MILLIONS) | 2 | 47 | 46 | 45 | 45 | 42 | - | 62 | 76 | - | 6 000 |
| NET OF TREASURY SHARES (MILLIONS) | 985 | 941 | 941 | 930 | 782 | 730 | 772 | 710 | 696 | 772 | 766 |
| ROE (HEPS) | (104.8%) | (389.6%) | (130.3%) | (26.7%) | 5.7% | 21.8% | 19.2% | 17.8% | 11.6% | 2.8% | 15.2% |
| ROE (EPS) | 78.4% | (447.8%) | (131.7%) | (26.2%) | 7.6% | 21.3% | 19.2% | 19.6% | 20.6% | 3.2% | 26.3% |

# 3 CHAPTER



3

# CORPORATE GOVERNANCE REPORTS

# BOARD OF DIRECTORS

ADV RAYMOND HEATHCOTE SC

WINTON GEYSER

RENIER TALJAARD

JANENE VAN DEN HEEVER

DR QUINTON VAN ROOYEN

FLOORS ABRAHAMS

QUINTON ZANDRÉ VAN ROOYEN

# BOARD OF DIRECTORS

## ADV RAYMOND HEATHCOTE SC (59)

**INDEPENDENT**
NON-EXECUTIVE DIRECTOR
Namibian Citizen

**APPOINTED**
29 September 2010

**QUALIFICATIONS**
BA
LLB

**ROLE AT THE COMPANY**
- Chairman of the board of directors of Trustco Group Holdings Ltd
- Chairman of the nomination committee of Trustco Group Holdings Ltd

**EXPERTISE AND EXPERIENCE**
Advocate Heathcote SC is an admitted advocate of the High Court of Namibia and was an acting judge of the High Court of Namibia in 2005, 2007, 2009 and 2011. He is also an admitted advocate in South Africa. Several of his judgments have been reported in both the Namibian and South African Law Reports. Adv Heathcote SC is a member of the Society of Advocates and was honoured by being appointed as senior counsel in 2009. Adv Heathcote SC previously served as the president of the Society of Advocates and president of the Law Society of Namibia.

## WINTON JOHN GEYSER (62)

**INDEPENDENT**
NON-EXECUTIVE DIRECTOR
Namibian Citizen

**APPOINTED**
29 September 2010

**QUALIFICATIONS**
BCompt
BCompt (Hons)
CA (SA)

**ROLE AT THE COMPANY**
- Member of the board of directors of Trustco Group Holdings Ltd
- Chairman of the audit and risk committee of Trustco Group Holdings Ltd
- Member of the remuneration and nomination committee of Trustco Group Holdings Ltd
- Member of the investment committee of Trustco Group Holdings Ltd
- Serves as a member of the board and board committees of Trustco Group Holdings Ltd portfolio entities

**EXPERTISE AND EXPERIENCE**
Mr Geyser is a member of the South African Institute of Chartered Accountants. He completed his articles with the audit firm Deloitte Haskins & Sells (now Deloitte) and later joined their financial management services division. Since then he has performed accounting, taxation and consultancy work and has held various senior positions, such as the general manager finance at Agra (Co-op) Ltd and the financial director of M Pupkewitz & Sons. Mr Geyser currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships of Namibian companies.

## RENIER JACOBUS TALJAARD (63)

**INDEPENDENT**
NON-EXECUTIVE DIRECTOR
Namibian Citizen

**APPOINTED**
5 July 2012

**QUALIFICATIONS**
BEcon
FCII
FIISA

**ROLE AT THE COMPANY**
- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the audit and risk committee of Trustco Group Holdings Ltd
- Chairman of the remuneration committee of Trustco Group Holdings Ltd
- Member of the nomination committee of Trustco Group Holdings Ltd
- Member of the social and ethics committee of Trustco Group Holdings Ltd
- Serves as a member of the board and board committees of Trustco Group Holdings Ltd portfolio entities

**EXPERTISE AND EXPERIENCE**
Mr Taljaard has vast experience, of more than 33 years, in both the short- and long-term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006. Mr Taljaard was appointed to the board of Trustco Group Holdings Ltd as independent non-executive director in 2012 and thereafter to various portfolio entities of Trustco Group Holdings Ltd.

## JANENE VAN DEN HEEVER (51)

**INDEPENDENT**
NON-EXECUTIVE DIRECTOR
Namibian Citizen

**APPOINTED**
1 November 2021

**ROLE AT THE COMPANY**
- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the remuneration committee of Trustco Group Holdings Ltd
- Member of the nomination committee of Trustco Group Holdings Ltd
- Chairman of the social and ethics committee of Trustco Group Holdings Ltd
- Serves as a member of the board and a board committee of a Trustco Group Holdings Ltd portfolio entity

**EXPERTISE AND EXPERIENCE**
Ms van den Heever, a Namibian citizen, is currently the managing member of a manufacturing business in Windhoek, Namibia. Ms van den Heever has more than 14 years' experience in the corporate business environment on both management and executive level. She was previously employed by Trustco until March 2013, where she served as executive director and also on the group executive committee. As head of the Namibian operations she was responsible to oversee the successful implementation of the group's strategy and thereby has notable insight on the practical objectives and operations of the group. She started a new business venture in 2013, which she has successfully managed to date. Ms van den Heever has demonstrated exceptional experience in business management, including formation, operations, finance and systems. She serves as a director on the boards of various other companies in Namibia.

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# BOARD OF DIRECTORS
(CONTINUED)

## DR QUINTON VAN ROOYEN (57)

**EXECUTIVE DIRECTOR AND GROUP MANAGING DIRECTOR/CEO**
Namibian Citizen
Acquired Trustco in 1992

**QUALIFICATIONS**
BJuris
LLB
DBL (Honoris Causa)
Business Leadership and Entrepreneurship (IUM)

**ROLE AT THE COMPANY**
- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the investment committee of Trustco Group Holdings Ltd
- Serves as a member of the board of Trustco Group Holdings Ltd portfolio entities

**EXPERTISE AND EXPERIENCE**
Dr van Rooyen's business acumen, skill and leadership are the determining factors that have transformed the group into a successful triple listed entity. His creative approach to life makes the mundane extraordinary. He has a fearless attitude towards challenges that makes him an easy leader to follow. His talent and passion is to create products and services that are sustainable, socially responsible and that will yield extraordinary wealth for stakeholders by harnessing opportunities in Namibia and throughout Africa.

## FLOORS JACOBUS ABRAHAMS (47)

**EXECUTIVE DIRECTOR AND GROUP FINANCIAL DIRECTOR**
Namibian Citizen

**APPOINTED**
22 August 2006

**QUALIFICATIONS**
BCom

**ROLE AT THE COMPANY**
- Member of the board of directors of Trustco Group Holdings Ltd
- Member of the investment committee of Trustco Group Holdings Ltd
- Serves as a member of the board of Trustco Group Holdings Ltd portfolio entities

**EXPERTISE AND EXPERIENCE**
Mr Abrahams completed his articles in 1999. During this period, he accumulated experience in the financial sector and serviced various audit clients. Mr Abrahams was appointed as group financial manager of Trustco in 2000 and subsequently group financial director in 2006.
Mr Abrahams assumed the role of group treasurer in 2013. He was re-appointed as group financial director on a full-time basis in 2017, a position he holds to date.

## QUINTON ZANDRÉ VAN ROOYEN (37)

**DEPUTY CEO AND ALTERNATE DIRECTOR TO THE GROUP MANAGING DIRECTOR**
Namibian Citizen

**APPOINTED**
9 May 2016

**QUALIFICATIONS**
BCom (Law)
LLB

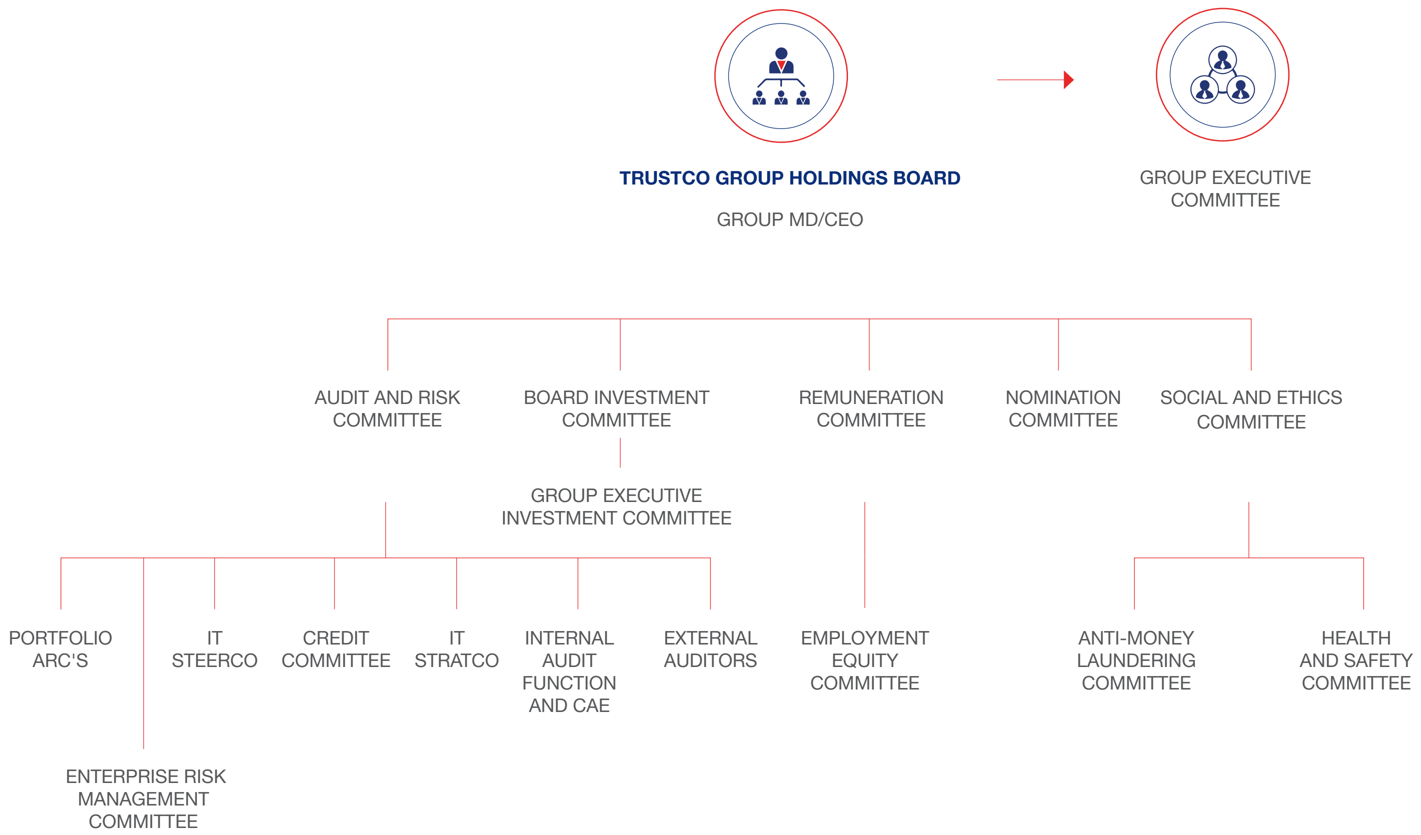
**AWARDS**

| | |
|---|---|
| 2014: | Ranked the "Fittest Man in Africa" at the CrossFit Games held in South Africa |
| 2014: | Inducted into the prestigious Namibian Business Hall of Fame, under the auspices of Junior Achievement Namibia and the Namibian Chamber of Commerce and Industry |
| 2022: | Namibian National Enduro Champion |
| 2022: | Africa Intercontinental Hard Enduro Champion (FIM) |

**ROLE AT THE COMPANY**
- Alternate director to the group managing director of Trustco Group Holdings Ltd
- Serves as a member of the board of Trustco Group Holdings Ltd portfolio entities

**EXPERTISE AND EXPERIENCE**
Mr van Rooyen joined Trustco in 2010 after the completion of his studies with the main purpose of gaining experience in the group. Showing a natural flair for business, he thereafter took up a position within the finance and education divisions in 2011 specialising in determination and execution of strategy, including focusing on and developing acquisitions within the division. Mr van Rooyen was appointed as head of the Namibian operations in 2013 and was subsequently appointed to serve on various boards of portfolio entities within Trustco. In November 2014 he took charge of the insurance and its investments segment and following his success therein was appointed as head of group business in October 2015. He currently holds the position of CEO of the financial services in addition to his role as deputy CEO of the group and alternate director to the group managing director.

# LEADERSHIP AND ETHICS




## THE BOARD

The group's corporate governance is a dual process, the first is regulated by statute, which is imposed by law, whilst the second is developed by the board and implemented as well as maintained by the management of the company. Trustco operates in a highly regulated environment. The board plays a pivotal role in the group's corporate governance structure. The board considers the environmental, social and governance (ESG) impact for all stakeholders when making decisions. The board's deliberations and approach to corporate governance is that of intellectual honesty and transparency. The board's mandate is to act in the best interest of the company, considering the interest of all stakeholders. The role of the board is focused on exercising sound leadership and independent judgement to lead ethically beyond mere legal compliance. The board is committed to maintaining the highest standard of corporate governance and transparency as key components to achieving the vision and growth strategy of the group, as well as to ensure long-term sustainability whilst protecting stakeholder value.

The board also advocates adherence to sound governance principles by all portfolio entities of the group. The structure within the group is constantly revisited and optimised to ensure that all unlisted investment entities and associated companies endorse the principles of the King IV report or the NamCode (Corporate Governance Code of Namibia). Portfolio entities must further comply with the regulations and requirements of the Namibia Financial Institutions Supervisory Authority (Namfisa) and Bank of Namibia (BON).

Effective corporate governance forms part of Trustco's investment assessment criteria and risk management which are further monitored on a continuous basis by non-executive and executive board representation on investee companies' boards. All investment entities are operated and managed as independent entities with independent boards and portfolio exco's. Trustco, together with some of its subsidiaries render investment and support services to its investments and recovers its costs through benchmarked fees for services rendered.



## ETHICAL TONE AT THE TOP

Setting an ethical tone from the top demands that the board and senior management find ways to connect with stakeholders inside and outside the group. The board and senior management openly communicate their values on an ongoing and transparent basis, using different platforms and distribution systems. While the board establishes core values and principles, management leads by example and actions are guided by either positive or negative reinforcement.

Developing a sense of shared values – a set of beliefs against which all decisions can be measured and tested – is the basis on which long-term strategies and successful implementations are built. Failure to align ethics and values to business strategies and the execution of plans bears potential high risk.
The board, management and employees of Trustco work together with common interests and shared values to achieve a common goal.

An objective of corporate governance remains to ensure that shareholders and investor wealth is maximised and protected.

## THE BOARD OF DIRECTORS

The board's primary role and responsibilities are to:

- set and steer strategic direction with regard to both the group's strategy and the way in which specific governance and regulatory areas are to be approached, addressed and conducted
- approve policies and plans that give effect to the strategy and set the direction
- ensure accountability for the group's performance through transparent detailed reporting and disclosures
- oversee and monitor implementation and execution by executive management and
- take independent and objective decisions.

An important role of the board is to define the purpose of the group – which is its strategic intent, investment considerations, investment decisions and objectives as an investment enterprise – its values, which constitute its organisational behaviours and the norms to achieve its purpose and create sustained value. Both the purpose and the values are considered clear and achievable.

The group's strategy is considered, evaluated and agreed upon. Implementation is monitored at the board and executive meetings. The board also ensures that procedures and practices are in place that protect the group's assets and reputation. The risk appetite of the group is determined and considered with every investment.

Further responsibilities of the board include the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals, operational and capital expenditure and overseeing the group's systems of internal control, governance and risk management. The board assumes its responsibility for its composition and approving the processes for it to attain the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

The group maintains a robust corporate governance structure with established board committees supporting the board in the execution of its duties, however the board remains ultimately responsible and accountable to all its stakeholders. Certain authorities have been delegated with specific authority to each board committee to enable effective control, while preserving the accountability of the directors of the board. The board is sensitive to balancing the strong entrepreneurial spirit in the group with the interests of all other stakeholders. The Delegation of Authority Policy (DOA) and the board charter establish a clear balance of power and

# LEADERSHIP AND ETHICS
(CONTINUED)

authority at all levels. The company applies the four eyes principle to ensure that no director has unfettered powers of decision making.

During the period under review the board approved and implemented:
- an executive investment committee charter;
- a board investment committee (BIC);
- a board investment committee charter;
- an investment policy;
- exit strategies for all investments;
- valuation methodology policy;
- an internal audit charter;
- a group capital management policy;
- a group liquidity management policy;
- a group risk management policy;
- a credit policy;
- a reviewed COVID-19 policy and response plan;
- a share repurchase programme;
- a communication with regulators policy; and
- a policy on the rendering of professional services by independent non-executive directors.

### BOARD ASSESSMENT
The board of directors conducted an evaluation of its own performance, the performance of its committees, the chairperson, the individual board members, the CEO, FD and company secretary. The evaluations were conducted internally and through a formal process in accordance with a generally accepted methodology adopted by the board. The evaluation concluded that the board is effective and that value and participation were considered satisfactory and positive in all material and compliance aspects. No remedial actions were required. The board is satisfied that the evaluation process is improving its performance and effectiveness and will continue to identify areas for improvement.

### INVESTMENT POLICY
The board approved an Investment Policy for Trustco's investments. The board established the board investment committee (BIC). The investment policy addresses the various risks that Trustco would consider and take into account as an investment entity. It further sets out the strategic objectives and investment activities. The policy outlines the investment principles to be adhered to. The Investment Policy is available on the company's website at **https://www.tgh.na/downloads/.**

### DIRECTOR DEVELOPMENT
Ongoing training is provided to the board of directors of Trustco. The combined expertise, advice, insight, knowledge and specialised skills of the individual directors, senior executives and invited specialist consultants shared during sessions and discussions on complex issues, serve as valuable ongoing training, skills transfer and development of all parties involved. The board members of Trustco together with senior management received:
- formal board training on the implementation of IFRS 17 during a session with W Consulting, an independent JSE accredited, IFRS expert; and
- formal board training on the valuation methodology.

### INDEPENDENT AND UNFETTERED ADVICE
The board of directors is encouraged to seek independent advice, at the company's cost, to assist with the execution of its fiduciary duties and responsibilities, if so required. During the period under review, the board members collectively sought independent advice. The board of directors also has direct access to the group's external auditors, the external legal advisor, external compliance advisor, the company secretary, the CAE and the CEO at all times.

The group makes use of the technical and expert opinion of W Consulting, an independent JSE accredited IFRS advisor, for all material transactions. The board has access to all expert reports and professional opinions obtained from independent experts.

### BOARD OF DIRECTORS' INDEPENDENCE
If a director has served for a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his/her fiduciary duties.

As at the reporting date, three of the non-executive directors have served for longer than nine years. The board has considered whether the three directors continue to be independent in executing their fiduciary duties and is satisfied that they are and remain independent.

In light of the three non-executive directors who have been appointed for a period longer than nine years, Trustco deemed it prudent to restructure and redeploy directors throughout the group during the reporting period.

The board furthermore practices the review of director independence annually, conducted the assessment and has concluded that all non-executive directors are independent and meet the requirements for the test of independence.

The board considered the indicators set out in the King IV report holistically and on a substance over form basis when assessing the independence of each director for purposes of categorisation. The majority of directors serving on the board are classified as independent non-executive directors.

The board has conducted an assessment and has concluded that the members exercise objective judgement and there is no interest, position, association or relationship that, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making.
In accordance with the company's memorandum and articles of association and in terms of the Companies Act, at least one third of non-executive directors shall retire from the board and if available, may be re-elected by the shareholders at the AGM, provided that the board has confirmed and verified the eligibility of such directors.

### BOARD COMPOSITION AND STRUCTURES
Directors are appointed through a formal process involving the whole board, with recommendations from the nomination committee. Appointments to the board are made based on the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.

This selection criteria ensures a diversified, competent and balanced board. The board continually analyses and reviews whether its governance structures are relevant and appropriate.

There is a clear division of responsibilities at board level. Independent non-executive board members are rotated, deployed and appointed in line with their specific expertise to the various portfolio entities and board committees, as certain functions require different focus, skills and experience for effective oversight.
The aim is to promote effective collaboration among committees with minimal overlap and fragmentation of duties. The delegation of power and authority promotes independent judgement and assists with effective discharge of duties.

The structure of quarterly board meetings continues to be inclusive. The board members, the internal and external auditors, the executive investment committee and its support committee, engaged in inclusive discussions on material transactions, projected cash flow requirements and determined the risk appetite as well as strategic vision.
The board and management openly share issues, challenge conclusions and debate

# LEADERSHIP AND ETHICS
(CONTINUED)

strategic decisions in a constructive manner. This approach is also embraced and encouraged throughout the group.

**CHANGES TO THE BOARD**
The following changes were made to the board:
- Ms Janene van der Heever was appointed as independent non-executive director on 1 November 2021.
- Mr Richard Marney resigned as independent non-executive director on 5 August 2022.
- The board and board committees were subsequently restructured with effect from 1 September 2021.
- No new directors have been appointed since the previous annual general meeting.

**SUCCESSION PLANNING**
The group benefits from having a pool of executive directors with diverse experience and high levels of competence.

Succession planning makes provision for the identification, mentorship and development of future members. The board is satisfied that it is able to identify suitable short-, medium- and long-term replacements from within the group structure.

**THE GROUP MANAGING DIRECTOR (MD) AND CHIEF EXECUTIVE OFFICER (CEO)**
The group MD, who is also the CEO of the group, is responsible for leading the implementation and execution of approved board strategies, policies, operational planning and for acting as the link between the board and management. The MD acts as the chair of the executive investment committee and its support committee.

The MD is remunerated in accordance with a management agreement with the group. The management agreement is subject to shareholders approval (refer to annual financial statements for more information). The MD has no other professional commitments or directorships of governing bodies outside that of the group other than what was disclosed in terms of the Declaration of Conflict Policy of the group.

The succession planning is in place for the position. The functions of the chairman of the board and the MD are clearly separated in the board charter.

**THE CHAIRMAN**
The independence of the chairman was reviewed and evaluated. The chairman was found to be independent. The chairman of the board also serves as the chairman of the nomination committee.

**THE FINANCIAL DIRECTOR**
During the financial year under review, Mr Floors Abrahams continued to serve as the executive financial director on a full-time basis. The audit and risk committee has assessed the expertise, experience and performance of Mr Abrahams and found his capabilities and performance satisfactory.

**COMPANY SECRETARY**
The company secretary is the gatekeeper and the provider of independent guidance on corporate governance to the board in the execution of its duties and responsibilities. Komada Holdings (Pty) Ltd serves as the company secretary. Komada is a subsidiary company of Trustco and provides secretarial services to the investment entities of the group. The board is satisfied that the company secretary maintained an arm's length relationship with the board and its directors during the period under review.



The company secretary is not a director of the board. The board assessed the competence of the company secretary in accordance with best practice performance and evaluation criteria and found its services, experience and competence to be satisfactory.

**NON-EXECUTIVE AND EXECUTIVE DIRECTORS ATTENDING THE TRUSTCO ANNUAL GENERAL MEETING (AGM)**

| BOARD MEMBER | 17 MAR '22 AGM |
|---|---|
| RAYMOND HEATHCOTE (CHAIRMAN) | ✓ |
| RENIER TALJAARD | x |
| WINTON GEYSER | ✓ |
| RICHARD MARNEY | ✓ |
| JANENE VD HEEVER | ✓ |
| QUINTON VAN ROOYEN | ✓ |
| FLOORS ABRAHAMS | ✓ |

No general meeting was held during the reporting period.

**BOARD MEETINGS AND ATTENDANCE**

| MEMBER | 24 NOV '21 | 24 FEB '22 | 30 MAY '22 | 20 JUN '22 EXTRA-ORDINARY MEETING | 27 JUN '22 EXTRA-ORDINARY MEETING | 27 JUL '22 EXTRA-ORDINARY MEETING | 30 AUG '22 |
|---|---|---|---|---|---|---|---|
| RAYMOND HEATHCOTE (CHAIRMAN) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| RENIER TALJAARD | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| WINTON GEYSER | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| RICHARD MARNEY (RESIGNED 5 AUG 2022) | ✓ | ✓ | x | ✓ | ✓ | ✓ | - |
| JANENE VD HEEVER | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| FLOORS ABRAHAMS | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| QUINTON VAN ROOYEN | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

**BOARD COMMITTEES**
The board appointed an audit and risk committee, a remuneration and nomination committee, an investment committee as well as a social and ethics committee to whom certain functions were delegated.

The chairpersons of the individual committees are non-executive independent directors. All the members of these standing committees are also non-executive independent directors, except for the social and ethics committee.

# LEADERSHIP AND ETHICS
(CONTINUED)

### THE AUDIT AND RISK COMMITTEE (ARC)

The ARC provides independent oversight on the effectiveness of the group's assurance function and services. The ARC focuses on combined assurance arrangements, including external assurance service providers, internal audit, the finance function, the integrity of the annual financial statements as well as other external reports issued by the group to the extent delegated by the board. The ARC also has the oversight function of risk governance.

The ARC confirmed that appropriate financial reporting procedures exist, are applied, maintained and functioning effectively throughout the group. The ARC and the external auditors, Nexia SAB&T, executed their duties and responsibilities pursuant to paragraph 22.15 of the JSE LR.

The internal auditor, the external auditors, the CEO, chief financial officer, the CAE and senior management attend the ARC meetings.

The ARC is well informed of the responsibilities and duties of the external auditors and is satisfied that the external auditors are independent of the company. The ARC reviewed the financial statements of the company and is satisfied that the statements comply with IFRS, SAICA financial reporting guidelines as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council and in the manner required by the Companies Act of Namibia and the South African Companies Act, as far as it is required.

The members of the ARC have the necessary financial literacy, skills and experience and have executed their functions satisfactorily. The composition of the ARC was changed with the resignation of Mr Richard Marney. The current skills pool of the ARC was complemented with the appointment of Mr Tom Newton who serves as an independent non-executive director of investee entities, but not on the board.

### ARC MANDATE

The duties of the ARC include those assigned to it by the board and which have been documented in its charter. The ARC has, in the period under review, fulfilled its mandate and:

- nominated a registered, independent external auditor for appointment and determined the fees to be paid as well as the terms of their engagement
- ensured that the appointment of the auditors complies with applicable statutory provisions relating to the appointment of the auditors
- determined, subject to applicable statutory and regulatory provisions, the nature and extent of any non-audit services to be provided, or services that the auditor must not provide to the group or a related party pre-approved any proposed agreement for the provision of non-audit services to the group
- prepared a report, addressing the items as prescribed in the applicable statutory and regulatory provisions
- made submissions to the board, where applicable, on any matter concerning the group's accounting policies, financial controls, records, reporting, risks and risk related policies
- approved the annual internal audit plan
- maintained oversight over the internal audit function
- engaged the JSE on proactive monitoring
- considered the proactive monitoring issued by the JSE
- ensured that the auditor reports on its responsibilities pursuant to paragraph 22 of the LR
- performed an independent review on the internal audit function
- ensured that the committee has access to all financial information of the company to allow it to effectively evaluate and report on annual financials and
- oversaw effective financial reporting for the group.

### ARC MEETINGS AND ATTENDANCE

| MEMBER | 18 NOV '21 | 17 FEB '22 | 11 MAY '22 | 23 AUG '22 |
|---|---|---|---|---|
| WINTON GEYSER (CHAIRMAN) | ✓ | ✓ | ✓ | ✓ |
| RENIER TALJAARD (APPOINTED 5 AUG 2022) | - | - | - | ✓ |
| RICHARD MARNEY (RESIGNED 5 AUG 2022) | ✓ | ✓ | x | - |
| TOM NEWTON (APPOINTED 2 FEB 2022) | - | ✓ | ✓ | ✓ |

The committee held four meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

### REMUNERATION AND NOMINATION COMMITTEE (REMCO AND NOMCO)

The remco and nomco have dual responsibilities. The remco comprises of independent non-executive directors and assists the board to set and monitor the remuneration policies and makes recommendations to the board concerning succession planning and remuneration for all levels of employees within the group, including that of non-executive directors.

It ensures compliance with applicable laws and codes of conduct and reviews benefits and performance incentive schemes after considering the group strategy and objectives, which is to create stakeholder value whilst maintaining incentives and retaining essential skills.

The remco is satisfied that incentives are based on stretched targets that are verifiable, measurable and relevant.

### REMCO MANDATE

The duties of the remco include those assigned to it by the board and which have been documented in its charter. The remco has fulfilled its mandate which includes *inter alia*:

- to ensure the company remunerates fairly, equitably and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term
- assume responsibility for the governance of remuneration by setting the direction of how remuneration practices should be addressed throughout the group and
- approve policies that articulate and give effect to its direction on fair, equitable, responsible and transparent remuneration and consider, recommend and review remuneration policies for the group.

### REMCO MEETINGS AND ATTENDANCE

| MEMBER | 9 NOV '21 | 11 MAY '22 |
|---|---|---|
| RENIER TALJAARD (CHAIRMAN) | ✓ | ✓ |
| WINTON GEYSER | ✓ | ✓ |
| JANENE VD HEEVER (APPOINTED 1 NOV 2021) | ✓ | ✓ |

The committee held two meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

### NOMCO MANDATE

The duties of the nomco include those assigned to it by the board and which have been documented in its charter.

# LEADERSHIP AND ETHICS
(CONTINUED)

The nomco has fulfilled its mandate which includes *inter alia*:

- making recommendations to the board on the appointment of key executive and non-executive directors through a formal process
- monitoring the composition of the board, its structure, size and diversification and
- initiating and managing performance evaluations of the board.

## NOMCO MEETINGS AND ATTENDANCE

| MEMBER | 9 NOV '21 | 11 MAY '22 |
|---|---|---|
| RAYMOND HEATHCOTE (CHAIRMAN) | ✓ | ✓ |
| JANENE VD HEEVER (APPOINTED 1 NOV 2021) | ✓ | ✓ |
| RENIER TALJAARD | ✓ | ✓ |

The committee held two meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

## SOCIAL AND ETHICS COMMITTEE

The social responsibility in business and ethics in Trustco is overseen by the social and ethics committee that facilitates appropriate attention to the soft, but critical, dimensions of how the company does business and more specifically its value system surrounding ethical standards and social responsibility. The committee clearly understands the social conscience of the business and its responsibility to ensure that the company behaves accountably, socially, commercially and environmentally.

## SOCIAL AND ETHICS MANDATE

The mandate of the social and ethics committee includes monitoring and oversight of the group's activities concerning:

- ethical leadership
- responsible corporate citizenship
- sustainable development
- stakeholder inclusivity and
- social and economic development.

## SOCIAL AND ETHICS COMMITTEE MEETINGS AND ATTENDANCE

| MEMBER | 9 NOV '21 |
|---|---|
| JANENE VD HEEVER (CHAIRMAN) | ✓ |
| RENIER TALJAARD | ✓ |
| ELMARIE JANSE VAN RENSBURG (EXECUTIVE) | ✓ |

The committee held one meeting during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

## BOARD INVESTMENT COMMITTEE (BIC)

The board investment committee (BIC) was established. The BIC comprises of independent non-executive directors and executive directors. The BIC reports to the board on all investment decisions and risks.

## BIC MANDATE

The duties of the BIC include those assigned to it by the board and which have been documented in its charter. The BIC has fulfilled its mandate which includes *inter alia*:

- to approve the purchase and/or disposal of investments
- to monitor and evaluate the performance of investments
- to review Trustco's investment strategy
- to review the quality, performance and risk characteristics of Trustco's investments
- to set investment guidelines, including exit strategies
- to review the performance of the investee entities
- to review market trends and implications for portfolio and investment risk management and
- to ensure alignment and adherence to the investment policy.

The current skills pool of the BIC was complemented with the appointment of Mr Richard Chetwode who serves as an independent non-executive director of an investee entity but not on the board.



## BIC MEETINGS AND ATTENDANCE

| MEMBER | 17 FEB '22 | 23 AUG '22 |
|---|---|---|
| RICHARD MARNEY (CHAIRMAN) (RESIGNED 5 AUG 2022) | ✓ | - |
| RICHARD CHETWODE | ✓ | ✓ |
| WINTON GEYSER | ✓ | ✓ |
| QUINTON VAN ROOYEN | ✓ | ✓ |
| FLOORS ABRAHAMS | ✓ | ✓ |

The committee held two meetings during the reporting period. The committee fulfilled its mandate as prescribed and there were no instances of material non-compliance found.

## COMPLIANCE STATEMENTS PRIMARY, SECONDARY AND OTCQX LISTINGS

The company's primary listing on the JSE means the company is subject to the JSE Listings Requirements (LR). The company's secondary listing on the Namibian Stock Exchange (NSX) means the company is further subject to the NSX LR.

Trustco established a sponsored Level 1 ADR program in the United States of America (USA) in 2014. The purpose of the ADR was to facilitate access to Trustco shares (TTO) in the USA and to enhance the international presence of the emerging markets vision of the group. Trustco upgraded its Level 1 ADR programme to a real-time Level 2 ADR programme. The Trustco share has commenced trading on the OTCQX Best Market under the share code TSCHY.

The company's listing on the OTCQX means the company is subject to the requirements of the OTCQX International and must comply with its US disclosure obligations under the Exchange Act Rule 12g3-2(b) and the OTCQX standard for international companies.

The board satisfied itself, save as disclosed in this integrated report, that the group has complied with all enforceable JSE and NSX LR as well as the OTCQX standard.

## ANNUAL COMPLIANCE CERTIFICATE

The annual compliance certificate regarding the company's compliance with the JSE LR and the NSX LR was completed and submitted to the JSE and NSX respectively. The ARC considered the applicable report from the JSE and ensured that the company took the appropriate action.

## KING IV REPORT AND REGISTER

The board accepted and embraced the implementation of the King IV report and has adopted the principles of the King IV report insofar as the application thereof is in the best interest of the group. Where it was not possible, the board explained why it did not and applied alternative principles or practices in line with the overarching governance principles of fairness, accountability, responsibility and transparency. A complete compliance list is available on the company's website at **https://www.tgh.na/downloads/.**

## BROAD DIVERSITY POLICY

The board considered and applied the principles of the Broad Diversity Policy. Should replacement opportunities for directors arise, the balance of skills required to enable the board to properly perform its duties and meet its responsibilities will be considered. Although no voluntary targets have been set, the board will apply the Broad Diversity Policy with the envisaged new appointments of independent non-executive directors. In accordance with the JSE LR, the board approved policy on the promotion of broad diversity is available on the company's website at **https://www.tgh.na/downloads/.**

## DEALING IN SECURITIES

Trustco is a highly regulated entity and operates within strict rules and guidelines. Trustco always adheres to the highest standards of corporate governance, transparency and ethical behaviour and

# LEADERSHIP AND ETHICS
(CONTINUED)

has sufficient policies and procedures in place to ensure that any trading in securities is done in accordance with the rules and regulations. The company secretarial department authorises all trades in Trustco securities of directors.

### DIRECTORS' DEALINGS AND CONFLICTS OF INTEREST

Policies and procedures are in place to recognise, respond to and manage any actual, potential or perceived conflicts of interest. Directors are required to disclose their personal financial interests and those of persons related to them, in contracts or other matters in which Trustco has a material interest or which are to be considered at a board meeting. All directors are required to assess any potential conflict of interest and report such instances to the attention of the chairperson of the board. Where a potential conflict of interest exists, directors are expected to recuse themselves from relevant discussions and decisions.

Declarations of interest and conflict of interest of directors are done annually as per the Declaration of Interest and Conflict of Interest Policy of the group. All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties. All directors of the company are required to comply with the relevant board policies of the group and the requirements of the JSE regarding insider information, dealings in securities and the disclosure of such dealings.

The activities and conduct of executive directors and senior management who act in an executive capacity on the boards of investee companies are governed by formal guidelines as approved by the board.

### SPONSOR

Vunani Ltd through Vunani Corporate Finance remains the company's JSE equity sponsor. Merchantec (Pty) Ltd remains the company's debt sponsor. Simonis Storm Securities (Pty) Ltd remains the company's NSX sponsor for the reporting period. J P Galda remains the company's OTCQX sponsor.

### WHISTLE BLOWING

The ARC is satisfied that adequate and appropriate provision is made for whistle blowing processes. No material instances requiring action were encountered during the financial period under review. Trustco has an established anonymous reporting facility for whistle blowing. This facility encourages employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities without fear of victimisation and retribution. There were no cases of significant fraud or theft that were reported during the period under review.

### SUSTAINABILITY REPORTING

The ARC oversaw the integrity of the integrated annual report and is satisfied that the disclosure of information pertaining to sustainability issues is reliable and consistent with the financial results and other information within the knowledge of the members of the ARC.



# RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT

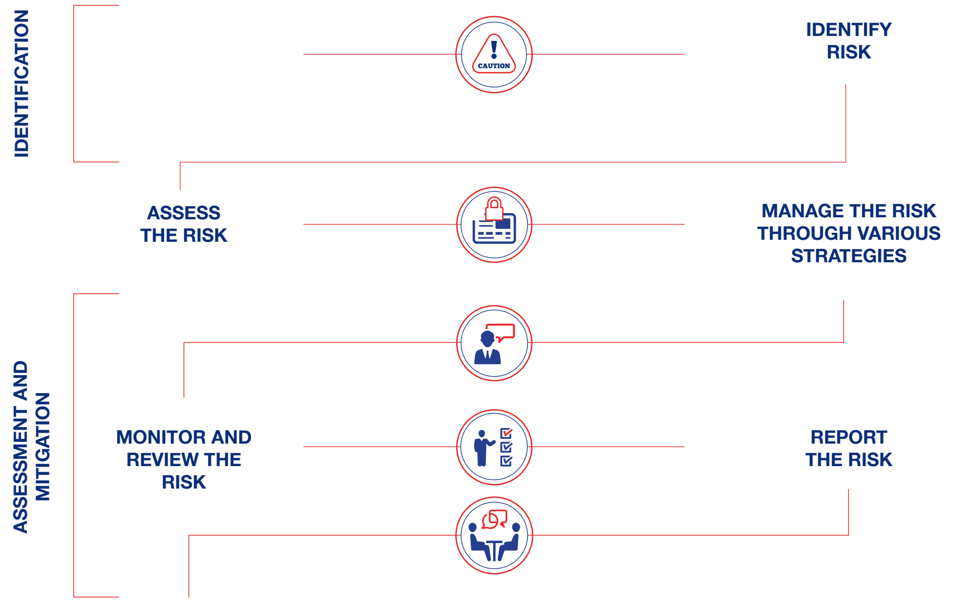
Ethical leadership is the cornerstone of Trustco's risk management process. An effective risk management system is crucial for the assessment, monitoring and mitigation of risk, determination of risk appetite and risk tolerance for which the board of Trustco remains accountable.

As an investment entity, the portfolio companies that Trustco invests in have their own independent boards responsible for the risk management process and systems of internal control in their companies. Regulated portfolio companies also have audit and risk committees appointed by their boards.

The board is responsible for the oversight of risk management, which includes monitoring the actual effectiveness of the risk management process, the adequacy of the risk policies and the systems of internal control in the operations of the company. Management is accountable to the board for the design, implementation, maintenance, monitoring and integration of the process of risk management in the day-to-day activities of the company. The following is in place to assist with risk management to ensure the group achieves its strategic and operational goals.

### RISK REVIEW

Effective risk management is achieved through the risk management process, internal controls and an assurance framework based on adherence to King IV, the NamCode, the JSE and NSX LR, the Namibian and South African Companies Acts. The group aims to remain compliant with the applicable laws and regulations. There is a formal process of identification, assessing, managing, monitoring and reporting risks throughout the group and its subsidiaries.



# RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

### INTERNAL CONTROL SYSTEMS

The adherence to internal controls is governed by approved policies and procedures. These controls are reviewed by management, management committees, internal and external audit. In regulated entities audit and risk committees operate to ensure overall oversight of risks.

### INTERNAL AUDIT

Internal audit is responsible for assisting the board and management to maintain an effective internal control environment by evaluating and testing the controls on a regular basis to determine whether they are effective, adequately designed and to recommend improvements. The internal audit department provides the board and audit and risk committee with assurance on the effectiveness of the internal control systems.

### EXTERNAL AUDIT

The Auditors' Rotation Policy of the group ensures the independence of the external auditors. In terms of the JSE LR, the external auditor of the group must be accredited with the JSE. Nexia SAB&T continue in office as the JSE accredited auditor. The independence of the external auditors is reviewed regularly by the group ARC. The external auditor attends ARC meetings and has direct access to the chairperson of the ARC.

### EXTERNAL ASSURANCE

Various external parties are used to assess the adequacy and effectiveness of controls and in certain instances, to provide risk assurance and to ensure compliance, for example with environmental, ICT and safety audits.

The ARC as well as the board have access to an independent JSE accredited IFRS advisor, external compliance advisor and external legal advisor.

### COMPLIANCE

The group faces complex challenges as it invests in diversified and varied industries. Compliance with all requirements, on all levels, with the different regulatory bodies can only be achieved if a proper risk management system is in place and always adhered to. The compliance function identifies, assesses, advises, monitors and reports on the compliance risk of the group as an investment entity, as well as legal risk in terms of the potential impact of changes in laws and regulations. The company secretarial department, senior management with the assistance of the group CAE, internal audit and the legal department manage and ensure compliance with relevant laws and regulations. Any compliance matters or risks identified are monitored, mitigated and reported to the ARC and the board.

### ICT GOVERNANCE

Information and communication technology (ICT) is managed from group level and is designed to support Trustco's investments in achieving their strategic objectives. The group ICT Strategy and Steering Committee (ICT SSC) performs governance functions with its chairperson reporting to the group executive committee (Exco). All ICT policies are continuously reviewed and approved by the ICT SSC. ICT is regarded as essential to the continued sustainable operations of the group's investments and the ICT SSC meets quarterly on a formal basis and informally on a regular basis. The group maintains policies that guide ICT service delivery, incident management, physical security, change management, patch management, passwords and acceptable use. ICT risk management is included into the combined assurance process of the group and an ICT business continuity plan and disaster recovery plan are maintained, both of which are tested on an annual basis.



## PRINCIPAL RISKS

### INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION

The group board acknowledges the importance of keeping shareholders and the investor community informed of developments in the investments of the group. Communication with shareholders is based on the principles of timely, balanced, clear and transparent information. Both positive and negative aspects of financial and non-financial information are provided. Interactions with institutional investors take place on a continuous basis.

### PRICE SENSITIVE INFORMATION

No director, officer, employee or associate of the company or its subsidiaries and investees, may deal either directly or indirectly in the company's securities based on unpublished price sensitive information which they may have in their possession, nor may directors trade in the company's securities during closed periods. The company also maintains formal policies on trading in company shares to ensure that the securities dealings by employees, senior management, directors, and associates are conducted in compliance with the JSE LR, the Financial Markets Act (SA) and Financial Intelligence Act (Namibia).

### PROHIBITED PERIODS

Closed periods are from the end of the interim and annual reporting periods up to the announcement of financial results for the respective periods and while the company is under a cautionary announcement.

### ISSUING OF SHARES

Trustco did not issue any shares during the reporting period.

### REPURCHASE OF SHARES

The group has a repurchase programme in place that allows the company or its subsidiaries and investees to acquire securities during closed periods. The group will continue with its share repurchase programme for as long as the company and board resolve that the prevailing share price is below its intrinsic value.

During the reporting period, 520 000 securities were sold.

### INVESTMENT RISK

With the group now reporting as an investment entity, investment risk has become its paramount concern. The nature and timing of acquisitions, whether to increase or reduce current investments and the exit strategies have increased the investment risk and consumes much of the time of the investment committee.  Risks in the individual portfolio companies can result in a level of uncertainty in achieving the returns as expected by the group.

### REGULATORY RISK

Trustco's principal regulatory risk is a perceived non-compliance of the JSE LR. During the reporting period, this risk was amplified as a result of differing opinions on the interpretations of the application of International Financial Reporting Standards (IFRS). Trustco's board will continue to apply its fiduciary duty with respect to the enforcement of JSE LR. Subsequent to the reporting period, this risk was addressed with the restatement set out in the annual financial statements.

### CURRENCY RISK

Trustco has a major investment in a portfolio that operates on a US Dollar basis, while the group itself reports in Namibia Dollars. It's exposure to the US Dollar exchange rate thus remains a large risk for the foreseeable future.

### LIQUIDITY RISK

Due to the continued depressed economy, liquidity pressures affect the group and its portfolio companies. Liquidity is monitored with continuous forward-looking cash flow forecasts and the management of funding facilities.

### INTEREST RATE RISK

Interest rates have increased during the period under review. Additional capital will thus be more expensive to raise. Wide fluctuations in interest rates have a significant effect on the valuations of investments as these are now reported on at fair value. Increases do, however, to some degree mitigate reinvestment risk as long as interest rates continue to increase.

### MARKET RISK

There has been a significant decline in stock market prices, with stocks in financial services most affected. The group was therefore not immune to this phenomenon and saw a significant decline in its market capitalisation as a result.

Since this was identified as a non-standard market event, the group expects prices to normalize in the medium term.

# SUSTAINABLE DEVELOPMENT REPORT

## BACKGROUND

The company has always been committed to an integrated approach to corporate growth – an approach that focuses on maintaining not only economic development, but also sustainable growth as well as social and environmental development and protection. To improve competence, key sustainability issues are addressed and evaluated by management.

Trustco engages and participates in sustainable strategies to incorporate a broader agenda that is driven by the United Nations (UN) Sustainable Development Goals (SDGs). Sound environmental, social and governance (ESG) practices are crucial to building and maintaining resilient assets and businesses. Policies governing these practices form an integral component of the value creation process to ensure sustainability. To realise and maintain sustainable operations, SDG themes are implemented and maintained through ongoing initiatives.

Trustco is committed to transforming capitals by evaluating Key Performance Indicators (KPIs) through risks, opportunities, strategies and performance to ensure investment activities are ongoing and sustainable. Evaluation of capital inputs ensure that value is created for shareholders during the outcome process. Despite the economic climate in the country, Trustco is proactive and geared with expertise to ensure resilience during tough times.

Diversification was identified as key to assist with the means to generate sustainable capital and income. Through diversification, Trustco has built strong fundamentals rooted in the important principle of wealth creation.

Trustco Group as an investment holding company holds underlying investments in a diverse range of industries. Trustco is committed to invest in companies that act responsibly in respect of environmental, social and governance matters. These investees are separately and independently managed. This report contains an overview of some of the CSI initiatives undertaken by Trustco as well as its investees and, although not a comprehensive list, it illustrates and gives an overview of the dedication of Trustco and its investees to improve the countries in which Trustco invests and where its investees operate.

Trustco group remains convinced that a pure bottom line growth focus cannot deliver the group's vision of long-term wealth creation. As such, it has an integrated approach to growth, one focused not only on economic development, but also on social as well as environmental development.

The three pillars of sustainable development coalesce in diverse ways to create the six types of capital the group itself and its investee companies are focused on.



| CAPITALS | INPUTS | OUTCOMES |
|---|---|---|
| **FINANCIAL CAPITAL**<br><br>Financial capital aims to accurately represent the value of natural, human, social and manufactured capital and is the ultimate output of the economic growth machine – the measure of wealth creation | · Funds invested | · Headline earnings<br>· NAV increase<br>· Revenue increase<br>· Share price growth<br>· Return on investments<br>· Revenue generated |
| **HUMAN CAPITAL**<br><br>Human capital is embodied in the individuals employed by Trustco. It comprises of their collective and individual capabilities, knowledge and skills – from rank-and-file employee up to board level | · 567 employees employed in Trustco and its investees<br>· Ensuring a diverse and engaged team<br>· Upskilling and development of employees for future roles | · A total of NAD 1.2 million contributed towards training and training levies<br>· Skilled, motivated, productive and dedicated employees |
| **INTELLECTUAL CAPITAL**<br><br>Intellectual capital is formed by the interrelation of other intangible capitals and does not only comprise of what is termed 'intellectual property,' such as patents, copyrights and licences but encompass much more – the knowledge held by Trustco, its systems, procedures and protocols that provide it with a competitive advantage against its peers | · Diversified management team with business and industry knowledge<br>· Encouraging and facilitating an environment that thrives on innovation and change<br>· Customised ICT systems<br>· Trademarks | · Cost savings by streamlined and in-house support services<br>· Strong brands of investments |
| **MANUFACTURED CAPITAL**<br><br>Manufactured capital is distinguished from natural capital in that this form of capital is produced to enable a business to operate – to produce products, goods and provide services. This not only encompasses the capital as recorded on the balance sheets, but also the available infrastructure provided by others in the economy which the company can use to create value for stakeholders | · ICT Infrastructure | · Smooth business operations |
| **NATURAL CAPITAL**<br><br>Natural capital is the underlying resource that all other capitals build upon. This not only includes those resources normally thought of as natural capital, such as water, land, minerals etc., but also broader resources, such as biodiversity and ecosystem health | · Use of water, energy and paper | · Optimise water, energy and paper usage<br>· Continued awareness on recycling<br>· Limited travelling<br>· Environmental impact monitoring |

# SUSTAINABLE DEVELOPMENT REPORT
(CONTINUED)

| CAPITALS | INPUTS | OUTCOMES |
|---|---|---|
| **SOCIAL AND RELATIONSHIP CAPITAL**<br><br>Social and relationship capital is the level of trust that Trustco has accumulated over the years from stakeholders and emphasises the common values between the group and the society that it operates in that allows it to conduct its business | · Managing stakeholder relations<br>· Corporate social investments spent a total of NAD 3.6 million for the reporting period | · Follow regulatory and best practices guidelines and demonstrate leadership in the industries in which the group operates<br>· Be inclusive, inviting stakeholders' views where appropriate to improve engagement and to promote accessibility |

### ADDING VALUE
Trustco and the portfolios it invests in are committed to transforming capitals by evaluating KPIs through risks and opportunities, whilst strategies and performance ensure activities are ongoing and sustainable. Evaluation of capital inputs ensure that sustainable and long-term value is created for shareholders during the output process.

### TRUSTCO GROUP
Trustco group continued its annual support of the Trustco United Sports Club in Windhoek, Namibia. This long-standing partnership ensures that Trustco United develops and maintains its facilities in top class quality. Proven to be a worthy investment over the years, Trustco United has attracted and developed some of the top performers in the country across different sporting codes nationally and internationally.

The Trustco NTA Juniors and Junior Masters are two major tennis tournaments the group sponsors annually that ensures that junior tennis grows and develops steadily in all regions throughout Namibia. Trustco group continuously finds innovative and creative elements on match days to ensure that both players and spectators view these tournaments as important and equally entertaining days on the Namibian social calendar.

Trustco employees and the general public had the opportunity to support a two-day COVID-19 vaccination drive at its head office in Windhoek. The vaccination drive was hosted in conjunction with the Ministry of Health and Social Services. Supported by the First Lady, Monica Geingos, this campaign re-emphasized Trustco's joint commitment with Government to ensure Namibians enjoyed a safe passage through the pandemic.

During the reporting period Trustco implemented an inaugural IT internship program, a joint initiative with the Ministry of Information, Communication and Technology. After a rigorous selection process spearheaded by Trustco, Emmanuel Joseph, a four-year graduate with a Bachelor of Science in Informatics, was selected as the successful applicant and spent a year working at the IT department of the company, gaining valuable knowledge, skills and experience.

Through its strong conviction to empower its employees, Trustco granted a long-serving and trusted Trustconian, Katrina Basson, the opportunity to enhance her knowledge and further her studies by sponsoring her Master in Business Administration (MBA) through Henley Business School.



During the reporting period, Trustco saluted seven young, dynamic individuals on their successful completion of the latest junior board mentorship programme of the company. This mentorship programme aims to provide young professionals with business acumen and essential boardroom experience.

On the back of the international success of the Namibian national cricket team at the T20 World Cup, Trustco provided the transport of national players *via* helicopter to the T20 cricket event hosted at Trustco United, Windhoek, Namibia.

### FINANCIAL SERVICES

#### INSURANCE AND INVESTMENTS
#### INSURANCE
Trustco Insurance, through its Legal Shield product, gave its support to two deserving University of Namibia Law students for the academic year. The students received financial support for studies and accommodation, as well as the opportunity to conduct their Work Integrated Learning at Trustco Insurance upon the completion of their studies. After undergoing a vigorous selection process, taking into consideration an array of selection criteria as well as personal attributes, two candidates were selected to receive bursaries. This support will enable them to focus on their studies rather than the financial burden students encounter when pursuing a higher education qualification.

#### EDUCATION
Literacy and provision of quality education remain an important cornerstone in the educational development of all Namibians. The Institute for Opening Learning (IOL) donated various educational equipment, including books to the Dorado Private School. IOL is constantly working to identify and support various schools who require assistance the most.

#### RESOURCES
Meya paid annual surface rent of USD 100 000.

Donation of one hand-dug well to Koakoyima community to supplement the two boreholes (previously donated by Meya) and increased access to potable water in the community. Meya contracted a community-based contractor to execute the project to support local content initiatives.

Meya made contributions to Youth in Sports activities with a donation to the Kono Cycling Association (KCA) to participate in the Tour De Lunsar cycling competition in March 2022 and also donated towards the inter-secondary school sports meet organized by the ministry of sports as part of the 61st Independence Day celebrations in Kono.

Following several stakeholder engagements with the project affected community (PAC) of Koakoyima, to update the Chiefdom Authorities and PAC households on Meya's ESIA upgrade and underground development activities, a cash sum was donated in April 2022 together with 100 bags of cement, 5 buckets of paint and 40 tonnes of construction sand to the 96 households in the 500m blast envelope. This donation was to address repairs on the minor cracks reported as resulting from blasting activities and to foster a harmonious transition from surface blasting to underground blasting, which will no longer require the temporary evacuation of people residing in the blast envelope.

NNDC participated in and was the main sponsor for the Terrace Bay Coastal Clean-Up Campaign in Namibia, hosted by the Kunene Regional Council through their Sesfontein Constituency Office.

# SUSTAINABLE DEVELOPMENT REPORT
(CONTINUED)

The event was held in November 2021 with the purpose of promoting environmental awareness and to encourage the community to maintain a clean and safe environment.

### STAKEHOLDER ENGAGEMENT

Trustco passionately believes that engaging its stakeholders is an integral part of its daily operations as opposed to a separate function. Stakeholder engagement is therefore key to achieving the triple context as it contributes to the decision making and accountability of the group in respect of economic, social, and environmental matters.

Each key stakeholder group provides a form of capital that contributes to the successful execution of the company's strategy, vision and mission. As an active corporate citizen of Namibia with investments also in South Africa, Mauritius and Sierra Leone, Trustco aspires to be known as a nation builder at the forefront of economic growth in the countries it's invested in. The company realises the importance of open and transparent dialogue with its stakeholders and continuously focuses on improving stakeholder engagement.

### STRATEGIC OBJECTIVES AND PRINCIPLES

The overall objective is to improve ongoing engagement with stakeholders to understand and to ensure their needs are considered and addressed in decision making.

**STRATEGIC OBJECTIVES:**

- support sustainability of investments in the medium- to long-term
- meet changing investor demands and expectations
- improve existing relationships with stakeholders and
- ensure best practice engagement and demonstrate leadership as an investment entity.

### KEY PRINCIPLES THAT GUIDE ENGAGEMENT

| | |
|---|---|
| **Best practice** | Follow regulatory and best practices guidelines. |
| **Inclusive** | Be inclusive, inviting stakeholders' views where appropriate to improve engagement and to promote accessibility. |
| **Informative** | Inform stakeholders *via* open, transparent, relevant, and timeous communication. |
| **Transparency** | Be transparent, clearly outlining what stakeholders can expect and how their feedback will be taken into consideration. |
| **Listen** | Listen to and seek to understand stakeholders' views and concerns. |
| **Responsive** | Consider and respond to concerns, providing prompt and clear feedback. |
| **Consistent** | A proactive, coordinated, and consistent approach to engagement across the group. |
| **Targeted** | Ensure engagement is prioritised, proactive and tailored to specific issues and projects. |
| **Measurable** | Measure the success of engagement and apply outcomes in designing and developing future engagement. |



### SHAREHOLDERS, INVESTORS, FUNDERS AND ANALYSTS

| STAKEHOLDER | FREQUENCY | ENGAGEMENT | 2022 KEY MATTERS |
|---|---|---|---|
| Current shareholders | Periodically, quarterly, bi-annually, annually | Transparent reporting maintained at all times with shareholders through the integrated annual report, SENS announcements, voluntary announcements, company website, social media, print media, circulars, GMs, and AGMs. | • Overall strategic direction and updates<br>• Virtual investor conferences and meetings<br>• Governance and financial control<br>• 2022 interim and annual audits and results |
| Investors, funders, potential shareholders, and investment analysts | Periodically, quarterly, bi-annually, annually | Regular reporting to lenders and funders on covenants, general frequent updates, and communication via telecons, face-to-face engagement and increased media coverage and exposure to offer additional confidence and security in the sustainability and governance. | • Regular investors presentations and conference calls<br>• Debt restructuring process<br>• Raising new debt facilities<br>• 2022 interim and annual audits and results |

### DIRECTORS AND EMPLOYEES

| STAKEHOLDER | FREQUENCY | ENGAGEMENT | 2022 KEY MATTERS |
|---|---|---|---|
| Board and committee members | Periodically, quarterly, annually | Formal and informal meetings, regular communication, telecons, memoranda and correspondence between management and the board *via* the company secretary.<br><br>Regular site, offsite and other informal visits to ensure a better understanding of operations, projects, progress and issues. | • Strategic sessions<br>• Operational and financial performance updates<br>• Corporate governance issues<br>• Debt restructuring process<br>• Raising new debt facilities<br>• Strategic planning and budget session between the board and senior executives |

# SUSTAINABLE DEVELOPMENT REPORT
## (CONTINUED)

| STAKEHOLDER | FREQUENCY | ENGAGEMENT | 2022 KEY MATTERS |
|---|---|---|---|
| Employees | Daily, weekly, monthly, periodically, quarterly, bi-annually and annually | As an employer of choice employees are kept abreast of all company information, the latest content of the integrated annual reports as well as company policies on an e-policy system.<br><br>Communication and engagement with employees through various committees and forums including a company intranet, emails, SMS and WhatsApp groups.<br><br>Employees were offered both formal, informal, and in-house training and skills transfer to ensure they can successfully fulfil their roles.<br><br>Open door policy with management, daily coffee table meetings and one-on-one meetings with management and HR.<br><br>Quarterly self-assessments with management input and formal one-on-one annual performance evaluations.<br><br>Active COVID-19 related communication, engagements and protocols, including educational programmes and awareness on vaccinations.<br><br>Weekly team building games between the Trustco Cops and Crooks social teams promote interaction and team work. | • Compulsory tests on the Trustco's annual reports in order to qualify for annual salary increments and quarterly bonuses<br>• Compulsory annual AML testing and fraud awareness refresher training<br>• Compulsory ICT security awareness training for all employees<br>• Uniform application of approved policies<br>• Recession and COVID-19 pandemic resulted in restructuring and impacted on job security<br>• Consequence management, transparency, and accountability<br>• Upskill employees for future roles in a digital world |



### GOVERNMENT, REGULATORS, COMMUNITY, CLIENTS, SERVICE PROVIDERS AND MEDIA

| STAKEHOLDER | FREQUENCY | ENGAGEMENT | 2022 KEY MATTERS |
|---|---|---|---|
| Government and regulatory bodies | Periodically, quarterly, bi-annually and annually | Highest standard of compliance with corporate governance principles, legislation and regulations across all entities and to various regulatory bodies.<br><br>Open and transparent communication with all government agencies and regulators. | • Global COVID-19 pandemic created operational challenges as well as required reporting on compliance<br>• Trustco engaged with relevant regulators at all times prior and during this reporting period |
| Community | Daily, weekly, monthly, periodically, quarterly, bi-annually and annually | Charitable donations, community outreach and upliftment programmes, sport development sponsorships. | • Refer to the Adding Value section in this report |
| Clients, service providers and media | Daily, weekly, monthly, periodically, quarterly, bi-annually and annually | Provision and maintenance of service excellence through research of customer expectations and needs, communication *via* call centres, electronic mail and SMS, social media, contact classes and phone calls. Active web and social media interaction to increase visibility (such as Facebook, Instagram, YouTube, and Twitter), Informanté digital news, marketing community related topics and corporate activities, media briefings and information sessions.<br><br>Continuous interaction and service level agreements with service providers. | • Full digital migration to ensure service delivery during the pandemic and thereafter<br>• Active engagement on social media platforms<br>• Reporting material matters to the social and ethics committee<br>• Information and contact sessions<br>• Ongoing education of clientele regarding financial literacy and financial planning<br>• Digital migration provided numerous alternative platforms for interactions with the company |

# REMUNERATION REPORT

## BACKGROUND

Trustco Group Holdings as an investment holding company and its unlisted investee companies, all have their individual remuneration committees. The focus of the holding company is to ensure the growth of its investments to secure sustainable medium- to long-term value creation for all shareholders.

The group remuneration committee (remco) oversees and strives to ensure that the reward practices of the group and its investee companies are sustainable and aligned with shareholders' interests while recognising the lasting contribution of employees to the overall growth of the group. The group remco also provides guidance to the remuneration committees of unlisted investee companies of the larger Trustco group.

The group promotes entrepreneurship and strives to optimise employee performance by providing a working environment conducive to extraordinary performance, characterised by passion and energy that results in a positive contribution to the success of the group and ultimately the economy it operates in.

The individuals the company aims to attract and employ are characterised by intellect, innovation, integrity and initiative, which impart the ability to adapt to an ever-changing work environment and a unique and ethical culture, all of which are crucial to the group's pursuit of excellence.

Trustco Group holds investments in a diverse range of industries. An investment holding company is distinctly different from an operational company and Trustco's investees are separately and independently managed with their own remuneration committees specific to the business and the industry in which they operate. Trustco is committed to invest in companies that act responsibly in respect of fair and responsible remuneration practices to both the employee and the company whilst reporting in a transparent manner. This report contains an overview of some of the remuneration statistics and initiatives undertaken by Trustco as well as its investees and illustrates and gives an overview of the commitment to responsible remuneration and human resources practices.

## REMUNERATION PHILOSOPHY

Trustco's remuneration philosophy ensures that employees are fairly, equitably and responsibly rewarded for their individual value, merit, performance and contribution over a meaningful period to the overall operational and financial success of the group.

The company recognises that lasting growth is what ultimately builds shareholder value and accordingly the remuneration philosophy is used as a management tool that, when aligned with an effective communication plan, is designed to support, reinforce and align values, business strategy, operational and financial needs with a goal of growth, profitability and ultimately the creation of wealth for all stakeholders.

The group is committed to a balanced remuneration philosophy that consists of the following components:

- individual performance related remuneration which positively influences and supports the creation of an exceedingly high performing organisation
- rewarding of sustained performance and exceeded performance expectations through extraordinary increases, bonuses, incentives, additional benefits and company shares
- rewards and recognition in the form of promotions and added responsibility
- providing a balanced mix of remuneration, including above industry average salaries, innovative benefits, short-term cash incentives and long-term retention rewards
- creating a competitive total remuneration opportunity which aids in competing for the best talent locally and abroad among companies with global operations and global consumers
- prudent application of incentive schemes to safeguard and promote shareholder interests and create a direct and recognisable alignment between remuneration and risk exposure
- remuneration practices that are transparent, aligned with strategy and managed to ensure responsible, equal and fair pay
- employee growth and development through measured performance management that is cemented in simplicity, transparency and structured to operate effectively and
- unparalleled working environment where performance is rewarded and linked to achieving demanding performance conditions where employees can fulfil their potential.

## GOVERNANCE OF REMUNERATION

Remuneration is governed by the remco and the remuneration report provides an overview and understanding of Trustco's remuneration principles, policies and practices. The information in this report has been approved by the board on recommendation from the remuneration committee. Detailed information on the roles and responsibilities of the committee can be found in the governance report. Executives attend the meetings by invitation only and in the interest of governance. The executives recuse themselves when the board discusses matters specifically relating to them. The remuneration committee confirms that it has discharged the functions and complied with its terms of reference for the financial period ended August 2022.

## SHAREHOLDER ENGAGEMENT AND VOTING

As prescribed by the Companies Act, King IV and the JSE Listings Requirements, the resolutions that will be tabled for shareholder approval at the AGM can be found in the notice of the AGM of this report.

## SHAREHOLDERS' VOTING RESULTS

| % | '22 | '21 | '20 |
|---|---|---|---|
| REMUNERATION POLICY | 99.94 | 99.61 | 99.49 |
| IMPLEMENTATION REPORT | 99.61 | 99.61 | 99.49 |
| NON-EXECUTIVE DIRECTORS REMUNERATION | 99.94 | 100 | 99.49 |

The voting results indicate support for the remuneration policy and the implementation thereof. No changes were made to the policy.

There was no formal engagement with shareholders on the remuneration policy or implementation report.

## REMUNERATION IMPLEMENTATION REPORT

The group remuneration committee continues to apply the King IV principles to its remuneration practices and disclosures and engages actively with senior executives for advice on local and global remuneration trends. The committee remains confident that the remuneration philosophy of the group as well as its policies are aligned with shareholder values, market best practice and are subject to robust review each year.

## REMUNERATION STRUCTURE

The group rewards and provides a level of compensation that not only attracts and incentivises employees, but also retains and motivates existing employees to reach their full potential.

Remuneration packages are designed and administered to balance and align directors' and employees' interests in relation to those of all stakeholders. Overall rewards are considered and determined within an effective risk management environment in line with short-, medium- and long-term successes, strategies and goals of the group. The group is confident that including equity in performance and retention schemes for employees is the best way to align their interests with the long-term success and strategy of the group, thus creating optimal shareholder value.

The group participates in and makes use of several industry related salary surveys to substantiate its remuneration data and to position itself competitively against comparable peers.

Individual salaries are benchmarked and reviewed internally and externally to ensure fairness and competitiveness.

Benefits and awards are granted on the basis that they aid employee retention and/or provide a resourceful work environment for the employee. The company regularly reviews these benefits for affordability, flexibility and perceived value to employees.

# REMUNERATION REPORT
(CONTINUED)

All deferred awards are restricted and subject to specific long-term approved periods and continued employment.

The basic salary of each employee is reviewed annually on an individual basis. Annual increases are inflation linked based on personal key performance indicators, achieving set individual goals, quarterly employee self-assessments, improved skills or qualifications and market related benchmarking.

### KEY FEATURES OF TRUSTCO'S REMUNERATION POLICY

Trustco rewards and provides a level of compensation that not only attracts and incentivises employees, but also retains and motivates existing employees to reach their full potential.

### KEY FEATURES

| FIXED REMUNERATION | |
|---|---|
| Benchmarking of salaries | √ |
| Commission | √ |
| Lifestyle benefits | √ |
| **RETENTION INCENTIVES** | |
| Short-term incentives | √ |
| Long-term incentives | √ |
| Trustco performance and retention incentive scheme | √ |



### COMPONENTS OF REMUNERATION

#### FIXED REMUNERATION

| | |
|---|---|
| **Participation:** | Executive directors, prescribed officers, management and employees. |
| **Purpose:** | Competitive base salaries to attract and retain top talent. |
| **Performance conditions:** | Annual inflation linked adjustments based on individual performance and key performance indicators aligned with group values and strategic focus areas. |
| **Performance period:** | Ongoing and reviewed on an annual basis. |
| **Salary** | • Guaranteed base salary determined by role, experience, qualifications, responsibilities, skills and industry rates.<br>• The group has a minimum monthly salary of NAD 3 500 per month for a 40-hour work week across all employee levels in Namibia and South Africa which is above industry average minimum wages. |
| **Commission** | Commission on sales performance for monthly sales targets. |
| **Lifestyle benefits** | Friday Afternoons Off Policy, long service appreciation bonuses, corporate wellness programme, shares gift, free parking, transport allowance, in-house training and mentoring, external training, recruitment gift, team building events and flexi time. Certain benefits are applicable to certain job levels and countries only. |

#### VARIABLE REMUNERATION AND REWARDS

| | |
|---|---|
| **Participation:** | Executive directors, prescribed officers, management and employees. |
| **Purpose:** | Short-term incentives encourage and reward the achievement of business targets in the financial year. Long-term incentives retain and align interests of employees with shareholders. |
| **Performance conditions:** | Quarterly and annual allocations based on financial performance targets. |
| **Performance period:** | Ongoing and reviewed annually and on a quarterly basis. |
| **Short-term incentives** | • Short-term cash incentives for quarterly extraordinary sales targets.<br>• Quarterly short-term cash incentives, in terms of the approved Group Performance and Retention Incentive Scheme, with measured and set board approved financial, budget and other operational targets.<br>• Annual increases. |
| **Long-term incentives:** | • Quarterly long-term equity incentives, in terms of the approved Group Performance and Retention Incentive Scheme, with set board approved financial, budget and other operational targets.<br>• Long service appreciation awards at five-year intervals.<br>• Company equity gift to the value of NAD 50 000 for employees with one year of service purchased on behalf of the employee, subject to a five year trading restriction.<br>• A shares-based recruitment gift bought upfront for a new employee on appointment. |
| **Trustco performance and retention incentive scheme** | • The group currently has a 50:50 based incentive and retention scheme. 50% of this incentive is allocated in cash and paid directly to the employee and the remaining 50% is used to purchase Trustco shares for the employee. This incentive scheme aims to retain key skills and to motivate employees over the long-term which is essential for sustainable business. |

# REMUNERATION REPORT
(CONTINUED)

**ANNUAL SALARY INCREASES**

Employees, management and executive directors whose performance is satisfactory and who achieve the minimum requirements as set out in the guidelines for the specific remco approved performance evaluation system that are in force at the time of the increase, receive an annual basic Cost Of Living Adjustment (COLA). The COLA is calculated as the average inflation rate of the preceding 12 months in which an employee is appraised. If it is established that the expected performance of the employee is more than satisfactory and the employee achieves and exceeds the minimum requirements as stipulated in the performance guidelines, standards and procedures that are in force at the time of the increase, an employee may be entitled to receive an above basic COLA increase but limited to a maximum of COLA plus 2%.

The average COLA over the current reporting period ending August 2022 was 3.96% in Namibia.

Due to the protracted adverse economic climate and recession in Namibia, combined with the COVID-19 post-pandemic effects and market conditions, the annual salary increases of all employees remained suspended during the reporting period and will be reviewed during the next reporting period.

## WORKFORCE STATISTICS
## PORTFOLIO COMPANIES AND SHARED SERVICES AS AT 31 AUGUST 2022

### SHARED SERVICES

| Country | Male | Female | TOTAL |
|---|---|---|---|
| NAMIBIA | 25 | 23 | 48 |
| SOUTH AFRICA | 15 | 1 | 16 |

| | | |
|---|---|---|
| TOP MANAGEMENT 10/16% | SENIOR MANAGEMENT 9/14% | MIDDLE MANAGEMENT 13/20% |
| SKILLED 23/36% | SEMI-SKILLED 9/14% | UNSKILLED 0/0% |

TOTAL 64/100%



### INSURANCE

| Country | Male | Female | TOTAL |
|---|---|---|---|
| NAMIBIA | 7 | 39 | 46 |
| SOUTH AFRICA | 1 | 1 | 2 |

| | | |
|---|---|---|
| TOP MANAGEMENT 4/8% | SENIOR MANAGEMENT 1/2% | MIDDLE MANAGEMENT 8/17% |
| SKILLED 5/10% | SEMI-SKILLED 30/63% | UNSKILLED 0/0% |

TOTAL 48/100%

### BANKING AND FINANCE

| Country | Male | Female | TOTAL |
|---|---|---|---|
| NAMIBIA | 10 | 22 | 32 |

| | | |
|---|---|---|
| TOP MANAGEMENT 1/3% | SENIOR MANAGEMENT 3/9% | MIDDLE MANAGEMENT 14/44% |
| SKILLED 2/6% | SEMI-SKILLED 12/38% | UNSKILLED 0/0% |

TOTAL 32/100%

### REAL ESTATE

| Country | Male | Female | TOTAL |
|---|---|---|---|
| NAMIBIA | 40 | 13 | 53 |

| | | |
|---|---|---|
| TOP MANAGEMENT 1/2% | SENIOR MANAGEMENT 2/4% | MIDDLE MANAGEMENT 5/9% |
| SKILLED 0/0% | SEMI-SKILLED 2/4% | UNSKILLED 43/81% |

TOTAL 53/100%

# REMUNERATION REPORT
(CONTINUED)

**EDUCATION**

NAMIBIA 23 25 TOTAL 48

| | | |
|---|---|---|
| TOP MANAGEMENT 1/2% | SENIOR MANAGEMENT 3/6% | MIDDLE MANAGEMENT 16/33% |
| SKILLED 2/4% | SEMI-SKILLED 26/54% | UNSKILLED 0/0% |

TOTAL 48/100%

**RESOURCES**

NAMIBIA 10 1 TOTAL 11

SIERRA LEONE 288 23 TOTAL 311

| | | |
|---|---|---|
| TOP MANAGEMENT 5/2% | SENIOR MANAGEMENT 2/1% | MIDDLE MANAGEMENT 36/11% |
| SKILLED 125/39% | SEMI-SKILLED 50/16% | UNSKILLED 104/32% |

TOTAL 322/100%

**TOP THREE SALARY EARNERS (AS AT 31 AUGUST 2021)**

| EMPLOYEE (MONTHLY EARNINGS) | NAD 2022 | NAD 2021 | % Change |
|---|---|---|---|
| EMPLOYEE 1 | 300 000 | 300 000 | 0% |
| EMPLOYEE 2 | 258 265 | 242 958 | 6% |
| EMPLOYEE 3 | 196 035 | 209 260 | -6% |

### EMPLOYEE WELLNESS
The company remains committed to the continuous investment in the wellbeing of its valued employees and also supports the holistic health and happiness of employees.

### HEALTH AND SAFETY
The group values, provides support and protects the health and safety of its employees.

The occupational health and safety management programme and system across the group and its investee companies is aligned with, operated and maintained according to the local regulatory and legislative requirements. Dedicated occupational health and safety officers manage employee health and safety daily on an ongoing basis.

Health and safety officers who also serve as members of the health and safety committee are stationed in each office building to aid and provide information to employees at any given time.

### COMMUNICATION AND CONSULTATION
The company is committed to and strives to ensure that all employees are heard and maintains an open communication channel environment where employees feel free to raise issues, air concerns and ask any questions.

A key focus area remains to maintain consultation and communication capabilities from the top structure down to employee level. This approach ensures all communication and engagement focuses on driving the behaviours necessary to deliver on strategic business objectives.

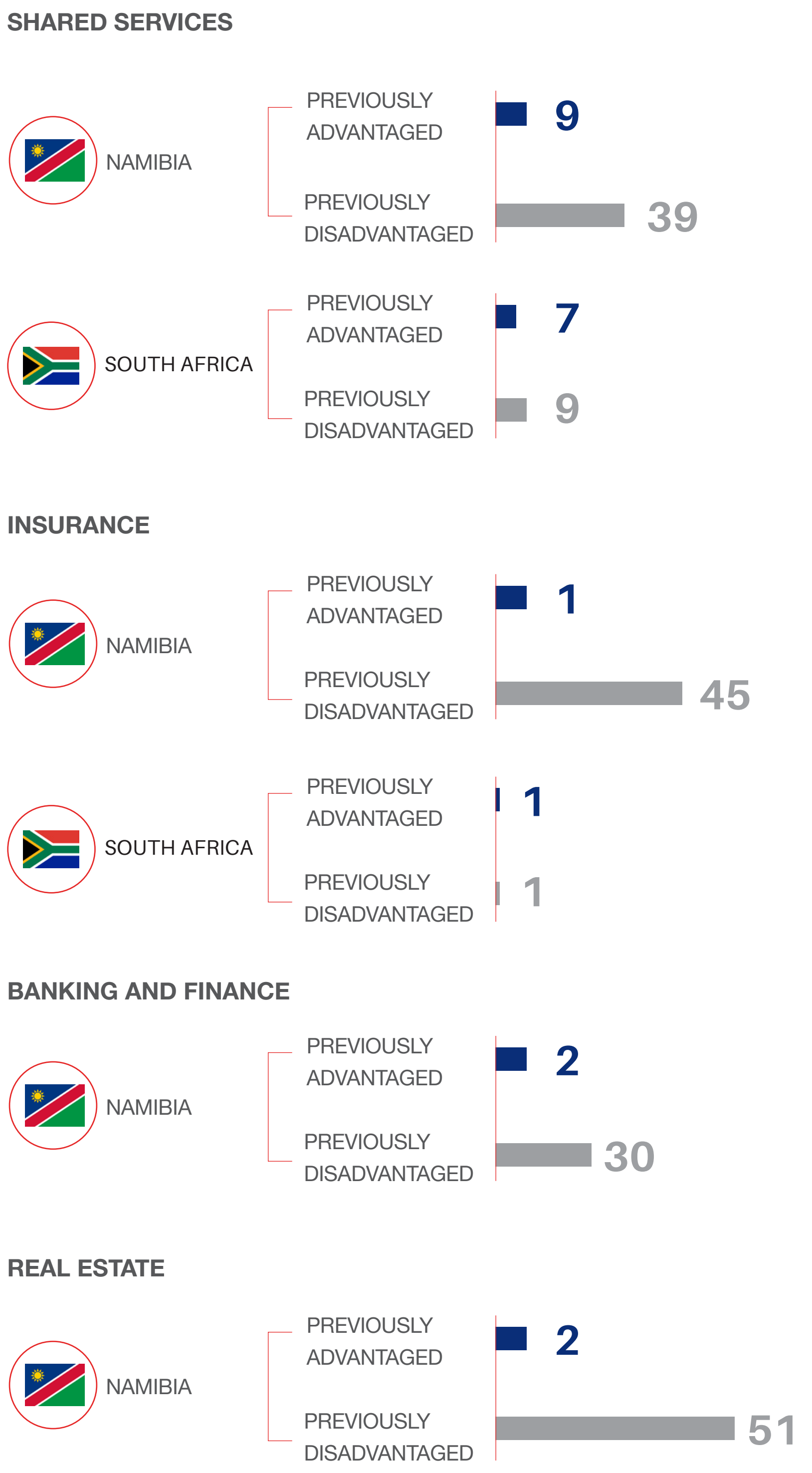
### DIVERSITY AND INCLUSION
The company promotes and values diversity at all levels and strives to eliminate any employment barriers or any other practices and processes which may result in unfair discrimination in any form. The group does not discriminate based on race or gender, therefore there is no pay differentiation.

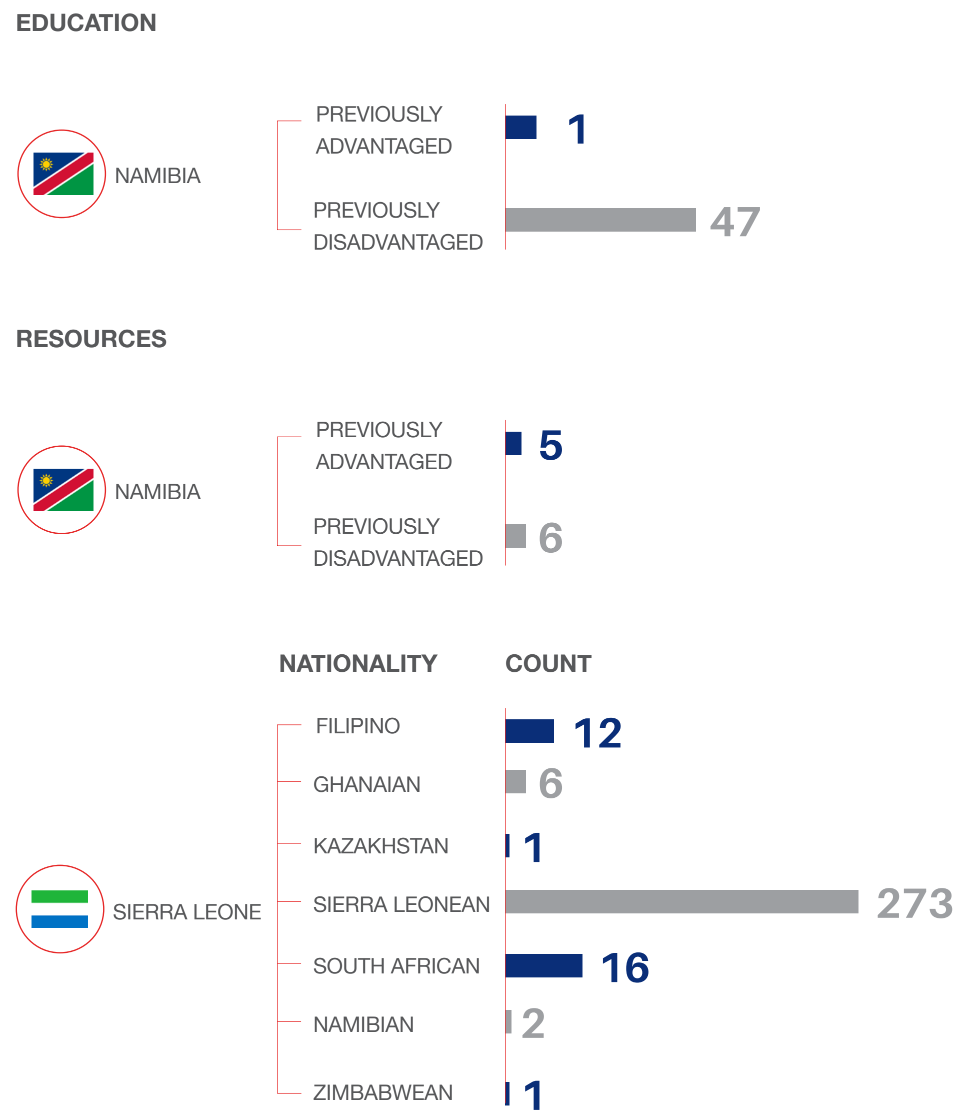
### EMPLOYMENT EQUITY
Employment equity is viewed by the group and its investee companies as an integral component of its overall strategy, from board to employee level, to ensure diversity in the workforce.

The company is committed to maintain a workforce that reflects country demographics in respect of race and gender. Employees are recognised for their intellectual value and commitment as an important component to the success of the group. During the financial period under review the group was issued its compliance certificate from the Employment Equity Commission in Namibia.

# REMUNERATION REPORT
(CONTINUED)

**EMPLOYMENT EQUITY AND EMPOWERMENT**
**PORTFOLIO COMPANIES AND SHARED SERVICES AS AT 31 AUGUST 2022**




**WORKFORCE RESTRUCTURING**
During the reporting period, due to the continued economic downturn in Namibia, a total of twenty six (26) employees were retrenched in the shared services subsidiaries and investee companies. The employees that were affected by the ongoing restructuring processes were treated in accordance with the applicable labour legislation and directives and more beneficial terms than required by the labour act were negotiated, mutually agreed to and executed.

**TRAINING AND DEVELOPMENT**
The internal culture of the group enforces a strong emphasis on leadership, skills development and training. Ongoing and targeted training needs analysis and performance management measures are in place and maintained to ensure and manage sustainable performance of staff.

# REMUNERATION REPORT
(CONTINUED)

In-house training offered to new employees includes the opportunity to unlimited consultation, training, mentoring and advice with any of the senior employees of the group to ensure that the employee will be able to perform at an optimal standard.

The company is also committed to ensuring that a sound balance remains between experience, which is crucial to the operations of the group and opportunities for younger employees. The company takes into consideration that the average life expectancy of individuals is increasing locally and globally and the policy of the group is that the compulsory retirement age for all employees is 60 years, but may be extended beyond the age of 60 up to a maximum age of 70 years.

## LEADERSHIP AND SUCCESSION PLANNING

The company recognises the important role that current leaders play in developing high potential employees for future leadership roles in the company. Succession, skills transfer and development will remain a key focus.

## EXCO SUPPORT GROUP

The exco support executives are employees displaying high potential who are carefully selected and offered special guidance, mentorship and support by the group exco. These support executives are earmarked to join the group exco and provide essential support and advice as well as enhance the skills pool of the exco.

In addition, selected senior employees from investee companies are invited to join the exco support executives' group from time to time for a fixed period, ranging from three to six months or up to a year as decided, depending on mentoring needs. This affords them the opportunity to gain experience at top executive level by attending daily and monthly group exco meetings, coffee tables as well as liaising and working under the daily mentorship of group exco members for the designated period. This mentorship programme serves to ensure that essential boardroom, business and management skills as well as experience are gained by senior management employees of investee companies.

## JUNIOR BOARD MENTORSHIP PROGRAMME

Trustco continued with the junior board mentorship programme which was implemented during 2019. The mentorship programme was initiated to educate and empower young successful Namibian individuals who showed strong leadership qualities, who have impressive curriculum vitae et al, but who lack essential boardroom experience.

The scope of the programme was subsequently broadened to also include identified employees with the same potential within the group. The junior board members receive amongst others training, guidance and mentorship on all aspects of good corporate governance and ethical leadership.

The leadership and talent assessment processes and programmes of the group are continuously reviewed to evolve to more accurately identify high potential employees and potential successors for key positions. The importance of coaching and mentoring is also emphasised as an important capability in any leader, and accordingly managerial employees and senior executives are required to identify successors and transfer skills on an ongoing basis.



## SUSTAINABILITY

The company will;

- maintain objectives set for talent development, succession planning and organisational development to ensure sustainable growth as well as to remain an employer of choice;
- continue to identify opportunities to improve people management as well as optimise best practices to ensure employee productivity with optimum employee morale;
- continue to focus on paying remuneration packages that are competitive to attract, motivate and retain top performers who deliver sustainable results;
- strengthen its succession plan and broaden the diversity of its potential successors' list; and
- continue to enhance HR support systems and procedural effectiveness to leverage HR analytics to enhance employee productivity and engagement.

## NON-EXECUTIVE DIRECTORS

Non-executive directors' fees are reviewed annually by remco with the assistance of executive management and after review recommended to the board for endorsement. The proposed fees are submitted at the AGM for shareholder approval. Market benchmarks among companies of similar size and complexity are researched and considered. In addition, non-executive directors are reimbursed for travel expenses on official business. Non-executive directors do not participate in the company's variable pay plans in order to maintain independence.

The non-executive directors do not have employment agreements with the company as their appointments are made in terms of the company articles of association and were confirmed initially at the first AGM of the group, following their appointment and thereafter on rotation.

## EXECUTIVE DIRECTORS' REMUNERATION

Executive directors and prescribed officers have permanent employment contracts with the group. The contracts prescribe notice periods in terms of applicable labour legislation and include restraint of trade clauses. Performance measures are in place and any awards or incentives are subject and conditional to stretch performance targets for the group. The conditions are measured over three-year or five-year periods and commensurate with the financial years of the group. Base salary adjustments are done annually based on inflation and linked to individual performance. Senior executives and directors' performance conditions and awards are reviewed by the group remco and recommended to the board for ratification.

The executive director's annual salary increases, which were suspended with effect 1 April 2020, remained suspended during the reporting period and will be reviewed during the next reporting period.

## GROUP MD AND DEPUTY CEO

Dr Q van Rooyen, the group CEO and MD, is remunerated in terms of a management agreement between Trustco and Next Capital Ltd (Next), of which Dr van Rooyen is the sole shareholder. Mr QZ van Rooyen, the deputy CEO of the group and Mr L van Rooyen, CEO of the real estate investee, are also remunerated by Next.

# REMUNERATION REPORT
(CONTINUED)

Next previously had a management agreement with Trustco which expired on 31 March 2021. In terms of this management agreement, Next was remunerated on the following basis:

- 0.5% of the turnover of the group
- 1% of the headline earnings of the group and
- 1% of the basic earnings of the group.

If these targets were not met, the management fee would be halved, while if growth exceeds the average inflation rate of Namibia plus 5%, the management fees were doubled. Inflation in Namibia was recorded at 2.3% for the period to 31 March 2021 (30 September 2021: 2.8%)

Next has entered into a new management agreement with Trustco in terms of which a management fee will be earned on annual performance of the group on the following measurements:

## CORPORATE PERFORMANCE METRICS

| MEASURE | GROWTH TARGET | COMPENSATION |
|---|---|---|
| Total income per share | > Namibian CPIX + 5% | 1% of total income |
| Adjusted earnings per share | > Namibian CPIX + 5% | 2% of adjusted earnings |
| Cash generated from operations after working capital changes | > Namibian CPIX + 5% | 2% of cash generated from operations after working capital changes |
| Net Asset Value per share | >Namibian CPIX + 5% | 2% per annum of net asset value after reaching a floor of NAD 2 731 222 000 |

* CPIX in Namibia was recorded at 5% for the period 31 August 2022.
* Adjusted earnings mean the simple average of headline earnings and basic earnings of the group excluding management fees.



## SHAREHOLDER RETURN BASED METRICS

If the share price of a Trustco share remains at the agreed levels set out below for a period of at least 90 days on a Volume Weighted Average Price (VWAP) basis and subject to high water mark principles, a once off payment in Trustco shares will be effected per category of share price target reached as set out below:

| SHARE PRICE | EQUIVALENT MARKET CAPITALISATION | COMPENSATION (ONCE OFF SHARE PAYMENT PER CATEGORY REACHED) |
|---|---|---|
| NAD 9.75 | 15.7 billion | 4 040 096 Trustco Shares |
| NAD 15.00 | 24.4 billion | 5 656 135 Trustco Shares |
| NAD 19.00 | 30.7 billion | 7 272 174 Trustco Shares |
| NAD 25.00 | 40 billion | 8 888 212 Trustco Shares |
| NAD 30.00 | 50 billion | 10 504 251 Trustco Shares |
| For each +25% share issued price increase above NAD 30.00 | Various | +25% from previously number of shares |

## PLEDGE OF ASSETS, SURETIES AND GUARANTEES PROVIDED

- 1.5% per annum of the value of assets pledged during the Measurement Period;
- 1.5% per annum of value of sureties and guarantees provided as well as subordination of loans, during the Measurement Period.

This agreement is subject to shareholders approval, which will be the closing date. The effective date of the new management agreement is 1 April 2021 irrespective of the closing date and will continue for a fixed period of 10 years from the effective date.

# REMUNERATION REPORT
(CONTINUED)

## BOARD REMUNERATION

The tables below present the detail of the remuneration and fee structure of executive directors, non-executive directors and prescribed officers in 2022 and 2021.

### BOARD REMUNERATION 2022
### FOR THE 12 MONTH PERIOD (TO 31 AUGUST 2022)

**FIGURES IN NAMIBIA DOLLAR THOUSAND**

| | FEES | BASIC | BONUS | SHARES | BENEFITS | TOTAL |
|---|---|---|---|---|---|---|
| **HOLDING COMPANY DIRECTORS** | | | | | | |
| **NON-EXECUTIVE DIRECTORS** | | | | | | |
| **AND BOARD COMMITTEE MEMBERS** | | | | | | |
| ADV R HEATHCOTE | 539 | - | - | - | - | 539 |
| R TALJAARD | 305 | - | - | - | - | 305 |
| W GEYSER | 546 | - | - | - | - | 546 |
| R MARNEY (RESIGNED 5 AUGUST 2022) | 476 | - | - | - | - | 476 |
| T NEWTON (APPOINTED 1 FEBRUARY 2022)** | 117 | - | - | - | - | 117 |
| R CHETWODE (APPOINTED 1 FEBRUARY 2022)** | 117 | - | - | - | - | 117 |
| J VAN DEN HEEVER (APPOINTED 1 NOVEMBER 2021) | 202 | - | - | - | - | 202 |
| **TOTAL** | **2 302** | **-** | **-** | **-** | **-** | **2 302** |
| **EXECUTIVE DIRECTORS** | | | | | | |
| DR Q VAN ROOYEN* | - | - | - | - | - | - |
| FJ ABRAHAMS | - | 2 353 | - | - | 476 | 2 829 |
| Q Z VAN ROOYEN* | - | - | - | - | - | - |
| | **-** | **2 353** | **-** | **-** | **476** | **2 829** |
| **INVESTEE COMPANY DIRECTORS** | | | | | | |
| **NON-EXECUTIVE DIRECTORS** | | | | | | |
| B SIMILO | 247 | - | - | - | - | 247 |
| J VAN DEN HEEVER | 231 | - | - | - | - | 231 |
| R CHETWODE | 307 | - | - | - | - | 307 |
| R TALJAARD | 393 | - | - | - | - | 393 |
| T NEWTON | 339 | - | - | - | - | 339 |
| W GEYSER | 713 | - | - | - | - | 713 |
| **TOTAL** | **2 230** | **-** | **-** | **-** | **-** | **2 230** |
| **GRAND TOTAL** | **4 532** | **2 353** | **-** | **-** | **476** | **7 361** |

* Refer to note 30 in the consolidated financial statements

** Mr T Newton and Mr R Chetwode serve on the Trustco board committees and also as independent non-executive directors on investee entities.



### BOARD REMUNERATION 2021
### FOR THE 11 MONTH PERIOD (TO 31 AUGUST 2021)

**FIGURES IN NAMIBIA DOLLAR THOUSAND**

| | FEES | BASIC | BONUS | SHARES | BENEFITS | TOTAL |
|---|---|---|---|---|---|---|
| **HOLDING COMPANY DIRECTORS** | | | | | | |
| **NON-EXECUTIVE DIRECTORS** | | | | | | |
| ADV R HEATHCOTE | 526 | - | - | - | - | 526 |
| R TALJAARD | 281 | - | - | - | - | 281 |
| W GEYSER | 283 | - | - | - | - | 283 |
| R MARNEY (APPOINTED 25 MARCH 2021) | 76 | | | | | 76 |
| **TOTAL** | **1 166** | **-** | **-** | **-** | **-** | **1 166** |
| **EXECUTIVE DIRECTORS** | | | | | | |
| DR Q VAN ROOYEN* | - | - | - | - | - | - |
| FJ ABRAHAMS | - | 2 157 | - | - | 510 | 2 667 |
| Q Z VAN ROOYEN* | - | - | - | - | - | - |
| **TOTAL** | **-** | **2 157** | **-** | **-** | **510** | **2 667** |
| **SUBSIDIARY COMPANY DIRECTORS** | | | | | | |
| **NON-EXECUTIVE DIRECTORS** | | | | | | |
| W GEYSER | 1 181 | - | - | - | - | 1 181 |
| R TALJAARD | 706 | - | - | - | - | 706 |
| T NEWTON | 378 | - | - | - | - | 378 |
| B SIMILO | 155 | - | - | - | - | 155 |
| J VAN DEN HEEVER | 331 | - | - | - | - | 331 |
| R CHETWODE | 301 | - | - | - | - | 301 |
| **TOTAL** | **3 052** | **-** | **-** | **-** | **-** | **3 052** |
| **EXECUTIVE DIRECTORS** | | | | | | |
| E JANSE VAN RENSBURG | - | 1 610 | - | - | 97 | 1 707 |
| A LAMBERT | - | 836 | | - | 53 | 888 |
| I CALITZ | - | 887 | - | - | 66 | 953 |
| A BRAND | - | 970 | - | - | 55 | 1 025 |
| IBRAHAM SORIE KAMARA | | 2 673 | - | - | - | 2 673 |
| J JOUBERT | 3 300 | - | - | - | - | 3 300 |
| M ERASMUS | - | 1 550 | - | - | 106 | 1 657 |
| T SLABBERT (RESIGNED 31 DECEMBER 2020) | - | 373 | - | - | 7 | 380 |
| **TOTAL** | **3 300** | **8 899** | **-** | **-** | **384** | **12 583** |
| **GRAND TOTAL** | **7 518** | **11 056** | **-** | **-** | **894** | **19 468** |

* Refer to note 30 in the consolidated financial statements

4

CHAPTER



4

# GROUP FINANCIAL STATEMENTS

# GROUP FINANCIAL DIRECTOR'S REPORT

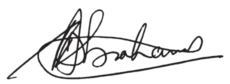
### FINANCIAL OVERVIEW

The world economic situation is currently complex and dynamic. On one hand, the ongoing conflict in Ukraine has led to rising inflation, with prices for goods and services increasing at a faster rate than wages. This has made it more difficult for households and businesses to maintain their purchasing power and has led to increased uncertainty in financial markets. On the other hand, the local economy in Namibia has been showing signs of improvement due to recent oil finds. The oil discovery is expected to lead to increased investments and job opportunities and will boost economic growth. Despite the challenges facing the global economy, Namibia's improving economic prospects offer a glimmer of hope for the future.

Trustco's financial statements are also currently complex and dynamic. With effect from 1 September 2021, Trustco Group, in consultation with its professional advisors, concluded that it complies with the exception to IFRS 10, whereby investment entities are exempted from consolidation. Trustco had partly commenced with this transition in 2017, when it first sold a minority stake in part of its financial services portfolio. As a result, the group transitioned from only managing fully owned and operated businesses, to evaluating each business portfolio for its investment returns to shareholders instead. Trustco's change in its business purpose from a permanent investor to a medium-to-long term investor is aligned with the change in strategic direction of the company which has been implemented with effect from September 2021.

Trustco's strategic direction of value creation through capital appreciation, investment income or both is defined in accordance with its formalised investment policy and investment charter, as adopted by the board of directors in September 2021 and directed by the investment committee. Trustco formalised exit strategies for its debt and equity instrument further align with its investment strategies to create value through capital appreciation, investment income or both. This has resulted in Trustco as an entity having to value its portfolio of investments in terms of IFRS 13. Valuations were done using combinations of various approaches most notably the income approach, with differing discount rates relative to the portfolio companies' activities, all applied from market participants' perspective.

It is important to note that due to this change in accounting practices, the financial statements for the current year are not directly comparable to those of the prior year. As a result, it is important for investors and



**FLOORS ABRAHAMS**
EXECUTIVE DIRECTOR AND
GROUP FINANCIAL DIRECTOR

stakeholders to carefully review and understand the impact of this change in accounting practices when analysing the financial performance of the company. As a result of the above, Net Asset Value for the group increased from NAD 397 million to NAD 1 834 million, up by 361%. Earnings for the year similarly increased by 276% to a profit of NAD 1 437 million from a loss of NAD 815 million in the previous year.

### INVESTMENTS OVERVIEW

The investments in the banking and finance, insurance, education, real estate and resources portfolios, as well as their corresponding returns, are described in more detail elsewhere in this integrated report. The value creation through capital appreciation and investment income from these investments are the drivers of the company's overall financial performance. Trustco has worked hard to achieve strong returns in these portfolios while also managing risk.

The financial statements provide detailed information about these investments. We encourage all stakeholders to review this information to gain a complete understanding of the company's investment strategy and performance.

During the year the resources portfolio engaged a consortium of diamond investors to dilute from its existing equity interest in Meya Mining Ltd in order to unlock the inherent value within the resources portfolio. This follows from the previous potential investor having to withdraw from the transactions entered into during Q4 of 2021, following from the ongoing events in Ukraine. It is this initial decision to divest from Trustco's largest asset, by value, during September 2021 that triggered the requirement to reassess Trustco's reporting in accordance with the financial reporting framework, specifically IFRS 10.

### RESTATEMENT

Following a JSE proactive monitoring process, the ruling of the Financial Services Tribunal and the judgement of the North Gauteng High Court of the Republic of South Africa, these financial statements have been restated on instruction of the JSE.

The JSE determined that the recognition of certain waivers of shareholder loans in profit or loss was not compliant with IFRS and therefore should be corrected and instead be recognised in equity as these were transactions with equity holders in that capacity. The JSE further determined that Trustco should not have reclassified certain phases of the Elisenheim development from inventory to investment property and that these should have remained classified as inventory.

In terms of the accounting applied by Trustco with respect to the loan waivers, the recognition of a gain through profit or loss had triggered the earnout provision under the Huso Transaction. As such, Trustco issued TTO shares to associates of Dr Q Van Rooyen (Dr van Rooyen) and Next Capital Ltd (Next).

The restatement decision of the JSE, as described above, has the effect that the earnout under the Huso Transaction is not triggered and therefore no shares should have been issued. To comply with the JSE's restatement decision, the following corrective actions were required and have been applied:

- Reversing the NAD 545.6 million (FY2019) gain on the waiver of shareholder's debt previously recognised in profit or loss.
- Reversing the NAD 1.0 billion (FY2020) gain on the waiver of shareholder's debt previously recognised in profit or loss.
- Reversing the reclassification of the Elisenheim Property Development properties from investment property to inventory, consequently reversing the FY2019 NAD 693 million gain (presented as revenue of NAD 984 million and cost of sales of NAD 291million) from profit or loss.
- Reversing fair value adjustments against the Elisenheim Property Development properties whilst they were classified as investment properties represented a loss of NAD 200 million (FY2020) and a loss of NAD 69 million (FY2021).
- Reversing management fees accrued to Next due to revenue, profit and headline earnings reduction. The fees were previously recognised as an expense of NAD 35.5 million (FY 2019), NAD 21.0 million (FY2020) and NAD 1.6 million (FY2021).
- Reversing VAT recognised on management fees paid to Next, which was previously identified as NAD 5.3 million (FY 2019), NAD 3.2 million (FY2020) and NAD 0.2 million (FY2021).

It was noted by the board that its initial decision to accept the loan waivers had been made in the bona fide belief that it would result in an issue of shares under the Huso Transaction earnout triggers, and it was also clear to it that the offer to waive the loans was made on the same understanding. This understanding was confirmed after consultation with its IFRS advisers and also passed review by the auditors, who did not issue any related qualifications for the periods in which these transactions were accounted for as understood by Trustco.

The board has taken legal advice and based on that, concluded that the legal effect of implementing the JSE's instruction is that both the loan waiver transactions should be reversed and that the parties must be reinstated in their original positions as if the loan waivers and the resultant benefits derived therefrom, never occurred.

Based on legal advice, and to give effect to these consequential effects of the JSE restatement decision, the following further adjustments have been applied by the board to the restatement:

- Reversing shares issued to Next and its associates in the 2020 reporting period in terms of the earnout mechanism of the Huso Transaction. The reversal resulted in the reinstatement of shares for vendors of NAD 2.3 billion.
- Reinstatement of the loans of NAD 1.5 billion in favour of Next on the same terms and conditions as had applied prior to the waivers.
- Next has deferred the charging of any interest circa NAD 400 million of the re-instated loans, until discussions with the board, together with its European and African Group of International Funders, have been concluded.
- Next will also be entitled to a payment of NAD 2.9 billion if the earnout targets of the Huso transaction are met before the FY2028.

The restatements relate to financial reporting periods before the current period and affect the financial position and associated financial performance for the periods ending 31 March 2019, 30 September 2020, and 31 August 2021. The board, while complying with the rule of law, has no option but to comply with the JSE's instruction and to deal with the consequences thereof at the time of publishing the current annual financial statements despite pending appeal proceedings. Should Trustco succeed on appeal, these issues may have to be revisited.

Nexia SAB&T, the group's JSE accredited external auditors, continued in office for the reporting period.

### DIVIDENDS

During the period under review, no dividend declaration for the financial period ended 31 August 2022 was made by the board.

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of Namibia and South Africa to maintain adequate accounting records and are responsible for the content and integrity of the separate and consolidated financial statements (herein after referred to as "financials 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 company and the group at the end of the reporting period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements have been prepared in accordance with all applicable IFRS as issued by the International Accounting Standards Board (IASB), interpretations as issued by the IFRS Interpretations Committee (IFRIC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements (LR) of JSE Limited (JSE) and Namibia Stock Exchange (NSX) and in the manner, as required by the Companies Act of Namibia and South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The financial statements incorporate full and responsible disclosure in line with the company's and the group's philosophy on corporate governance.

The directors acknowledge that they are ultimately responsible for the system of internal financial control as established by the company and the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board has set 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 as well as adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and the group and all employees are required to maintain the highest ethical standards in ensuring the company's and the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the company and the group. While operating risk cannot be fully eliminated, the company and the group endeavours to mitigate and 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 are responsible for implementing controls and security to maintain the integrity of the group's website. The directors of the group are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders. The board of directors is also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss.

The systems are implemented and monitored by experienced personnel.

The directors have reviewed the company's and the group's cash flow forecast for the 12 month period ended 31 August 2023 and, in light of this review and the current financial position, they are satisfied that the company and the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the financial statements. The company's and the group's external auditors have examined the financial statements and their report is presented on pages 78 to 83.

The financial statements are set out on pages 90 to 223, which have been prepared on a going concern basis, were approved by the board and were signed on their behalf by:

**ADV RAYMOND HEATHCOTE SC**
CHAIRMAN OF THE BOARD
WINDHOEK
28 FEBRUARY 2023

**DR QUINTON VAN ROOYEN**
GROUP MANAGING DIRECTOR AND CEO
WINDHOEK
28 FEBRUARY 2023

# AUDIT AND RISK COMMITTEE'S CERTIFICATION

In fulfilling their duties and responsibilities as required, the audit and risk committee (ARC) performed and fulfilled its responsibilities and duties during the reporting period and has provided the following statement:

- The independence of the external auditors: Nexia SAB&T.
- The ARC considered and is satisfied that the external audit firms are independent of Trustco.
- For any non-audit services to be performed by the external auditors, the nature and extent thereof are submitted to the ARC before the commencement of any non-audit services for consideration and approval.
- Trustco has an auditor rotation policy in place and the tenure of the external audit firm and the rotation of the designated external audit partner were considered. The current external auditors of Trustco and the designated external audit partner are currently in their third year.
- There have been no significant changes to the management of Trustco during the external audit firms' tenure which may mitigate the attendant risk of familiarity between the external auditor and management.
- The ARC considered and addressed the significant matters in relation to the annual financial statements, specifically relating to the proactive monitoring of the JSE.
- The ARC considered and was satisfied with the quality of the external audit, with reference to the audit quality indicators and inspection reports issued by the external audit regulators.
- The ARC was satisfied that appropriate financial reporting procedures exist and are effective. The ARC has access to all the financial information of the issuer to allow the company to effectively prepare and report on the financial statements.
- The ARC considered and was satisfied with the effectiveness of the chief audit executive and the internal audit function. The ARC approved the internal audit plan for the reporting period.
- The ARC considered and reviewed the effectiveness of the design and implementation of internal financial controls. The ARC, on the recommendation of the internal audit department, identified any significant weaknesses in the design, implementation or execution of internal financial controls and implemented mitigating policies and procedures. There were no cases of material financial loss, fraud, corruption or errors.
- The ARC considered the effectiveness of the group financial director and the group's finance function and found it sufficient.
- The ARC viewed and considered the combined assurance of the various external auditors through various jurisdictions and found it effective. The rotation and the appointment of the Namibian auditors remain ongoing.
- All significant and material transactions were analysed with senior financial management and ARC engaged with experts on the subject matters.
- The ARC considered all interpretations and interrogations of IFRS in relation to complex non-routine transactions and obtained advice from JSE accredited IFRS advisors.
- The ARC reviewed the financial statements and the integrated annual report.
- The ARC considered and discussed the assumptions and principles used in fair value determinations.
- The ARC executed its responsibilities pursuant to paragraph 22.15 (h) of the JSE LR during the reporting period.

**WINTON GEYSER**
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE
AND INDEPENDENT NON-EXECUTIVE DIRECTOR
28 FEBRUARY 2023



# COMPANY SECRETARY'S CERTIFICATION

Declaration by the company secretary.

Komada Holdings (Pty) Ltd, being the company secretary of Trustco Group Holdings Ltd and its subsidiaries as well as the investment entities of the group certify that, save for Trustco Group Holdings Ltd all annual duties have been paid to the Business and Intellectual Property Authority of Namibia (BIPA) and are up to date. The outstanding annual duties of Trustco Group Holdings Limited would be addressed in conjunction with the restatement and subsequent return and cancellation of the shares. This will have an impact on the annual duties payable by Trustco Group Holdings Ltd and will be addressed in due course.

**KOMADA HOLDINGS (PTY) LTD**
COMPANY SECRETARY
28 FEBRUARY 2023

# CHIEF EXECUTIVE OFFICER'S AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

Each of the directors, whose names are stated in this report, hereby confirm that:

The annual financial statements, set out from page 90 to 223, fairly present in all material respects the financial position, financial performance, changes in equity and cash flows of the company in terms of IFRS.

To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading.

Internal financial controls have been put in place to ensure that material information relating to the group and company has been provided to effectively prepare the annual financial statements of the group and company.

The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors, with the primary responsibility for implementation and execution of controls.

Where we were not satisfied, we have disclosed to the ARC and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls.

We are not aware of any fraud involving directors.

**DR QUINTON VAN ROOYEN**
GROUP MANAGING DIRECTOR AND CEO
WINDHOEK
28 FEBRUARY 2023

**FLOORS ABRAHAMS**
EXECUTIVE DIRECTOR AND
GROUP FINANCIAL DIRECTOR
WINDHOEK
28 FEBRUARY 2023

# INDEPENDENT AUDITOR’S REPORT

**TO THE SHAREHOLDERS OF TRUSTCO GROUP HOLDINGS LIMITED**

Report on the Audit of the Consolidated and Separate Financial Statements

**OPINION**

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited and its subsidiaries (the group and company) set out on pages 90 to 222, which comprise the consolidated and separate statement of financial position as at 31 August 2022, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trustco Group Holdings Limited and its subsidiaries (the group and company) as at 31 August 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

**BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN**

We draw attention to note 38 of the consolidated and note 29 of the separate financial statements, which indicates that the group and company’s current liabilities exceeded its current assets by NAD 570 million and NAD 454 million respectively, with total assets exceeding total liabilities by NAD 1 834 million and NAD 1 960 million respectively. As stated in note 38 of the consolidated and note 29 of the separate financial statements, these events or conditions, along with other matters as set forth in note 38 of the consolidated and note 29 of the separate financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern.

We have considered the adequacy of the disclosures made in note 38 of the consolidated and note 29 of the separate financial statements concerning the group and company’s ability to continue as a going concern and we assessed the solvency and liquidity of existing assets.

Our opinion is not modified in respect of this matter.

**EMPHASIS OF MATTER**

**RESTATEMENT**

We draw attention to note 43 of the consolidated and note 30 of the separate financial statements which describes the effect of the restatements made on the 31 August 2021 and 30 September 2020 financial statements following the JSE proactive monitoring process. As part of our audit of the consolidated and separate financial statements for 31 August 2022, we also audited the adjustments described in note 43 of the consolidated and note 30 of the separate financial statements that were applied to the 31 August 2021 and 30 September 2020 financial statements.

Our opinion is not modified in respect of this matter.

**HELIOS ORYX LIMITED LITIGATION**

We draw attention to note 40 of the consolidated and note 26 of the separate financial statements, which describes the ongoing litigation with Helios Oryx Limited relating to the facility agreement entered into between the parties amounting to NAD 414 million as at 31 August 2022, as well as the security provided against the facility.

Our opinion is not modified in respect of this matter.

**COMPANY FINANCIAL STATEMENTS**

We draw attention to note 1.2 of the separate financial statements, which refers to the purpose of preparing the company financial statements. The financial statements have been prepared solely for the purpose of complying with the JSE Listings Requirements. The company’s statutory financial statements are to be prepared in compliance with the Companies Act and the relevant filing requirements of Namibia, where the company is incorporated and legally domiciled.

Our opinion is not modified in respect of this matter.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

# INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|

**Accounting for the transition to investment entity classification in terms of IFRS (Consolidated and separate financial statements)**

The key audit matter relates to both the consolidated and separate financial statements.

With effect from 1 September 2021, the company transitioned to an investment entity in terms of IFRS 10: Consolidated Financial Statements ("IFRS 10").

From this date the company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide services related to the company's investment activities) and to instead carry its net investments in the subsidiaries' debt and equity at fair value, with subsequent changes in fair value being recognised in profit and loss.

An investment entity is typically an entity that
- obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

During the year the company implemented certain key investment management processes, policies and principles and undertook certain key strategic decisions as disclosed in note 1.2.1.1(A) of the accounting policies, which resulted in the group reassessing whether it meets the requirements of an investment entity in terms of IFRS 10.

The performance of the company's investment portfolio is measured with reference to the fair value of such investment (i.e. sum-of-the-parts ("SOTP") value) rather than the consolidated profitability of the companies (i.e. recurring earnings) with effect from 01 September 2021.

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. On such date the group's existing subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide services related to the company's investment activities) were deemed to be disposed of and re-acquired at fair value, with the resultant NAD 3.3 billion gain for the group and NAD 2.9 billion gain for the company recognised in the statement of profit or loss and other comprehensive income as a non-headline item. These investments were subsequently measured at fair value through profit and loss for the entire year under review.

The transition to investment entity classification in terms of IFRS 10 is deemed to be a matter of most significance to our year end audit due to the following:
- Complexity involved in the determination of the classification as an investment entity: and
- The significance of the impact of the transition on the consolidated and separate financial statements of the company.

Making use of our accounting expertise, we assessed whether the company meets the criteria of an investment entity, in terms of IFRS10, by performing the following procedures:

- Assessed the company's controls relating to the investment entity status, including assessing the design and implementation of key controls that monitored this key judgement;
- We obtained management's assessment of the transition to investment entity classification in terms of IFRS 10 and agreed their fact pattern to the criteria as included in IFRS 10;
- We inspected the company's share register to determine the number of shareholders and confirm whether there are significant related shareholders. Where significant related party shareholders were identified we assessed the relationship between these related party shareholders, the company, group entities and its investees in order to determine whether transactions between the related party shareholders, the company, group entities and investees are on terms which are not unavailable to unrelated investors;
- Verified that the company holds more than one investment;
- We inspected communication for evidence that the company identifies itself as an investment entity that monitors performance of the underlying investments on a fair value basis;
- We inspected board and investment committee minutes for the tabling and discussion of the fair value of investments at each board and investment committee meeting;
- We inspected the board and investment committee minutes for evidence that the board and investment committee formalised exist strategies for its debt and equity investments and that the board and investment committee continuously consider the possible exit strategies;
- Inspected the group structure and assessed based on our understanding of the nature of the entities to determine which entities should be carried at fair value and which entities should be consolidated;
- Confirmed the investment related business activities of the company and its consolidated subsidiaries does not result in a separate business activity for the group;
- We obtained the journals for the transition to investment entity, effective 01 September 2021 and performed the following:
  - Agreed the 01 September 2021 opening balances of the underlying investments' assets and liabilities to the audited balances as at 31 August 2021;
  - Agreed the fair value of each investment as at 01 September 2021 to the audited SOTP; and
  - We recalculated the net gain upon deemed disposal and reacquisition of investments on 01 September 2021. We noted no material differences to management's calculations.



| KEY AUDIT MATTER | HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER |
|---|---|

**Valuation of unlisted investments in portfolio companies (Consolidated and separate financial statements)**

The key audit matter relates to both the consolidated and separate financial statements.

The group and company holds a number of unlisted investments, which are measured at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. This is as a result of the group and company being classified as an investment entity, in line with IFRS 10.

The fair value of these unlisted investments for the group and company as at 31 August 2022 is NAD 3.6 billion.

The group and company applies various methodologies to determine the fair value of the investments in accordance with IFRS 13: Fair Value Measurement. The primary valuation models utilised for valuing unlisted investments is the discounted cash flow model (income approach).

The key assumptions applied in the determination of the discounted cashflow value is the discount rates, revenue growth rates, inflation rates and terminal growth rates.

Where management valued unlisted investments with reference to its net asset value, such net asset value was largely supported by property valuations.

We considered the fair value of the underlying unlisted investments to be a matter of most significance to the current year audit due to:
- the significance of the unlisted investments in portfolio companies in relation to the consolidated and separate financial statements; and
- the degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments in portfolio companies.

In evaluating the valuation of unlisted investments in portfolio companies, we assessed the reasonability of judgements, estimates and inputs used in the respective valuations.

Our audit procedures included, amongst others, the following:

- Tested the design, implementation and operating effectiveness of the key controls operating in the valuation process. This included assessing the approval by the board of directors and audit and risk committee who consider the final valuations of unlisted investments and related inputs used in such valuations;
- Engaged our independent third-party valuation specialists who tested the principles, assumptions, methodology and integrity of the valuation approach applied to the resources portfolio;
- Assessed, tested and challenged management's estimates and assumptions and considered relevant contradictory evidence in determining the key assumptions applied during the valuation process. These include assessment of key assumptions and estimates such as discount rates, revenue growth rates, inflation rates and terminal growth rates across the various portfolio investments to comparable peer companies where possible;
- Confirmed the independent third party offer value which was utilised as a basis for the fair value determination of the resources portfolio investments and considering the requirement to make adjustments to the offer to determine a fair value in accordance with IFRS 13;
- Performed an independent secondary analysis of the discounted cashflow valuations for certain unlisted investments using market multiples such as Price-to-Book or Price-to-Earnings multiples in order to corroborate discounted cashflow valuations;
- Compared the net asset value from the audited financial results of the financial services and real estate portfolios where possible, to the discounted cashflow valuations in order to corroborate those valuations further;
- We independently considered any further adjustments made to valuations (such as discounts for minority/controlling stake and marketability);
- Tested the mathematical accuracy and logic of the calculations;
- Independently recalculated the fair value of the material properties;
- Performed a sensitivity analysis considering the impact of changes to key inputs; and
- Considered the appropriateness of the disclosures made.

# INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

### OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Trustco Group Holdings Limited Integrated Annual Report and Audited Financial Statements 2022", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa and the CEO and CFO Responsibility Statement on Internal Financial Controls as required by the JSE Limited Listings Requirements, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and/or company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Trustco Group Holdings Ltd for 3 years.

NexiaSAB&T

**NEXIA SAB&T**
**Director: J. Engelbrecht**
Registered Auditor
28 February 2023
119 Witch-Hazel Avenue, Highveld Technopark, Centurion

# DIRECTORS' REPORT

The directors have the pleasure of submitting their report on the consolidated financial statements and separate financial statements of Trustco Group Holdings Ltd (Trustco) for the period ended 31 August 2022.

**1. NATURE OF BUSINESS**

Trustco, being an investment entity, offers exposure to a diversified range of investments through its investee portfolios. Trustco, together with its consolidated shared services subsidiaries, aim to provide its investors with returns in a form of capital appreciation and investment related income.

**2. FINANCIAL RESULTS**

The financial results of the group for the reporting period are reflected in the consolidated financial statements set out on pages 90 to 181 and the company's separate annual financial statements set out on pages 184 to 223.

The consolidated profit after tax for the group for the 12 months ended 31 August 2022 was NAD 1.4 billion (loss after tax for the group for the 11 months ended 31 August 2021: NAD 917 million).

**3. SHAREHOLDERS' VALUE**

Based on these results, the shareholders' value of the group at 31 August 2022 is NAD 1.8 billion (2021: NAD 397 million).

The directors are confident that this value will show growth for the foreseeable future and beyond.

**4. DIVIDENDS**

No dividends were declared by Trustco during the reporting period, nor were any dividends declared during the previous 11 months ended 31 August 2021. The directors will reassess the dividend declaration at the time of the half-year 2023 results publication. The cash reserves of the group will be applied to the capitalisation of the group.

**5. BORROWINGS**

The borrowings of the group are within limits set by the articles of association.

**6. DIRECTORATE AND APPRECIATION**

The group is fortunate to have an energetic management team to lead the group forward. The directors, management and staff of the various companies in the group have all played a crucial role in creating value for Trustco's shareholders in the period under review. We thank each individual and team for their contributions this year. The directors are:

- Adv R Heathcote SC
- W J Geyser
- R J Taljaard
- Dr Q van Rooyen
- F J Abrahams
- J van den Heever
- Q Z van Rooyen (alternate director to Dr Q van Rooyen).

On 1 November 2021, the group appointed J van den Heever as an independent non-executive director.

R Marney resigned as an independent non-executive member of the Trustco Group Holdings Ltd board of directors on 5 August 2022.



**7. AUDITORS**

Nexia SAB&T continued in office as JSE accredited auditors for the group for 2022.

**8. SECRETARY**

The company secretary is Komada Holdings (Pty) Ltd.

**9. SHARE CAPITAL**

Refer to note 19 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

**10. GOING CONCERN**

The financial results have been prepared on the going concern basis which considers the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. The board of directors, as part of their responsibilities, annually assesses the going concern of the group. As part of their assessment, the board of directors considered working capital requirements, availability of resources and reserves either from existing operational activities or further borrowings, available information about the future, financial impact of ongoing litigation, the possible outcomes of planned events and the responses to such events and conditions that would be available to the board.

The board of directors has, *inter alia*, considered the following specific factors in determining whether the company and group is a going concern for the foreseeable future:

- Profit for the year ended 31 August 2022 of NAD 1 437 million which includes gain on disposal of investees of NAD 3 360 million and fair value loss of NAD 1 713 million (loss for the period ended 31 August 2021: NAD 917 million);
- Current liabilities of the group exceed current assets as at 31 August 2022 by NAD 570 million, while total assets exceed total liabilities by NAD 1 834 million;
- Cash utilised from operating activities by the group for the ended 31 August 2022 amounting to NAD 42 million respectively,
- Whether the group has sufficient cash resources from investing activities which is readily available, in order to settle its creditors and maturing liabilities as and when they fall due in the foreseeable future, whilst continuing to maintain its operating abilities for the foreseeable financial period;
- Whether there is any significant pending litigation that will threaten the going concern status of the group;
- Assessment of the existing economic conditions related to the various investees and whether the possibility exists to sufficiently scale said operations in the foreseeable future to provide additional cash resources; and
- Assessment of the solvency and liquidity position of the company in accordance with the Companies Act.

# DIRECTORS' REPORT
(CONTINUED)

Following the above assessment, the board of directors believe that the above factors, coupled with prevailing economic conditions and forecast economic outlook presents some challenges for the foreseeable future. In response to the above factors, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with the implementation thereof regularly monitored. These conditions are considered to indicate that a material uncertainty exists which may cast significant doubt on the ability of the group to continue as a going concern in the foreseeable future. This is largely attributable to the short-term liquidity position of the group. Therefore, the ability of the group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the group faces on an ongoing basis:

- completion of various technical, geological and financial milestones by the resources portfolio related to the mining operations in Sierra Leone in order to conclude a transaction with an international diamantaire of a debt and equity investment totalling USD 75 million into Meya Mining. The additional funding will enable the resources investee to adequately scale production of its flagship asset, which will enable the group to recover its net debt and equity investment in the resources investee in the foreseeable future;
- recovery of USD 6 million in working capital from its resources investee in the near future which will assist with the short-term liquidity requirements of the group;
- recovery of USD 42 million in interest bearing debt from its resources investee by Q4 of 2023, once Meya Mining achieves the above stated production targets, which will assist with the short-term liquidity requirements of the group;
- continued subordination of debt owing to related party investors of the group for the foreseeable future;
- successful negotiations with international lenders in order to agree revised repayments terms associated with borrowings due and payable in the foreseeable future; and
- successful resolution of various ongoing legal matters in order to mitigate the potential liquidity impact thereof.

The board of directors have evaluated the plans noted above to address the material uncertainty related to the going concern assumption of the group, and note these plans will alleviate the group's liquidity position should they be executed successfully.

The board of directors have evaluated the group’s liquidity requirements to confirm whether the group has access to sufficient resources to continue as a going concern in the foreseeable future, considering the above factors and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the group would be able to continue its operations as a going concern. The directors are not aware of any other matters that may impact the group. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group. Following the above assessment, the board of directors continue to adopt the going concern basis of accounting in preparing the financial statements.

## 11. REMUNERATION OF GROUP MANAGING DIRECTOR

The proposed remuneration agreement between the group and its managing director has not been approved by the shareholders. Refer to note 23 of the 2021 Integrated Annual Report for further details.

## 12. SPECIAL RESOLUTION

At the Annual General Meeting, held on 17 March 2022 two special resolutions were approved and registered:

- the remuneration of the non-executive directors; and
- general authority to repurchase shares.

## 13. TREASURY SHARES

As of the reporting date, the market value of treasury shares was NAD 1 million (2021: NAD 77 million).

## 14. EVENTS AFTER THE REPORTING DATE

### SHARE SUSPENSION

Subsequent to the reporting period, the trading of the securities of Trustco was suspended.

### EVO TRANSACTION

On 3 October 2022, 2 000 000 Trustco shares lent to EVO Fund were returned to Le-Hugo's Investments (an associate of Dr Q van Rooyen). This occurred during a closed period and in accordance with a ruling from the JSE.

### TRUSTCO RESOURCES TRANSACTION

At the time of this report, Trustco Resources, Germinate (SL) and Sterling Global Trading Limited (SGT), SJSL’s nominee, entered into a transaction in which SGT will invest a total of USD 75 million in Meya. The investment comprises of USD 25 million in equity, USD 25 million in a SGT loan and a third-party market loan of up to USD 25 million. The investment will be utilized exclusively for the development of the mine over the next 24 months, by which time the production target is approximately 30 000 carats per month. Upon conclusion of the equity investment, SGT will become a 70% shareholder in Meya.

The directors are not aware of any other events occurring after the reporting date and before the date of this report.

## 15. ACKNOWLEDGEMENTS

Thanks and appreciation are extended to all shareholders, employees, suppliers and consumers for their continued support of the group.

## 16. DIRECTORS' INTEREST IN SHARES

Details of beneficial direct and indirect interest of directors in the shares of the company are set out below:

# DIRECTORS' REPORT
(CONTINUED)

### DIRECTORS' INTEREST (AS AT 31 AUGUST 2022 - RESTATED)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| **EXECUTIVE DIRECTORS - HOLDING COMPANY** | | | | |
| VAN ROOYEN, QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.54% |
| ABRAHAMS, FLOORS JACOBUS | 2 451 518 | | 2 451 518 | 0.26% |
| **EXECUTIVE DIRECTORS - SUBSIDIARIES** | | | | |
| JANSE VAN RENSBURG, ELMARIE | 1 952 546 | | 1 952 546 | 0.20% |
| **EXECUTIVE DIRECTORS - INVESTEE ENTITIES** | | | | |
| BRAND, ANNETTE | 60 476 | | 60 476 | 0.01% |
| CALITZ, ILANA | 165 462 | | 165 462 | 0.02% |
| LAMBERT, ADRIANA | 46 887 | | 46 887 | 0.00% |
| ERASMUS, MARCO (RESIGNED 12 JUL '22) | 1 325 926 | | 1 325 926 | 0.14% |
| JOUBERT, JAN SEBASTIAN CILLIERS | 1 915 602 | | 1 915 602 | 0.20% |
| KAMARA, IBRAHIM SORIE | - | 85 416 666 | 85 416 666 | 9.07% |
| **INDEPENDENT NON-EXECUTIVE DIRECTORS (HOLDING COMPANY AND INVESTEE ENTITIES)** | | | | |
| GEYSER, WINTON JOHN | 124 415 | | 124 415 | 0.01% |
| HEATHCOTE, RAYMOND | 1 354 802 | | 1 354 802 | 0.14% |
| SIMILO, STANLEY BENJAMIN | 10 000 | | 10 000 | 0.00% |
| TALJAARD, RENIER JACOBUS | 50 151 | | 50 151 | 0.01% |
| VAN DEN HEEVER, JANENE | 119 915 | | 119 915 | 0.01% |
| **GRAND TOTAL** | **121 557 700** | **345 636 726** | **467 194 426** | **49.61%** |

* Total issued shares after restatement implementation - 987 238 581
* Treasury shares after restatement implementation - 46 000 138 (44 071 845 shares are held by investee entities), refer to note 20 for more detail
* Shares calculated net of treasury shares after restatement implementation - 941 238 443



### DIRECTORS' INTEREST (AS AT 31 AUGUST 2021 - RESTATED#)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| **EXECUTIVE DIRECTORS - HOLDING COMPANY** | | | | |
| VAN ROOYEN, QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.57% |
| ABRAHAMS, FLOORS JACOBUS | 2 451 518 | | 2 451 518 | 0.26% |
| **EXECUTIVE DIRECTORS - SUBSIDIARIES** | | | | |
| BRAND, ANNETTE | 60 476 | | 60 476 | 0.01% |
| CALITZ, ILANA | 165 462 | | 165 462 | 0.02% |
| ERASMUS, MARCO | 1 225 926 | | 1 225 926 | 0.13% |
| JANSE VAN RENSBURG, ELMARIE | 1 852 546 | | 1 852 546 | 0.20% |
| JOUBERT, JAN SEBASTIAN CILLIERS | 1 915 602 | | 1 915 602 | 0.20% |
| KAMARA, IBRAHIM SORIE | - | 85 416 666 | 85 416 666 | 9.08% |
| LAMBERT, ADRIANA | 164 771 | | 164 771 | 0.02% |
| SLABBERT, THOMAS JOHAN (RESIGNED 31 DEC '20) | 22 759 | | 22 759 | 0.00% |
| **INDEPENDENT NON-EXECUTIVE DIRECTORS (HOLDING AND SUBSIDIARIES)** | | | | |
| TALJAARD, RENIER JACOBUS | 50 151 | | 50 151 | 0.01% |
| VAN DEN HEEVER, JANENE | 76 515 | | 76 515 | 0.01% |
| WELDON, LANA (RESIGNED) | - | 25 400 | 25 400 | 0.00% |
| GEYSER, WINTON JOHN | 124 415 | | 124 415 | 0.01% |
| HEATHCOTE, RAYMOND | 1 354 802 | | 1 354 802 | 0.14% |
| **GRAND TOTAL** | **121 444 943** | **345 661 126** | **467 106 069** | **49.66%** |

* Total issued shares as at 31 August 2021 - 987 238 581, incorporating restatement
* Treasury shares as at 31 August 2021 - 46 520 138
* Shares calculated net of treasury shares as at 31 August 2021 - 940 718 443
# Refer to note 43 for further details on the restatement of the balances following a JSE proactive monitoring process.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT**

| FIGURES IN NAMIBIA DOLLAR MILLION | NOTES | 2022 31 AUGUST | 2021 31 AUGUST RESTATED* | 2020 30 SEPTEMBER RESTATED* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CASH AND CASH EQUIVALENTS | 2 | **8** | 23 | 144 |
| ADVANCES | 3 | **-** | 489 | 922 |
| TRADE AND OTHER RECEIVABLES | 4 | **65** | 163 | 276 |
| AMOUNT DUE BY INVESTEE ENTITY | 5 | **616** | - | - |
| CURRENT TAX ASSETS | | **1** | 2 | 2 |
| ASSETS HELD FOR SALE | | **-** | - | 344 |
| INVENTORIES | 6 | **-** | 528 | 421 |
| PROPERTY, PLANT AND EQUIPMENT | 7 | **14** | 315 | 393 |
| INVESTMENT PROPERTY | 8 | **-** | 1 531 | 995 |
| INTANGIBLE ASSETS | 9 | **-** | 362 | 419 |
| EVALUATION AND EXPLORATION ASSETS | 10 | **-** | 416 | 474 |
| MINE PROPERTIES | 11 | **-** | 671 | 608 |
| INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS | 12 | **3 632** | - | - |
| DEFERRED TAX ASSETS | 13 | **4** | 47 | 107 |
| **TOTAL ASSETS** | | **4 340** | 4 547 | 5 105 |
| **EQUITY AND LIABILITIES** | | | | |
| **LIABILITIES** | | | | |
| BANK OVERDRAFT | 2 | **-** | 8 | - |
| BORROWINGS | 14 | **699** | 1 658 | 1 414 |
| TRADE AND OTHER PAYABLES | 15 | **208** | 678 | 652 |
| CURRENT TAX LIABILITIES | | **-** | 26 | 25 |
| LIABILITIES OF ASSETS HELD FOR SALE | | **-** | - | 1 |
| INSURANCE CONTRACT LIABILITIES | 16 | **-** | 51 | 52 |
| AMOUNTS DUE TO RELATED PARTIES | 17 | **1 586** | 1 642 | 1 687 |
| LEASE LIABILITIES | 18 | **4** | 58 | 78 |
| DEFERRED TAX LIABILITIES | 13 | **9** | 29 | 42 |
| **TOTAL LIABILITIES** | | **2 506** | 4 150 | 3 951 |
| **CAPITAL AND RESERVES** | | | | |
| SHARE CAPITAL | 19 | **227** | 227 | 227 |
| SHARE PREMIUM | 19 | **954** | 954 | 954 |
| TREASURY SHARES | 20 | **(14)** | (231) | (229) |
| OTHER RESERVES | 21 | **2 300** | (820) | (990) |
| RETAINED (LOSSES)/EARNINGS | | **(1 633)** | 52 | 867 |
| **EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT** | | **1 834** | 182 | 829 |
| NON-CONTROLLING INTERESTS | | **-** | 215 | 325 |
| **TOTAL CAPITAL AND RESERVES** | | **1 834** | 397 | 1 154 |
| **TOTAL EQUITY AND LIABILITIES** | | **4 340** | 4 547 | 5 105 |

Balances at 31 August 2022 include amounts due by investee entities which have not been consolidated in the current period.

*Refer to note 43 for further details on the restatement of the balances following a JSE proactive monitoring process.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| FIGURES IN NAMIBIA DOLLAR MILLION | NOTES | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 RESTATED |
|---|---|---|---|
| INTEREST REVENUE | 23 | **26** | 70 |
| FAIR VALUE LOSS ON INVESTMENTS | 12 | **(1 713)** | - |
| **TOTAL INVESTMENT REVENUE** | | **(1 687)** | 70 |
| OTHER REVENUE | 23 | **23** | 243 |
| COST OF SALES | | **-** | (54) |
| **GROSS (LOSS)/PROFIT** | | **(1 664)** | 259 |
| OTHER INCOME | 24 | **-** | 119 |
| FAIR VALUE LOSS ON INVESTMENT PROPERTY | 8 | **-** | (213) |
| GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES | 25 | **3 360** | - |
| OPERATING EXPENSES | 26 | **(135)** | (826) |
| INSURANCE BENEFITS AND CLAIMS | | **-** | (26) |
| FINANCE COSTS | 27 | **(124)** | (182) |
| **PROFIT/(LOSS) BEFORE TAX** | | **1 437** | (869) |
| INCOME TAX EXPENSE | 28 | **-** | (48) |
| **PROFIT/(LOSS) FOR THE PERIOD** | | **1 437** | (917) |
| **OTHER COMPREHENSIVE (LOSS)/INCOME:** | | | |
| **ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:** | | | |
| EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS NET OF TAX | | **-** | 163 |
| FOREIGN CURRENCY EXCHANGE RESERVE RECLASSIFIED TO PROFIT OR LOSS | | **(38)** | - |
| **TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD** | | **1 399** | (754) |
| **PROFIT/(LOSS) ATTRIBUTABLE TO:** | | | |
| OWNERS OF THE PARENT | | **1 437** | (815) |
| NON-CONTROLLING INTERESTS | | **-** | (102) |
| | | **1 437** | (917) |
| **TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO:** | | | |
| OWNERS OF THE PARENT | | **1 399** | (645) |
| NON-CONTROLLING INTERESTS | | **-** | (109) |
| | | **1 399** | (754) |
| **EARNINGS/(LOSS) PER SHARE** | | | |
| BASIC EARNINGS/(LOSS) PER SHARE (CENTS) | 29 | **145.89** | (86.66) |
| DILUTED EARNINGS/(LOSS) PER SHARE (CENTS) | 29 | **145.89** | (86.66) |

*Refer to note 43 for further details on the restatement of the transactions following a JSE proactive monitoring process.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| FIGURES IN NAMIBIA DOLLAR MILLIONS | SHARE CAPITAL | SHARE PREMIUM | OTHER RESERVES | TREASURY SHARES | RETAINED (LOSSES)/ EARNINGS | EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|---|---|---|---|---|---|---|---|---|
| **BALANCE REPORTED AT 30 SEPTEMBER 2020** | **372** | **3 094** | **(3 276)** | **(229)** | **2 769** | **2 730** | **424** | **3 154** |
| IMPACT ON CORRECTION OF RESTATEMENTS (REFER NOTE 43) | (145) | (2 140) | 2 285 | - | (1 902) | (1 902) | (99) | (2 001) |
| **RESTATED BALANCE AT 1 OCTOBER 2020** | **227** | **954** | **(991)** | **(229)** | **867** | **828** | **325** | **1 153** |
| LOSS FOR THE PERIOD | - | - | - | - | (815) | (815) | (102) | (917) |
| OTHER COMPREHENSIVE INCOME/(LOSS) | - | - | 171 | - | - | 171 | (8) | 163 |
| **TOTAL COMPREHENSIVE INCOME/(LOSS)** | **-** | **-** | **171** | **-** | **(815)** | **(644)** | **(110)** | **(754)** |
| TREASURY SHARES ACQUIRED | - | - | - | (2) | - | (2) | - | (2) |
| **BALANCE AT 31 AUGUST 2021** | **227** | **954** | **(820)** | **(231)** | **52** | **182** | **215** | **397** |
| **BALANCE REPORTED AT 31 AUGUST 2021** | **372** | **3 094** | **(3 105)** | **(231)** | **1 897** | **2 027** | **300** | **2 327** |
| IMPACT ON CORRECTION OF RESTATEMENTS (REFER NOTE 43) | (145) | (2 140) | 2 285 | - | (1 845) | (1 845) | (85) | (1 930) |
| **RESTATED BALANCE AT 1 SEPTEMBER 2021** | **227** | **954** | **(820)** | **(231)** | **52** | **182** | **215** | **397** |
| PROFIT FOR THE PERIOD | - | - | - | - | 1 437 | 1 437 | - | 1 437 |
| OTHER COMPREHENSIVE LOSS | - | - | (38) | - | - | (38) | - | (38) |
| **TOTAL COMPREHENSIVE INCOME/(LOSS)** | **-** | **-** | **(38)** | **-** | **1 437** | **1 399** | **-** | **1 399** |
| CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | - | - | 3 158 | 191 | (3 117) | 232 | (215) | 17 |
| TRANSFER OF STAFF SCHEME BONUS SHARES | - | - | - | 26 | (5) | 21 | - | 21 |
| **BALANCE AT 31 AUGUST 2022** | **227** | **954** | **2 300** | **(14)** | **(1 633)** | **1 834** | **-** | **1 834** |
| NOTES | 19 | 19 | 21 | 20 | | | | |



# CONSOLIDATED STATEMENT OF CASH FLOWS

| FIGURES IN NAMIBIA DOLLAR MILLIONS | NOTES | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|---|
| **CASH FLOWS USED IN OPERATING ACTIVITIES** | | | |
| CASH USED IN OPERATIONS | 31 | **(40)** | (64) |
| FINANCE INCOME | | **-** | 1 |
| FINANCE COSTS | | **(1)** | (27) |
| GROSS ADVANCES DISBURSED* | | - | (118) |
| RECEIPTS FROM REPAYMENT OF ADVANCES* | | **-** | 33 |
| REPAYMENTS OF BORROWINGS FOR ADVANCES* | | **-** | (3) |
| PROCEEDS FROM BORROWINGS FOR ADVANCES* | | **-** | 176 |
| **NET CASH USED IN OPERATING ACTIVITIES** | | **(41)** | (2) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT | 7 | **-** | (8) |
| PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT | 7 | **6** | 6 |
| ADDITIONS TO INTANGIBLE ASSETS* | 9 | **-** | (17) |
| BUSINESS COMBINATION, NET OF CASH ACQUIRED | | 1 | - |
| CASH AND CASH EQUIVALENT DECONSOLIDATED UPON CHANGE IN STATUS TO THAT OF AN INVESTMENT ENTITY | | **(16)** | - |
| PROCEEDS FROM AMOUNTS DUE BY INVESTEE ENTITY | | **33** | - |
| ADDITIONS TO MINE PROPERTIES* | 11 | **-** | (94) |
| **NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES** | | **24** | (113) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| PROCEEDS FROM BORROWINGS | 33 | **-** | 69 |
| REPAYMENT OF BORROWINGS | 33 | **(2)** | (8) |
| REPAYMENT OF LEASE LIABILITIES | 33 | **(8)** | (13) |
| ACQUISITION OF TREASURY SHARES | | - | (3) |
| REPAYMENT OF RELATED PARTIES BALANCES | 33 | - | (59) |
| PROCEEDS FROM RELATED PARTIES BALANCES | 33 | **20** | - |
| **NET CASH FROM/(USED IN) FINANCING ACTIVITIES** | | **10** | (14) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | **(7)** | (129) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | **15** | 144 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | | **8** | 15 |
| **CASH AND CASH EQUIVALENTS COMPRISES:** | | | |
| BANK | 2 | **8** | 23 |
| BANK OVERDRAFT | 2 | **-** | (8) |
| | | **8** | 15 |

*Significant cash flow movements between the reporting and previous period where mainly caused by the deconsolidation of subsidiaries.

# ACCOUNTING POLICIES

**FOR THE 12 MONTHS ENDED
31 AUGUST 2022**

## REPORTING ENTITY BASIS OF PREPARATION

**1. REPORTING ENTITY**

Trustco Group Holdings Limited (the company or parent) reassessed its investment entity status in terms of IFRS 10 at the beginning of the August 2022 reporting period following from the implementation of its investment policy, investment charter, investment committee and the strategic decision to dilute its investments held through the resources portfolio. The consolidated financial statements for the current period comprise the company and its subsidiaries that provide investment related managements services. In the previous reporting period, all subsidiaries, including those that have been included in the parent's investment portfolios were consolidated (refer to note 1.14). The change in the parent's status to an investment entity is addressed in notes 1.2.1.1 (A) and 1.3.

**1.2 BASIS OF PREPARATION**

The consolidated financial statements (financial statements) have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements of the JSE and the Namibian Stock Exchange and in the manner as required by the Companies Act of Namibia and the Companies Act of South Africa (as amended) and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared on the historical cost basis, except for the measurement of investments in subsidiaries held at fair value through profit or loss in the current period and certain property measured using the revaluation model and investment properties measured at fair value in the prior reporting periods, and incorporate the principal accounting policies set out below. The accounting policies are consistent with those of financial statements for the previous period, except for the change in accounting policy in respect of the parent being an investment entity (refer to notes 1.2.1.1 (A) and 1.3.) and accounting for surety fees (refer to note 1.11(A).

The group presents its statement of financial position in order of liquidity following the key considerations related to liquidity based on the parent of the group being an investment entity.

The financial statements are presented in Namibia Dollar, which is the group's functional and presentation currency and amounts are rounded to the nearest million unless otherwise stated.

## CURRENT AND PRIOR PERIOD SIGNIFICANT JUDGEMENTS AND ESTIMATES

**1.2.1 ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing the financial statements, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, which may affect the amounts presented in the financial statements and the related disclosures thereto. The use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Changes to the key estimates and judgements applied in determining the value of selected assets and liabilities could significantly affect the group's valuation assessments and results.

The nature of the accounting estimates and judgements are detailed below.



**1.2.1.1 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES**

Judgements made in the application of the financial reporting requirements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed as follows:

## JUDGEMENTS APPLICABLE TO THE CURRENT PERIOD

*(A) CHANGE IN INVESTMENT ENTITY STATUS*

IFRS require that an entity reassess whether it is an investment entity if facts and circumstances indicate changes to one or more of the elements making up the definition of an investment entity or to the typical characteristics of an investment entity. The reassessment was prompted due to the:

- change in business purpose from a permanent investor to a medium- to-long term investor which has been implemented with effect from September 2021. Trustco's strategic direction of value creation through capital appreciation, investment income or both is defined in accordance with its formalised investment policy and investment charter, as adopted by the board of directors in September 2021 and directed by the investment committee. Trustco formalised exit strategies for its debt and equity instrument further align with its investment strategies to create value through capital appreciation, investment income or both; and
- change in strategic direction to divestment from its largest investment, contributing approximately 50% of Trustco's sum-of-the-part (SOTP) fair value during September 2021. The resources portfolio entered into transactions to dilute its equity interest in Meya Mining which unlocked the inherent value within the resources portfolio.

Following the above reassessment the groups status changed to that of an investment entity as defined in IFRS 10 with effect from 1 September 2021. Such change required the parent company to cease consolidating certain of its subsidiaries (other than those providing services related to group's investment activities) and to instead carry such subsidiaries (investment entities) as investments held at fair value, with subsequent changes in fair value being recognised in profit or loss.

An investment entity is typically an entity that:

| | IFRS REQUIREMENT | TRUSTCO'S ASSESSMENT |
|---|---|---|
| i) | Obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services | Trustco is a listed entity and has issued its shares to various shareholders in order to provide its shareholders access to a wider pool of investments which they might not have access to individually through the various investments that it holds. These investment management services relate to the management of the wider pool of investments on behalf of shareholders. |
| ii) | Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both | Trustco's investment strategy is to create sustainable growth and value creation for its shareholders. Further, per the investment policy Trustco's investments strategy is to maximise its after tax returns with its Risk Appetite Framework as amended from time to time. |
| iii) | Measures and evaluates the performance of substantially all of its investments on a fair value basis. | Trustco's reporting to its investors and key management is on a fair value basis with valuations performed and investments evaluated on a fair value basis by the Investment Committee. |

# ACCOUNTING POLICIES
(CONTINUED)

Whilst the group's focus on value creation for its shareholders has not changed, following a strategic review of the investments held across the group, the directors determined that the most appropriate manner to deliver value to shareholders would be a refocus of the group's strategy toward unlocking returns from capital appreciation and investment income. During September 2021 the resources portfolio enter into negotiations within independent third parties, on instruction from the group's investment committee, to dilute its equity interests in the underlying operations within the resources portfolio, in order to obtain the necessary funding required to bring operations into commercial status, which would result in unlocking shareholders medium- to long-term value. Refer to the Portfolio Analysis (note 12) for further detail of the valuation of Trustco's investees.

Where a parent's status changes to that of an investment entity, it does not consolidate its subsidiaries, but rather measures investee subsidiaries at fair value through profit or loss. Such change in accounting is applied prospectively, with no adjustment to prior period comparatives. However, an investment entity continues to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly owned subsidiaries comprising Trustco's head office operations). Trustco's shared services subsidiaries (i.e. those wholly owned subsidiaries comprising Trustco's head office operations) provide services related to investment management activities and do not present a separate substantial business activity of the group.

Trustco has a significant related party investor. The related party investor has entered into transactions with Trustco, subject to shareholders approval, relating to the provision of management, surety and other services. The related party investor also provides funding in the form of loans to Trustco. Refer to the related party note 34 for details around these transactions and balances. Judgement is required to determine whether the related party investor obtains any benefit from the above relationship with Trustco, which would not be available to other investors had those investors entered into similar transactions with Trustco, its group entities and investees. Having assessed the relationship between Trustco, its group entities and investees and the related party investor, as well as the terms and conditions associated with the transactions, Trustco has concluded that there is currently no benefit accruing to the related party investor, which would not be available to other investors for similar transactions.

Pursuant to this change to investment entity status, Trustco's financial statements prepared in accordance with IFRS are not comparable to prior periods.

Trustco values its unlisted portfolio companies using the income method (discounted cash flow). Refer to note 12 for further information.

*(B) REINSTATEMENT OF RELATED PARTY LIABILITY*

The Johannesburg Stock Exchange (JSE) determined that the recognition of certain waivers of shareholder loans in profit or loss was not compliant with IFRS and, therefore, should be corrected and recognised in equity as these were transactions with equity holders in that capacity. Trustco recognised a gain through profit or loss which triggered the earnout provision under the Huso Transaction. As such, Trustco issued its (TTO) shares to Dr Q Van Rooyen and Next Capital Ltd (Next) and its associates.

The restatement instructions of the JSE (see note 43 for details) has the effect that the earnout under the Huso Transaction was not triggered, and therefore, no shares should have been issued. The board has taken legal advice and, based on that, concluded that the legal effect of implementing the JSE's instruction is that the understanding between Trustco, Dr Q van Rooyen and Next Capital Ltd that the loan waiver would result in an issue of TTO shares would be void on the premise that Trustco is unable to discharge its obligation under the loan waiver agreement. Therefore the loan waiver transaction should be reversed and that the parties must be reinstated in their original positions as if the loan waivers and the resultant benefits derived therefrom, never occurred.



Based on the loan waivers being void, it was determined that the loan payable to Next Capital of NAD 1.5 billion would be reinstated following the JSE instruction to derecognise the gain on waiver of the loans through profit or loss. This factual misinterpretation was thus an error in terms of IAS 8 and should therefore be corrected retrospectively as required by the financial reporting standard.

Given the significant effect of the reinstatement of the loans, this is considered a significant judgement.

### JUDGEMENTS APPLICABLE TO THE PRIOR PERIOD

*(C) CLASSIFICATION OF REPAYMENT OF/RECEIPTS FROM ADVANCES AS PART OF CASH FLOWS FROM OPERATING ACTIVITIES*

The historic group results include operations from its lending business as part of the financial services operating activities. In determining the appropriate classification of certain cash inflows and outflows it took into consideration its business model and the nature of the business activities as required by IAS 7. The cash flows associated with its lending activities have accordingly been classified as operating cash flows.

**1.2.1.2 ESTIMATES APPLICABLE TO THE FINANCIAL STATEMENTS**

Management makes use of estimates and assumptions in applying accounting policies that can have a material impact on the group's reported operating results, financial position and changes therein, as well as on the comparability of reported information over the current reporting period. The estimates used by the group include:

### ESTIMATES APPLICABLE TO THE CURRENT PERIOD

*(A) IMPAIRMENT OF FINANCIAL ASSETS*

The credit loss allowance for financial assets is based on assumptions relating to the risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs in the impairment calculation, based on the historic experience, existing market conditions as well as forward-looking estimates at the reporting date. Refer to notes 3, 4 and 37 for detail relating to the unobservable inputs used in the credit loss allowance assessment and the sensitivity thereof to changes therein.

*(B) TAX*

Judgement is required in determining the accrual for income taxes due to the complexity of the legislation. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the initially recognised amounts, such differences will impact the income tax and deferred tax provisions. The group recognises the net future tax benefit related to deferred tax assets to the extent that the temporary deductible differences will temporarily reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recognised at each reporting date could be impacted.
The group carries significant deferred tax assets and has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The group expects to generate a taxable income from 2023 financial period onwards. The losses can be carried forward indefinitely and have no expiry date. Refer to note 13 for detail surrounding the estimate.

# ACCOUNTING POLICIES

(CONTINUED)

(C) *FAIR VALUE OF INVESTMENTS*

The investment portfolio, a material asset of the group, is held at fair value through profit or loss. The group applies a number of methodologies to determine and assess the reasonableness of the investments' fair value, which may include the following:

- Discounted cash flow valuations (Income approach);
- Market-related net asset value where the portfolio's assets and liabilities are fairly valued;
- Market-related net asset value which are supported by property valuations; and
- Recent offer prices from independent third parties as basis for the fair value.

The primary valuation models utilised for valuing unlisted investments are the discounted cashflow model (income approach), as well as the market-related net asset value of the investments, or a combination of both. The discount rate, growth rate, commodity prices, exchange rates and inflation rates are the main assumptions applied to the discounted cashflow valuations. The discount rate, growth rate, commodity prices, exchange rates and inflation rates are derived from comparable listed companies and/or information utilised by market participants. Where comparable information for similar companies in the same industry and geography is available this was selected from which to perform the various valuations, which are then adjusted for factors including, *inter alia*, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/ premium is applied.

This continues to be an important exercise given the market volatility we have seen as a result of the continued economic downturn.

At 31 August 2022, where investments were measured with reference to their net asset value, the latest audited financial results were utilised as basis from which to determine the fair value.

Net debt and cash are deducted from/added to the EV to determine the fair value of the equity of the investments.

Where the valuation was based on unobservable inputs, such as those utilised when preparing a discounted cashflow valuation, the fair value categorisation is Level 3, whereas if independent third party offers were utilised as basis for the valuation, those are categorised as a Level 2 fair value measurements as they were utilised without significant adjustment.

For additional details in respect of the investments, per IFRS 13, refer to note 12.

**ESTIMATES APPLICABLE IN THE PREVIOUS FINANCIAL PERIOD**

(A) *FAIR VALUE DETERMINATION - LAND AND BUILDINGS AND INVESTMENT PROPERTY*

The group measured and recognised land and buildings and investment property initially at cost and subsequently at fair value. The fair value estimate was determined using directors' valuations with independent external valuations obtained every three years. Fair value was determined as follows:

- land and buildings - valued using the income capitalisation method
- completed developments – completed developments valued using the discounted cash flow of future rental income adjusted by the value of the straight-lining lease debtor and
- developments under construction – an adjustment to the present value of the difference between the estimated fair value of the investment property at completion and the total estimated development cost.

Under current market conditions, the above estimates and assumptions were made to reflect the fair value at which the asset could be exchanged between market participants at the reporting date.

There was significant estimation involved in determining the fair value of land and buildings and



investment property. The significant unobservable inputs into the valuations of land and buildings and investment property were capitalisation rates, discount rates, inflationary increases in rental and cost, development cost and market rental assumptions. Refer to notes 7 and 8 for detail relating to the unobservable inputs and the sensitivity thereof to changes therein.

(B) *IMPAIRMENT OF FINANCIAL ASSETS*

The credit loss allowance for financial assets is based on assumptions relating to the risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs in the impairment calculation, based on the historic experience, existing market conditions as well as forward-looking estimates at the reporting date. Refer to notes 2, 3 and 35 for detail relating to the unobservable inputs used in the credit loss allowance assessment and the sensitivity thereof to changes therein

(C) *IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS*

Management undertook an annual impairment test for goodwill, intangible assets with an indefinite useful life as well as mining and exploration assets. For assets with finite useful lives, impairment testing was performed if events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable.

Impairment testing was an area involving significant estimation and assumption, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

Value in use was calculated as the net present value of future cash flows derived from assets using cash flow projections that have been discounted at appropriate discount rates.

In calculating the net present value of the future cash flows, certain assumptions were required to be made in respect of unobservable inputs, including management's expectations of:

- growth in turnover of a cash-generating unit (CGU) given the continued economic downturn and impact of COVID-19
- increase/decrease in expenses allocated to each CGU
- the selection of appropriate discount rates to reflect the risks involved
- available resources and reserves relating to mining assets
- capital requirements specific to commissioning new operations or expanding existing operations
- commodity prices and
- exchange rates.

Refer to note 9 for the details relating to the unobservable inputs and the sensitivity thereof to changes therein.

(D) *INSURANCE LIABILITIES*

One of the purposes of insurance as to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance was inevitably reflected in the insurance group's financial statements, principally in respect of the group's insurance liabilities. Insurance liabilities included liabilities for unearned premiums, claims incurred and incurred but not reported (IBNR) claims.

# ACCOUNTING POLICIES

## (CONTINUED)

The establishment of insurance liabilities was an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims could vary substantially from the initial estimates. The group sought to provide appropriate levels of claims provisions taking the known facts and experience into account. Refer to note 16 for the details relating to the significant unobservable inputs.

*(E)* *EXPLORATION AND EVALUATION ASSETS*

A mineral reserve estimate was an estimate of the amount of mineral that could be economically and legally extracted from the group's mining assets. In order to calculate the mineral reserve, estimates and assumptions were required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the mineral reserve's quantity and/or grade required the size, shape and depth of ore bodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process might require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate changes in the mineral reserve from period to period change, estimates of the mineral reserve might change from period to period. Changes in the reported mineral reserve might affect the group's financial results and financial position in a number of ways, including the following:

- asset carrying amounts might be affected due to changes in estimated future cash flows and
- the carrying amount of deferred tax assets might change due to changes in estimates of the likely recovery of the tax benefits.

*(F)* *MINING ASSETS AND DEVELOPMENT EXPENDITURE*

Development activities commence after project sanctioning by the appropriate management level, following receipt of a mining licence of the mineral reserve. Management applied judgement in determining when a project had reached a stage at which economically recoverable reserves exist such that development might be sanctioned. In exercising this judgement, management was required to make certain estimates and assumptions similar to those described in the accounting policy for the exploration and evaluation assets. Any such estimates and assumptions might change as new information became available. If a judgement was made after starting the development activity that a development asset was impaired, the appropriate amount will be written off in profit or loss. Refer to note 11 for detail of the estimate.

### ACCOUNTING POLICIES APPLICABLE TO THE CURRENT FINANCIAL PERIOD

**1.3 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (AS INVESTMENT ENTITY)**

Trustco does not consolidate its investments in investees held in its investment portfolios. The portfolios are measured at fair value through profit or loss (FVTPL). The group has continued to consolidate subsidiaries that provide services related to Trustco's investment activities.

The investments in subsidiaries at the date of change in status were deemed to be disposed of and reacquired at fair value with a gain recognised in profit or loss. Subsequently, the portfolios are measured at fair value through profit or loss (FVTPL). The change to the parent's status as an investment entity and the consequential accounting treatment was accounted for prospectively from the date of change. Refer to note 12 for further detail on measurement of investment portfolios.



**1.4 BASIS OF CONSOLIDATION**

*(A)* *SUBSIDIARIES*

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are usually fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group is required to determine the degree of control or influence the group exercises and the form of any control to ensure that the financial treatment is accurate.

Were the group does have control in accordance with IFRS 10, investments that are held by investment entities are to be recognised and measured as at fair value through profit or loss (FVTPL) and accounted for in accordance with IFRS 9 and IFRS 13, with changes in fair value recognised in profit or loss in the period of the change.

Subsidiaries whose main purpose and activities are providing services that relate to the investment entity's investment activities - which are not measured at FVTPL (refer to 1.3 above) are consolidated from the date on which control commences until the date on which control ceases.

*(B)* *INTERCOMPANY TRANSACTIONS*

Intra-group balances and transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

*(C)* *LOSS OF CONTROL*

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. The common control reserve is recycled directly into equity on loss of control over a subsidiary. Any resulting gain or loss is recognised in profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

**1.5 FOREIGN CURRENCY**

*(A)* *FOREIGN CURRENCY TRANSACTIONS*

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss as part of finance costs and other income.

**1.6 PROPERTY, PLANT AND EQUIPMENT**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs. Cost comprises expenditure that is directly attributable to the acquisition of the asset. Day-to-day repairs and maintenance are recognised as expenses in profit or loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Land and buildings were measured at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations were made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Increases in the carrying amounts of land and buildings arising on revaluation were recognised in other comprehensive income and accumulated in the revaluation reserve. Decreases that offset previous increases of the same assets and all other decreases are recognised in other comprehensive income and presented in equity. Each period the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings. The attributable revaluation surplus remaining in the property's revaluation reserve was transferred directly to retained earnings on the subsequent sale or retirement of a revalued asset.

# ACCOUNTING POLICIES

## (CONTINUED)

Subsequently, all other categories of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

The estimated useful life of items of property, plant and equipment for current and comparative periods are as follows:

| ITEM | USEFUL LIFE |
|---|---|
| LAND | INDEFINITE |
| BUILDINGS* | 30-50 YEARS |
| MACHINERY AND EQUIPMENT | 6 - 15 YEARS |
| MOTOR VEHICLES | 6 - 8 YEARS |
| OFFICE EQUIPMENT AND FURNITURE | 6 - 8 YEARS |
| COMPUTER EQUIPMENT | 3 - 5 YEARS |
| EXPLORATION ASSETS | |
| • MOTOR VEHICLES AND EQUIPMENT | 5 YEARS |
| • BUILDINGS | 10 YEARS |
| • MINING PLANT | 5 YEARS |

* Including right-of-use assets (refer to note 1.9 for accounting treatment of right-of-use assets).

The residual value, useful life and depreciation method of each asset are reviewed at each reporting date.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The carrying amounts of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

### 1.7 FINANCIAL INSTRUMENTS

*(A) FINANCIAL ASSETS*

The group classifies its financial assets as those measured at amortised cost and those mandatorily measured at fair value through profit or loss (FVTPL). Financial assets classified as measured at amortised cost include amounts due by investee entities, trade and other receivables and cash and cash equivalents. The group classifies financial assets measured at FVTPL which consist of investments held at fair value through profit or loss.

Financial assets at amortised costs are debt instruments which meets both the following criteria and are not designated as assets held at fair value through profit or loss:

- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI).

Financial assets at fair value through profit or loss are assets not measured at amortised cost as described above and are mandatorily measured at fair value through profit or loss.

*(B) INITIAL RECOGNITION AND MEASUREMENT*

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instruments. Financial instruments 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. A trade receivable without a significant financing component is initially measured at the transaction price.

*(C) MEASUREMENT*

Subsequently, the group measures cash and cash equivalents, amounts due by investee entity, advances and trade receivables at amortised cost and these assets are subject to impairment. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising from derecognition is recognised directly in profit or loss.

Financial assets at FVTPL are subsequently carried at fair value. Realised and unrealised gains and losses arising from the change in the fair value of these assets are included in the profit or loss. Interest and dividend income arising on financial assets at FVTPL is recognised in profit or loss as investment income.

Refer to note 37 for details of risk exposure and management thereof.

*(D) MEASUREMENT AND RECOGNITION OF EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS MEASURED AT AMORTISED COSTS*

The group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its cash and cash equivalents, advances amounts due by investee entity and trade receivables.

Lifetime ECLs are recognised when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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

# ACCOUNTING POLICIES

## (CONTINUED)

The group recognises a loss allowance for ECLs on a financial asset that is measured at amortised cost. The group uses the following 'three-stage' approach (general approach) for impairment based on changes in credit quality since initial recognition:

- **Stage 1** includes financial instruments that do not have a significant increase in credit risk (SICR) since initial recognition. On initial recognition the group recognises 12-month ECLs on its advances. For these assets, 12-month ECLs are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deducting the loss allowance).
- **Stage 2** includes financial instruments that have had a SICR since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognised, but interest revenue is still calculated on the gross carrying amount of the asset.
- **Stage 3** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognised and interest revenue is calculated on the gross carrying amount and limited to the net carrying amount.

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. Details of key assumptions and inputs used are disclosed in note 3.

Loss given default is an estimate of the loss arising on default. It is based on the difference between contractual cash flows due and those that the group expects to receive, taking into account cash flows from collateral and integral credit enhancements.

The definition of default, which triggers the credit-impaired classification (stage 3), is based on the group's internal credit risk management approach and definitions. Whilst the specific determination of default varies according to the nature of the product, it is generally determined as occurring at the earlier of:

- Where, in the group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security or
- When the counterparty is past due for more than 90 days.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The group also take into consideration collateral and credit enhancement when measuring credit losses. Refer to notes 3 and 4 for further information.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses are recognised in profit or loss and presented in operating expenses (note 26).

### *(E) CURING*

Continuous assessment is required to determine if the conditions that led to a financial asset being considered to be credit-impaired (i.e. Stage 3) still exist. Financial assets that no longer qualify as credit-impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). After considering qualitative factors, including compliance with existing financial asset terms and conditions, the asset is moved to stage 2.
Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime ECL model) back to stage 1 (12-month ECL model) prospectively.

### *(F) WRITE OFF POLICY*

The group writes off financial assets, in whole or in part, when it has exhausted all practicable recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the group's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovering in full.

### *(G) SIGNIFICANT INCREASE IN CREDIT RISK (SICR)*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

The group determines the increase in credit risk for advances based on missed loan payments. Advances are determined as credit-impaired and in default if the arrears are greater than 90 days. Loss allowances are measured as follows for each of the following:

- 12-month ECLs for advances with no missed repayments.
- lifetime ECLs for advances with missed repayments but less than 90 days in arrears.
- credit-impaired for advances in arrears for more than 90 days.

Financial assets with objective evidence of impairment, considering the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, are assessed as being in default unless the group has reasonable and supportable information that demonstrates otherwise.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

### *(H) DERECOGNITION - FINANCIAL ASSETS*

The group 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 party.

If the group neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

### *(I) FINANCIAL LIABILITIES AT AMORTISED COST*

The group classifies its financial liabilities as those measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost include bank overdraft, borrowings, trade and other payables and amounts due to related parties.

### *(J) DERECOGNITION - FINANCIAL LIABILITIES*

The group derecognises financial liabilities when and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# ACCOUNTING POLICIES

(CONTINUED)

## 1.8 TAX

### (A) *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 or assets for the current and prior periods are measured at the amount expected to be paid to or 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.

Tax assets and liabilities are offset at the taxpayer level if in the same jurisdiction as the law allows net settlement. The different balances are presented accordingly either as assets or liabilities in the statement of financial position.

### (B) *DEFERRED TAX ASSETS AND LIABILITIES*

Deferred tax liability is recognised for all temporary taxable differences.

Deferred tax assets are recognised for all deductible temporary differences, including the carry forward of unused tax losses, to the extent that taxable profit will probably be available against which the deductible temporary difference can be utilised unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination and
- at the time of the transaction, it affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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 measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the group has not rebutted this presumption.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets and liabilities are offset at the taxpayer level if in the same jurisdiction and the law allows net settlement. The different balances are shown accordingly, either as assets or liabilities on the statement of financial position.

### (C) *TAX EXPENSE*

Current and deferred taxes are recognised in profit or loss 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, in other comprehensive income or
- a business combination.

Current tax and deferred taxes are recognised directly in equity if the tax relates to items that are recognised, in the same or a different period, directly in equity.



## 1.9 LEASES

### (A) *THE GROUP AS A LESSEE*

At inception of a contract, the group assesses whether a contract is or contains a lease. A lease is defined as a contract or part of a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

### (B) *MEASUREMENT AND RECOGNITION OF LEASES AS A LESSEE*

At lease commencement date, the group recognises a right of use asset and a lease liability. The right of use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group and any lease payments made in advance of the lease commencement date. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the group by the end of the lease term or the cost of the right of use asset reflects that the group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The group also assesses the right of use asset for impairment when such indicators exist.
At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

To determine the incremental borrowing rate, the group:

- where possible uses recent third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which do not have recent third party financing.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), amounts expected to be payable under a residual value guarantee and payments arising from purchase options reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero. The group has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been presented separately.

# ACCOUNTING POLICIES

(CONTINUED)

### 1.10 EMPLOYEE BENEFITS

*(A) SHORT-TERM EMPLOYEE BENEFITS*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*(B) EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS*

The grant date fair value of share-based payment instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of instruments for which the related service and non-market conditions are met, such that the amount ultimately recognised as an expense is based on the number of instruments that meet the related service and non-market performance conditions at the vesting date.

### 1.11 REVENUE

The group recognises revenue from the following major sources:

- surety fees and
- interest received on financial assets.

*(A) SURETY FEES*

The group generates revenue from the provision of surety services to investees where the group issues surety on behalf of its investment entities. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed. Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties. Payment of the transaction price is due immediately when services are determined to have been performed.

*(B) INTEREST RECEIVED ON FINANCIAL ASSETS*

Interest income on financial assets that are classified as debt instruments at amortised cost is determined using the effective interest method. The application of the effective interest method to calculate interest income on an advance or receivable is dependent on the credit risk of the advance or receivable. The effective interest rate is applied to the gross carrying amount of the advance or receivable, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance. When a loan or receivable is classified as being a credit-impaired stage 3 financial asset, the interest income is limited to the net carrying amount.

### 1.12 SHARE CAPITAL

*(A) ORDINARY SHARES*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

*(B) TREASURY SHARES*

The consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve. On disposal, the average cost of shares is adjusted against the treasury shares reserve. Any excess of the consideration received on the sale of treasury shares over the average cost of the shares sold is recognised in retained earnings.



### 1.13 FINANCE COSTS

Finance costs comprise interest payable on borrowings, calculated using the effective interest method, interest receivable on funds invested and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

## ACCOUNTING POLICIES APPLICABLE TO THE PRIOR FINANCIAL PERIOD

### 1.14 BASIS OF CONSOLIDATION

*(A) BUSINESS COMBINATIONS*

The group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet the definition of a business and control is transferred to the group. In determining whether a particular set of activities and assets is a business, the group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

*(B) SUBSIDIARIES*

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the day on which control ceases.

*(C) INTERCOMPANY TRANSACTIONS*

Refer to accounting policy 1.4(B) for detail related to intercompany transactions.

*(D) NON-CONTROLLING INTERESTS*

In the previous reporting period, non-controlling interests were measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition.

*(E) COMMON CONTROL TRANSACTIONS*

Transactions in which combining entities are controlled by the same party or parties before and after the transaction and where that control is not transitory are referred to as common control transactions. The group’s accounting policy for the acquiring entity is to account for the transaction at book values as reflected in the financial statements of the selling entity. The group accounts for the transaction prospectively, thus the acquired entity’s results are included in the acquirer’s financial statements from the date of the common control transaction. There is no restatement of comparative information. For common control transactions, the group determines the purchase consideration as the transaction cost adjusted for the time value of money where applicable. The excess of the purchase consideration over the acquirer’s proportionate share of the net asset value acquired in common control transactions is recognised in the common control reserve in equity.

# ACCOUNTING POLICIES

(CONTINUED)

*(F) LOSS OF CONTROL*

Refer to accounting policy 1.4(C) for detail related to loss of control.

**1.15 FOREIGN CURRENCY**

*(A) FOREIGN CURRENCY TRANSACTIONS*

Refer to accounting policy 1.5(A) for detail related to foreign currency transactions.

*(B) FOREIGN OPERATIONS*

The financial statements of all group entities that had a functional currency different from the group's presentation currency were translated into the presentation currency at the reporting date. The assets and liabilities of each foreign operation were translated at the closing rate. Foreign currency differences were recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. However, if the foreign operation was a non-wholly owned subsidiary, then the relevant proportion of the translation difference was allocated to non-controlling interests. When a foreign operation was disposed of, such that control was lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation was reclassified to profit or loss as part of the gain or loss on disposal. When the group disposed of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount was reattributed to non-controlling interests.

*(C) FOREIGN EXCHANGE GAINS OR LOSSES ON INTRA-GROUP LOANS*

Intra-group monetary assets and liabilities in the previous reporting period, which arose as a result of the USD denominated loan between two group entities, were not eliminated upon consolidation without reflecting the results of currency fluctuations. The monetary asset and liability represented a commitment to convert one currency into another, thereby exposing the group to currency fluctuations. The resultant exchange differences were recognised in profit or loss.

**1.16 PROPERTY PLANT AND EQUIPMENT**

Refer to accounting policy 1.6 for detail related to property plant and equipment transactions.

**1.17 FINANCIAL INSTRUMENTS**

Refer to accounting policy 1.7 for detail related to financial instruments transactions.

**1.18 INVENTORIES**

Real estate inventory was valued at the lower of cost (including development and preparation expenses) and net realisable value. Inventory is measured on the first in first out basis.

The cost of inventories comprised of all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that were not ordinarily interchangeable and goods or services produced and segregated for specific projects were assigned using specific identification of the individual costs. Costs incurred in installing roads and infrastructure, arising from progress billings from contracts, were initially recognised in work in progress until the assets were available to use, as evidenced by engineering approval certificates.

**1.19 INVESTMENT PROPERTY**

Investment property was recognised at cost, including transaction costs. Costs included costs incurred initially and subsequently incurred to add to, or to replace a part of, or service a property.

Maintenance and repairs were recognised in profit or loss.

Subsequent to initial measurement, investment properties were measured and recognised at fair value. Investment property was revalued annually, or sooner if there has been a significant change in the conditions of the property and adjusted to fair value at the respective reporting dates with reference to either an independent external valuation or directors' valuation.

A gain or loss arising from a change in fair value was included in profit or loss for the period in which it arises. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**1.20 EXPLORATION AND EVALUATION ASSETS**

Pre-licence costs related to costs incurred before the group had obtained legal rights to explore a specific area. Such costs included the acquisition of exploration data and the associated costs of analysing that data. These costs were recognised in profit or loss in the period in which they were incurred.

Exploration and evaluation activity involved the search for mineral resources, the determination of technical feasibility and assessing the commercial viability of an identified resource.

Exploration and evaluation activity includes:

- researching and analysing historical exploration data
- gathering exploration data through geophysical studies
- exploratory drilling and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements and
- conducting market and finance studies.

The depreciation on items of plant and equipment used in the activities described above (for example, drilling and sampling) also represents exploration and evaluation expenditure. Any such depreciation was treated consistently with the group's other exploration and evaluation expenditure and was recognised as part of the cost of the asset.

Licence costs paid in connection with a right to explore in an existing exploration area were capitalised as intangible assets and amortised over the term of the permit.

All other costs directly related to exploration and evaluation activities in the area of interest were capitalised as exploration and evaluation assets which was an intangible asset in nature. General and administrative costs were allocated to an exploration and evaluation intangible asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest. Capitalised exploration and evaluation expenditure was written off when the group concludes that a future economic benefit was more likely than not to be realised. If, after expenditure was capitalised, information becomes available suggesting that the recovery of expenditure was unlikely, the relevant capitalised amount is written off in profit or loss in the period when the new information became available.

In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information were used. The information that was used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

# ACCOUNTING POLICIES

## (CONTINUED)

Revenue realised from the sale of mineral resources during the exploration phase was recognised in profit or loss by the group.

**1.19 MINE PROPERTIES**

Expenditure was transferred from exploration and evaluation assets to mine properties, once the exploration and evaluation results support the future development of mining property and such development received appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities was capitalised. Any costs incurred in testing the assets to determine if they were functioning as intended were capitalised.

When the group commenced production, the capitalisation of certain mine development costs ceased and costs were either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It was also at this point that depreciation/amortisation commenced.

**1.20 INTANGIBLE ASSETS**

Intangible assets were initially recognised at cost.

*(A) INTANGIBLE ASSETS WITH FINITE USEFUL LIVES*
The carrying amounts of these intangible assets were assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets with finite useful lives were measured at cost less accumulated amortisation and any impairment losses. Amortisation was determined to write down the intangible assets, on a straight-line basis, to their residual values, where relevant, as follows:

| ITEM | USEFUL LIFE |
| --- | --- |
| COMPUTER SOFTWARE | 2 - 10 YEARS |
| TRADEMARKS, LICENCES AND PATENTS | 10 - 25 YEARS |

The amortisation period, the residual value and the amortisation method for intangible assets were reviewed at each reporting date.

An intangible asset arising from development (or from the development phase of an internal project) was recognised as an asset when it has met the recognition criteria for an intangible asset.
An intangible asset was derecognised on disposal or when no future economic benefits are expected from use. Gains or losses arising from the derecognition of an intangible asset were recognised in profit or loss.

*(B) GOODWILL*
Goodwill arising on an acquisition of a business was measured at cost less accumulated impairment losses, if any.



For impairment testing, goodwill was allocated to each of the group's cash-generating units (or groups of cash-generating units) that were expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated was tested for impairment annually or more frequently when there was an indication that the goodwill may be impaired. If the recoverable amount of the cash-generating unit was less than its carrying amount, the impairment loss was allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets on a unit *pro rata,* based on the carrying amount of each asset in the unit. Any impairment loss for goodwill was recognised directly in profit or loss. An impairment loss recognised for goodwill was not reversed.

**1.21 TAX**

Refer to accounting policy 1.8 for detail related to tax.

**1.22 LEASES**

Refer to accounting policy 1.9 for detail related to lease transactions.

**1.23 REVENUE**

The group recognises revenue in the prior period from the following major sources:
- property sales
- insurance contracts (refer to accounting policy note 1.24 for further information)
- tuition fees
- diamonds sales and
- interest received on financial assets.

*(A) PROPERTY SALES*
The group sold serviced and unserviced land to customers. The sale of serviced land involved the following performance obligations:
- sale of land and
- provision of bulk services.

The transaction prices for sale of serviced land were allocated to the performance obligations based on the stand-alone selling prices. Where these were not directly observable, they were estimated based on expected cost plus margin.

Revenue was recognised when control of the serviced land was transferred to the customer on the date upon which the purchaser had the ability to unilaterally affect changes to the asset. The date at which control transfers was when the earliest of the following occurs:
- the necessary bulk services had been installed and were available and ready for use and
- the purchaser had accepted the asset and has right of use and control over the property.

Payment of the transaction price was due immediately at the point at which control transfers. Where the sale related to serviced land, these indicators were present for both the sale of the land and the services when the installation of services was completed. Therefore the installation of bulk services gave rise to point in time revenue recognition.

# ACCOUNTING POLICIES

## (CONTINUED)

*(B) TUITION AND OTHER RELATED FEES*

Revenue from the sale of educational courses was recognised over time. Progress was measured as the amount of hours completed, as a percentage of the agreed hours required for the work to be done. This measure of progress faithfully depicted the transfer of the delivery of service to the customer. Payment of the transaction price was due immediately when service to the customer was determined to have been rendered.

Revenue from course material was recognised at a point in time when a customer purchased course material. Payment of the transaction price was due immediately at the point the customer purchased the course material.

*(C) DIAMOND SALES*

Revenue was recognised at a point in time when control of the diamond was transferred to the customer being at the point the customer purchased the diamond at the diamond auction. Payment of the transaction price was due immediately at the point the customer purchased the diamond.

*(D) INTEREST RECEIVED ON FINANCIAL ASSETS*

Refer to accounting policy 1.11(B) for detail related to interest received on financial assets.

**1.24 INSURANCE CONTRACTS**

*(A) CLASSIFICATION OF CONTRACTS*

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. All policyholder contracts that transfer significant insurance risks were classified as insurance contracts. Such contracts might also transfer financial risk. Trustco defined significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that was significantly more than the benefits payable if the insured event did not occur.

Financial risk was the risk of a possible future change in the value of an asset or financial instrument due to a change in the interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other measurable variables.
The following typical types of contracts issued by the group that were classified as insurance contracts:

- policies that provided legal cover in the event of litigation against or in favour of policyholders
- policies that provided lump-sum benefits and cost recoveries for death
- policies that provided salary cover
- policies that provided short-term cover relating to property, accident and personal accident
- policies that provided medical insurance cover and
- policies that provided all or a combination of the above covers.

*(I) LONG-TERM INSURANCE OPERATIONS*

These contracts were valued in terms of the financial soundness valuation (FSV) basis contained in NSAP 104 (a mandatory guidance note issued by the Namibian Society of Actuaries that gave guidance on IFRS making specific reference to the Namibian environment). The statutory actuary reviewed the calculation of the liabilities under long-term insurance contracts and investment contracts annually at the reporting date in accordance with prevailing legislation, Generally Accepted Actuarial Standards in Namibia and IFRS as appropriate. The transfers to or from insurance liabilities were accounted for in profit or loss and represent the increase or decrease in contract liabilities, including all necessary provisions and reserves.



The liabilities for insurance contracts were set equal to the accumulated fair value of the underlying assets plus a non-unit reserve calculated in accordance with NSAP 104. Any deficiency was immediately recognised in profit or loss and a provision was recognised for losses from the liability adequacy tests.

Investment contracts were initially and thereafter recognised at fair value, with changes in fair value being recognised in profit or loss. The premiums, benefit payments and investment earnings relating to these investment contracts were excluded from profit or loss and accounted for directly as movements in the liability.

Once a contract had been classified as an insurance contract, it remained an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during period under review, unless all rights and obligations were extinguished or expired. Investment contracts could, however, be reclassified as insurance contracts after inception if insurance risk became significant, although this generally did not occur with the current investment contracts being written.

*(II) SHORT-TERM INSURANCE OPERATIONS*

Contracts under which the short-term insurance operations accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiaries if a specified uncertain future event (the insured event) adversely affected the policyholder, or other beneficiaries, were classified as insurance contracts.

*(B) INSURANCE RESULTS*

The underwriting results were determined after recognising liabilities for unearned premiums, claims incurred, incurred but not reported claims and such additional provisions as were considered necessary. The methods used to determine these liabilities are as follows:

*(I) PREMIUMS*

Premiums were earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. Unearned premiums, which represented the proportion of premiums written in the period under review, which relate to risks that have not expired by reporting date, were calculated on the 365th basis for even risk business and other bases that best represent the unearned risk profile for uneven risk business.

*(II) CLAIMS*

Claims incurred consisted of claims and claims handling expenses paid during the reporting period together with the movement in the claims incurred liability. Claims outstanding comprised an obligation for the estimate of the ultimate cost of settling all claims incurred but unpaid at reporting date whether reported or not and an appropriate risk margin.

Adjustments to the amounts of claims obligations established in prior periods, as a result of changes in estimates, were reflected in the reporting period in which the adjustments were made and disclosed separately if material.

*(III) LIABILITY ADEQUACY TEST*

At each reporting date, liability adequacy tests were required to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future premiums, claims and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, were used. Since the insurance policy liabilities were calculated in terms of the FSV basis as described in NSAP 104, which meets the minimum requirements of the liability adequacy test, it was not necessary to perform an additional liability adequacy test.

# ACCOUNTING POLICIES

## (CONTINUED)

*(IV) INCURRED BUT NOT REPORTED CLAIMS (SHORT-TERM BUSINESS) (IBNR)*

IBNR reflected the total amount owed by the insurer to all valid claimants who had a covered loss but not yet reported this to the insurer. Claims were calculated as a percentage of claims. Different percentages were applied by class of business.

*(V) POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACT (LONG-TERM BUSINESS)*

The liabilities under life insurance contracts were valued in terms of the FSV basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by NSAP 104. The operating surpluses or losses arising from life insurance contracts were determined by the annual valuation and were included in 'insurance liabilities'. These surpluses or losses were determined after taking into account the movement within the policyholder liabilities.

*(VI) UNEARNED PREMIUM RESERVE*

A provision in respect of premiums written in the current period relating to future periods was determined for all business on actual monies received in advance. This was calculated by multiplying the premium by the ratio of the outstanding term to the original term of the policies in force.

*(C) REVENUE RECOGNITION*

*(I) LONG-TERM INSURANCE OPERATIONS*

Premiums and annuity considerations on insurance contracts were recognised when due in terms of the contract, other than group schemes. Premiums receivable in respect of group schemes that were due after the reporting date were ignored. However, where the operating ratios exceed 100%, a deficiency reserve was established to offset any expected losses up until the next renewal date.

Premiums were shown before deduction of commission. Premium income received in advance was included in insurance contract liabilities. Amounts received under investment contracts were recognised as deposits to investment contract liabilities.

*(II) SHORT-TERM INSURANCE OPERATIONS*

Gross written premiums comprised the premiums on insurance contracts entered into during the reporting period, irrespective of whether they relate in whole or in part to a later accounting period. Premiums were disclosed gross of commission to intermediaries and exclude value-added tax. Premiums written included adjustments to premiums written in the prior reporting periods. The earned portion of the premium received was recognised as revenue. Premiums were earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

*(D) SOLVENCY MARGIN*

The solvency margin was a measurement of the financial strength of a short-term insurer. It represented the shareholders' funds, expressed as a percentage of net premium income. This method of measurement is done in accordance with Section 20 of the Namibian Short-term Insurance Act of 1998.

### 1.25 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 1.26 SHARE CAPITAL

Refer to accounting policy 1.12 for detail related to share capital.

### 1.27 FINANCE COSTS

Refer to accounting policy 1.13 for detail related to finance costs.

### 1.28 EMPLOYEE BENEFITS

Refer to accounting policy 1.10 for detail related to employee benefits.

### 1.29 NEW STANDARDS AND INTERPRETATIONS

### 1.29.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT PERIOD

The following amended standards became applicable for the current reporting period.

*(A) STANDARDS THAT DID NOT HAVE A MATERIAL IMPACT ON THE GROUP'S FINANCIAL STATEMENTS*

- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform Phase 2.
  The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
  a. The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.
  b. The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect:
- designating an alternative benchmark rate as the hedged risk; or
- changing the description of the hedged item, including the designated portion, or of the hedging instrument.

# ACCOUNTING POLICIES

(CONTINUED)

**1.29.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE**

The group has chosen not to early adopt the following standards which have been published and are mandatory for the group's accounting periods beginning on or after 31 August 2022:

*(A) STANDARDS THAT THE GROUP HAS ASSESSED*

- IFRS 3 Business Combinations - Reference to the Conceptual Framework (effective for annual periods beginning on or after 1 January 2022).
  The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IFRS 9 Financial Instruments - Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022).
  The amendment clarifies which fees an entity includes when it applies the "10 per cent test" in assessing whether to derecognise a financial liability. (This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.)
- IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current: (effective for annual periods beginning on or after 1 January 2023).
  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
- IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023).
  The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
  Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.
- IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).
  The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.
- IAS 16 Property, Plant and Equipment - Property, Plant and Equipment: Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022).
  The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the cost of producing those items, in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent: Assets Onerous Contracts—Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022).
  The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss-making.

Management has assessed the impact of these new and revised standards on the group and concluded that they have no material effect on the group.

*(B) STANDARDS FOR WHICH THE GROUP IS STILL ASSESSING THE IMPACT*

- IFRS 17 Insurance contracts (effective for annual periods beginning on or after 1 January 2023).

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.

a. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.
b. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims.
c. Insurance contracts are required to be measured based only on the obligations created by the contracts.
d. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.
e. This standard replaces IFRS 4 – Insurance Contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 2. CASH AND CASH EQUIVALENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| BANK | 8 | 23 |
| BANK OVERDRAFT | - | (8) |
| | **8** | **15** |

The fair value of cash and cash equivalents approximate their carrying amounts due to the short term nature thereof.

## 3. ADVANCES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| PROPERTY ADVANCES | - | 35 |
| STUDENT ADVANCES | - | 430 |
| OTHER LOANS ADVANCED | - | 24 |
| | **-** | **489** |
| CURRENT ASSETS | - | 145 |
| NON-CURRENT ASSETS | - | 344 |
| | **-** | **489** |
| **RECONCILIATION OF ADVANCES** | | |
| ADVANCES AT BEGINNING OF THE PERIOD | 489 | 921 |
| LOANS ADVANCED (INCLUDING TRANSACTION COSTS) | - | 118 |
| PAYMENTS RECEIVED | - | (33) |
| PROPERTY ACQUIRED IN LIEU OF SETTLEMENT OF DEBT (A) | - | (464) |
| INCREASE IN LOSS ALLOWANCE | - | (71) |
| INTEREST CAPITALISED | - | 19 |
| IMPAIRED ADVANCES WRITTEN OFF | - | (1) |
| DECONSOLIDATED UPON CHANGE IN STATUS TO THAT OF AN INVESTMENT ENTITY | (489) | - |
| | **-** | **489** |
| **CONSISTING OF** | | |
| GROSS ADVANCES | - | 724 |
| LOSS ALLOWANCE | - | (235) |
| | **-** | **489** |



| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| **RECONCILIATION OF LOSS ALLOWANCE** | | |
| OPENING BALANCE | 235 | 853 |
| SUBSEQUENT CHANGES IN LOSS ALLOWANCE | - | 24 |
| DERECOGNITION OF LOSS ALLOWANCE ON DEBT SETTLED (A) | - | (689) |
| LOSS ALLOWANCE RECOGNISED ON NEW EXPOSURES | - | 28 |
| SUBSEQUENT CHANGES IN LOSS ALLOWANCE FOR FINANCIAL | - | 19 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (235) | - |
| **CLOSING BALANCE** | **-** | **235** |

### PROPERTY ADVANCES

The advances are split as follows:

*(A)* *COMMERCIAL FINANCE*

On 16 December 2020, the group purchased 100% shareholding in two investment entities; Cumbrae Island Investments (Pty) Ltd (Cumbrae) and Elisenheim Estate Property Number One Hundred And One (Pty) Ltd (EEP 101). EEP 101 and Cumbrae's sole assets were investment property (NAD 398 million) and real estate inventory (NAD 66 million). At the time of purchase, Cumbrae and EEP 101 owed the group NAD 432 million. The amount due to the group was equivalent to the fair value of the underlying assets of Cumbrae and EEP 101. As a result of the transaction, the group controlled Cumbrae and EEP 101 and the property loans advanced became intragroup receivables which were eliminated on consolidation.The transaction was not treated as a business combination and the concentration test was not applied because the transaction did not constitute the purchase of a business as the entities acquired were not operational. The group accounted for the transaction as a purchase of assets.

*(B)* *MORTGAGE LOANS*

In the previous financial period, mortgage loans with a carrying amount of 12.2 million bore interest at rates ranging between 8.25% pa to 10% pa and the average mortgage type contracts were repayable over an average of 220 monthly instalments of NAD 0.120 million. Mortgage loans were secured by mortgage bonds over immovable property.

*(C)* *OTHER PROPERTY ADVANCES*

In the previous financial period, other advances with a carrying amount of NAD 23.8 million bore interest at rates ranging between 7.5% pa to 12.5% pa and the average mortgage type contracts were repayable over an average of 36 monthly instalments of NAD 0.628 million. Personal sureties or cessions of shares in property holding companies were also obtained from buyers where deemed necessary. Loans were secured by security over motor vehicles purchased by the dealers. Personal sureties were obtained where deemed necessary.

### STUDENT ADVANCES

In the previous financial period, student advances with a carrying amount of NAD 430 million bearing interest ranging between 7.5% - 15.0% pa, were unsecured and repayable over periods between 12 and 60 months. The student advances served as security for the borrowing facilities, as disclosed in note 14.

Refer to note 37 for details of financial risk management.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### RECONCILIATION OF LOSS ALLOWANCE FOR ADVANCES

| | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE AT 1 SEPTEMBER 2021 | 66 | 7 | 162 | 235 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (66) | (7) | (162) | (235) |
| **CARRYING AMOUNT AT 31 AUGUST 2022** | **-** | **-** | **-** | **-** |

| | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE AT 1 OCTOBER 2020 | 50 | 4 | 799 | 853 |
| TRANSFERS FROM STAGE 1 | (9) | 2 | 7 | - |
| TRANSFERS FROM STAGE 2 | 3 | (3) | - | - |
| TRANSFERS FROM STAGE 3 | 15 | 5 | (20) | - |
| SUBSEQUENT CHANGES IN LOSS ALLOWANCE | (20) | (1) | 46 | 25 |
| LOSS ALLOWANCE RECOGNISED ON NEW EXPOSURES | 27 | - | 19 | 46 |
| DERECOGNITION OF LOSS ALLOWANCE ON DEBT SETTLED (A) | - | - | (689) | (689) |
| **CARRYING AMOUNT AT 31 AUGUST 2021** | **66** | **7** | **162** | **235** |

### RECONCILIATION OF LOSS ALLOWANCE FOR ADVANCES

| | OPENING LOSS ALLOWANCE 1 SEPTEMBER 2021 | DECONSOLIDATED ON CHANGE IN STATUS | CLOSING LOSS ALLOWANCE 31 AUGUST 2022 |
|---|---|---|---|
| **OTHER LOANS ADVANCED** | | | |
| STAGE 1 | 1 | (1) | - |
| STAGE 3 | 1 | (1) | - |
| **STUDENT ADVANCES** | | | |
| STAGE 1 | 65 | (65) | - |
| STAGE 2 | 6 | (6) | - |
| STAGE 3 | 162 | (162) | - |
| | **235** | **(235)** | **-** |



| | OPENING LOSS ALLOWANCE 1 OCTOBER 2020 | TOTAL TRANSFERS BETWEEN STAGES | LOSS ALLOWANCE RECOGNISED ON NEW EXPOSURES | IMPAIRED ACCOUNTS WRITTEN OFF | DERECOGNITION OF LOSS ALLOWANCE ON DEBT SETTLED | SUBSEQUENT CHANGES IN LOSS ALLOWANCE | CLOSING LOSS ALLOWANCE 31 AUGUST 2021 |
|---|---|---|---|---|---|---|---|
| **OTHER LOANS ADVANCED** | | | | | | | |
| STAGE 1 | - | - | - | - | - | 1 | 1 |
| STAGE 3 | 1 | - | - | - | - | - | 1 |
| **STUDENT ADVANCES** | | | | | | | |
| STAGE 1 | 49 | 9 | 27 | - | - | (20) | 65 |
| STAGE 2 | 4 | 3 | - | - | - | (1) | 6 |
| STAGE 3 | 129 | (12) | - | - | - | 45 | 162 |
| **PROPERTY ADVANCES** | | | | | | | |
| STAGE 3 | 670 | - | 19 | - | (689) | - | - |
| | **853** | **-** | **46** | **-** | **(689)** | **25** | **235** |

The loss allowance for advances to customers recognised in the prior period was impacted by a variety of factors.
The movements in the 2021 reporting period's tables are described below:

a) Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period and the consequent “step up” (or “step down”) between 12-month and lifetime ECLs.
b) Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period.
c) Impact on the measurement of ECLs due to changes to model assumptions (including changes in the probability of default, exposure at default and loss given default) arising from the update of inputs to ECLs models.
d) Unwinding of discount due to the passage of time because ECLs were measured on a present value basis.
e) Increase in ECLs for property advances was due to the deterioration of property values. The underlying assets for property advances were immovable properties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### RECONCILIATION OF GROSS CARRYING AMOUNT

| | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE AT 1 SEPTEMBER 2021 | 232 | 27 | 465 | 724 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (232) | (27) | (465) | (724) |
| **CARRYING AMOUNT AT 31 AUGUST 2022** | **-** | **-** | **-** | **-** |

| | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE AT 1 OCTOBER 2020 | 425 | 7 | 1 343 | 1 775 |
| TRANSFERS FROM STAGE 1 | (26) | 7 | 19 | - |
| TRANSFERS FROM STAGE 2 | 13 | (16) | 3 | - |
| TRANSFERS FROM STAGE 3 | 50 | 15 | (65) | - |
| RECEIPTS | (307) | 13 | 261 | (33) |
| NEW LOANS | 109 | 1 | 26 | 136 |
| ACCOUNTS WRITTEN OFF | - | - | (1) | (1) |
| INVESTMENT PROPERTY ACQUIRED IN LIEU OF SETTLEMENT OF DEBT (A) | (32) | - | (1 121) | (1 153) |
| **CARRYING AMOUNT AT 31 AUGUST 2021** | **232** | **27** | **465** | **724** |

No modifications were made to financial assets in the current and prior financial periods that resulted in derecognition.

| | GROSS CARRYING AMOUNT 1 SEPTEMBER 2021 | DECONSOLIDATED ON CHANGE IN STATUS | GROSS CARRYING AMOUNT 31 AUGUST 2022 |
|---|---|---|---|
| **OTHER LOANS ADVANCED** | | | |
| STAGE 1 | 20 | (20) | - |
| STAGE 2 | 3 | (3) | - |
| STAGE 3 | 3 | (3) | - |
| **STUDENT ADVANCES** | | | |
| STAGE 1 | 211 | (211) | - |
| STAGE 2 | 24 | (24) | - |
| STAGE 3 | 430 | (430) | - |
| **PROPERTY ADVANCES** | | | |
| STAGE 3 | 33 | (33) | - |
| | **724** | **(724)** | **-** |



| | GROSS CARRYING AMOUNT 1 OCTOBER 2020 | TOTAL TRANSFERS BETWEEN STAGES | NEW LOANS | IMPAIRED ACCOUNTS WRITTEN OFF | INVESTMENT PROPERTY ACQUIRED IN LIEU OF DEBT SETTLEMENT | RECEIPTS | GROSS CARRYING AMOUNT 31 AUGUST 2021 |
|---|---|---|---|---|---|---|---|
| **OTHER LOANS ADVANCED** | | | | | | | |
| STAGE 1 | 33 | (5) | 2 | - | - | (10) | 20 |
| STAGE 2 | - | 3 | - | - | - | - | 3 |
| STAGE 3 | 2 | 2 | - | (1) | - | - | 3 |
| **STUDENT ADVANCES** | | | | | | | |
| STAGE 1 | 366 | 41 | 101 | - | - | (297) | 211 |
| STAGE 2 | 7 | 3 | 1 | - | - | 13 | 24 |
| STAGE 3 | 213 | (44) | - | - | | 261 | 430 |
| **PROPERTY ADVANCES** | | | | | | | |
| STAGE 1 | 26 | - | 6 | - | (32) | - | - |
| STAGE 3 | 1 128 | - | 26 | - | (1 121) | - | 33 |
| | **1 775** | **-** | **136** | **(1)** | **(1 153)** | **(33)** | **724** |

| | 31 AUGUST 2022 | | | 31 AUGUST 2021 | | |
|---|---|---|---|---|---|---|
| | GROSS LOANS | LOSS ALLOWANCE | CARRYING AMOUNT | GROSS LOANS | LOSS ALLOWANCE | CARRYING AMOUNT |
| **OTHER LOANS ADVANCED** | | | | | | |
| STAGE 1 | - | - | - | 20 | (1) | 19 |
| STAGE 2 | - | - | - | 3 | - | 3 |
| STAGE 3 | - | - | - | 3 | (1) | 2 |
| **STUDENT ADVANCES** | | | | | | |
| STAGE 1 | - | - | - | 211 | (65) | 146 |
| STAGE 2 | - | - | - | 24 | (6) | 18 |
| STAGE 3 | - | - | - | 430 | (162) | 268 |
| **PROPERTY ADVANCES** | | | | | | |
| STAGE 3 | - | - | - | 33 | - | 33 |
| | **-** | **-** | **-** | **724** | **(235)** | **489** |

In the previous period the significant movement under property loans was as a result of the group acquiring investment property *in lieu of* settlement of property advance.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### COLLATERAL AND OTHER CREDIT ENHANCEMENTS

| 31 AUGUST 2021 | MAXIMUM EXPOSURE TO CREDIT RISK | COLLATERAL | NET EXPOSURE |
|---|---|---|---|
| OTHER LOANS ADVANCED | 27 | (26) | 1 |
| STUDENT ADVANCES | 664 | - | 664 |
| PROPERTY ADVANCES | 33 | - | 33 |
| | **724** | **(26)** | **698** |

- Other loans advanced were secured by mortgage bonds over immovable property or personal surety was obtained from buyers where deemed necessary and security over motor vehicles purchased by the dealer.

There were no significant changes in the quality of collateral in the prior reporting periods.

**ASSUMPTIONS**
In the previous reporting period, the group included all forward-looking information, which was reasonable and available without undue cost or effort. The information typically included expected macroeconomic conditions and factors that were expected to impact portfolios or individual counterparty exposure. A sample of exposures were selected and assessed incorporating forward-looking information into their assigned credit risk rating. The group obtained an understanding of the forward-looking information such as the potential impact of COVID-19 which was taken into account for the exposure and evaluating it for reasonability against management's expectations. The group increased probability of default (PDs) for all portfolios of advances with the potential impact of COVID-19 and the result was increased ECLs recognised at the reporting date. COVID-19 had a pervasive effect on the global economy.

**PROPERTY ADVANCES**
The underlying assets for property advances were serviced and unserviced properties, the terms of which were directly linked to the sale of the properties after bulk services were installed. Due to the lack of adequate historical data to determine the probability of default reliably, ECLs for property advances were determined using the independent valuation of the underlying assets at the reporting date. Loss allowances were calculated as the difference between the property values and the gross carrying amount of the property advances at the reporting date.

The group considered the probability of default upon initial recognition of an asset and whether there had been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there was a significant increase in credit risk, the group compared the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition. It considered available reasonable and supportive forwarding-looking information. The following indicators were incorporated:
- internal credit rating
- external credit rating (Bank of Namibia's BID 2 guidelines and Moody's Global default rates)
- actual or expected significant adverse changes in business, financial or economic conditions that were expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) was incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk was presumed if a debtor was more than 60 days past due in making a contractual payment.

The group used three categories for advances that reflected their credit risk and how the loss allowance was determined for each of those categories. These internal credit risk ratings were aligned to Moody's external credit ratings.

A summary of the assumptions underpinning the group's expected credit loss model was as follows:

| CATEGORY | CREDIT RATING | GROUP DEFINITION OF THE CATEGORY | THE BASIS FOR RECOGNITION OF LOSS ALLOWANCE |
|---|---|---|---|
| PERFORMING | STANDARD (0-30 DAYS) | LOANS WHOSE CREDIT RISK WAS IN LINE WITH ORIGINAL EXPECTATIONS | 12-MONTH EXPECTED CREDIT LOSSES. WHERE THE EXPECTED LIFETIME OF AN ASSET WAS LESS THAN 12 MONTHS, EXPECTED CREDIT LOSSES WERE MEASURED AT ITS EXPECTED LIFETIME (STAGE 1) |
| UNDERPERFORMING | SUBSTANDARD (31-60 DAYS) | LOANS FOR WHICH A SIGNIFICANT INCREASE IN CREDIT RISK HAD OCCURRED COMPARED TO ORIGINAL EXPECTATIONS; A SIGNIFICANT INCREASE IN CREDIT RISK WAS PRESUMED IF INTEREST AND/OR PRINCIPAL REPAYMENTS WERE 60 DAYS PAST DUE (SEE ABOVE IN MORE DETAIL) | LIFETIME EXPECTED CREDIT LOSSES (STAGE 2) |
| NON-PERFORMING (CREDIT-IMPAIRED) | SPECIAL MONITORING (61-90 DAYS) | INTEREST AND/OR PRINCIPAL REPAYMENTS WERE 91 DAYS PAST DUE, OR IT BECAME PROBABLE THAT A CUSTOMER WILL ENTER BANKRUPTCY | LIFETIME EXPECTED CREDIT LOSSES (STAGE 3) |
| WRITE-OFF | DEFAULT (90+ DAYS) | A) AMOUNTS DUE TO TRUSTCO BANK LTD THAT WERE 365 DAYS PAST DUE AND THERE WAS NO REASONABLE EXPECTATION OF RECOVERY FOR THE AMOUNTS WERE WRITTEN OFF IN LINE WITH BANK OF NAMIBIA'S REGULATIONS.<br>B) OTHER FINANCIAL ASSETS WERE WRITTEN OFF WHEN ALL COLLECTION PROCEDURES WERE FULLY EXHAUSTED. | THE ASSET WAS WRITTEN OFF |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table shows the PDs applicable for the various stages.

| | | 31 AUGUST 2021 |
|---|---|---|
| STAGE | PROBABILITY OF DEFAULT (AVERAGE) | LOSS GIVEN DEFAULT (AVERAGE) |
| STAGE 1 | 40.10% | 31.05% |
| STAGE 2 | 73.20% | 31.05% |
| STAGE 3 | 100.00% | 31.05% |

| CREDIT RATING<br>31 AUGUST 2021 | ECLs RATE | STAGE 1 | STAGE 2 | STAGE 3 | TOTAL |
|---|---|---|---|---|---|
| STANDARD (0-30 DAYS) | 42.10% | 231 | - | - | 231 |
| SUBSTANDARD (31-60 DAYS) | 63.10% | - | 4 | - | 3 |
| SPECIAL MONITORING (61-90 DAYS) | 73.20% | - | 23 | - | 23 |
| DEFAULT (90+ DAYS) | 100.00% | - | - | 466 | 466 |
| **GROSS CARRYING AMOUNT** | | **231** | **27** | **466** | **724** |

## 4. TRADE AND OTHER RECEIVABLES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TRADE RECEIVABLES | 44 | 43 |
| PROPERTY SALES RECEIVABLES | - | 49 |
| OTHER RECEIVABLES | 21 | 43 |
| VAT | - | 28 |
| | **65** | **163** |
| FINANCIAL INSTRUMENTS | 65 | 135 |
| NON-FINANCIAL INSTRUMENTS | - | 28 |
| | **65** | **163** |
| **RECONCILIATION OF LOSS ALLOWANCE** | | |
| OPENING BALANCE | 25 | 24 |
| SUBSEQUENT CHANGES IN LOSS ALLOWANCE | (1) | 1 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (24) | - |
| | **-** | **25** |

The group held collateral (in the form of immovable property sold) to cover its credit risks associated with property receivables. The carrying amount of property receivables in the previous period of NAD 49 million and the fair value of the immovable property exceeded the carrying amount of property receivables. If the group repossessed the immovable property, the group would have expected to sell the property within twelve months. The group could not sell or repledge the collateral in the absence of default by the debtor. There were no significant changes in the quality of the collateral held for property receivables. Therefore, no loss allowance was recognised as the expected credit loss is immaterial. The group has not recognised a loss allowance for the property receivables because of these collaterals.



The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. No trade receivables and other receivables have been pledged as collateral for liabilities or contingent liabilities.

The carrying amount approximates fair value due to the short-term nature thereof.

## 5. AMOUNT DUE BY INVESTEE ENTITY

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | 616 | - |
| CURRENT ASSETS | 616 | - |
| NON-CURRENT ASSETS | - | - |
| | **616** | **-** |

The amount due by the investee bears interest at market related interest rates and has no fixed repayment terms. The maximum exposure to credit risk at the reporting date is the fair value of the amount due. The group does not hold any direct collateral as security.

The carrying amount approximates the fair value owing to market related variable interest rates.

As the amount due by investee entities is not in default there is no increased credit risks associated with the financial asset receivable, therefore the amount due by investee entities is classified as fully performing and not credit impaired. The assessment related to credit risks includes consideration of the investees forward looking financial information and the strength of the counter parties ability to settle the outstanding debt owing.

## 6. INVENTORIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| WORK IN PROGRESS | - | 485 | 371 |
| FINISHED GOODS | - | 43 | 50 |
| | **-** | **528** | **421** |

Work in progress related to land under development. This land under development was mortgaged as security for the borrowings described in note 14.

In the previous period, the cost of inventories recognised as an expense and included in the cost of sales amounted to NAD 36 million (30 September 2020: NAD 99 million).

No inventories were written down to net realisable value during the prior reporting periods.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 7. PROPERTY, PLANT AND EQUIPMENT

| FIGURES IN NAMIBIA DOLLAR MILLION | LAND AND BUILDINGS | MACHINERY AND EQUIPMENT | MOTOR VEHICLES | OFFICE EQUIPMENT AND FURNITURE | COMPUTER EQUIPMENT | EXPLORATION | TOTAL ASSETS |
|---|---|---|---|---|---|---|---|
| **31 AUGUST 2022** | | | | | | | |
| COST OR FAIR VALUE | - | 5 | 28 | - | 2 | - | 35 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT | - | (4) | (15) | - | (2) | - | (21) |
| | **-** | **1** | **13** | **-** | **-** | **-** | **14** |
| OPENING BALANCE | 150 | 10 | 40 | 8 | 1 | 106 | 315 |
| ADDITIONS | - | - | - | - | 1 | - | 1 |
| DISPOSALS | - | - | (6) | - | - | - | (6) |
| DEPRECIATION | - | (1) | (5) | - | (2) | - | (8) |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (150) | (8) | (16) | (8) | - | (106) | (288) |
| **CLOSING BALANCE** | **-** | **1** | **13** | **-** | **-** | **-** | **14** |
| **31 AUGUST 2021** | | | | | | | |
| COST OR FAIR VALUE | 164 | 97 | 77 | 12 | 42 | 256 | 648 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT | (14) | (87) | (37) | (4) | (41) | (150) | (333) |
| | **150** | **10** | **40** | **8** | **1** | **106** | **315** |
| OPENING BALANCE | 150 | 20 | 58 | 8 | 5 | 152 | 393 |
| ADDITIONS | - | - | - | - | - | 8 | 8 |
| DISPOSALS | (1) | (8) | (10) | - | - | - | (19) |
| DEPRECIATION | 1 | (2) | (8) | - | (4) | (35) | (48) |
| EXCHANGE RATE MOVEMENT | - | - | - | - | - | (19) | (19) |
| **CLOSING BALANCE** | **150** | **10** | **40** | **8** | **1** | **106** | **315** |

**LEASES**

a) Amounts recognised in statement of financial position.
The following right-of-use assets are included in property, plant and equipment in the relevant classes:

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| LAND AND BUILDINGS | - | 30 |
| MOTOR VEHICLES | 12 | 25 |
| **RIGHT-OF-USE ASSETS CARRYING AMOUNT** | **12** | **55** |

b) Lease liabilities, refer to note 18.

c) Amounts recognised in profit or loss.
(i) Depreciation of right-of-use assets (refer below).

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| LAND AND BUILDINGS | - | - |
| MOTOR VEHICLES | 4 | 7 |
| | **4** | **7** |

(ii) Interest paid on lease liabilities, refer to note 27.
d) Cash out flows from lease liabilities, refer to note 33.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

e) The group's leasing activities include:
   i) Motor vehicles
      The group leases vehicles. The average effective borrowing rate was 9.25% (2021: 7.4%), the balance is payable in the next 12 months and the annual repayment was NAD 6.4 million (2021: the annual repayment was NAD 9.8 million) and the lease liabilities are secured by motor vehicles. The average lease period for motor vehicle leases is 72 months.
   ii) Land
      In the previous period, the group leased land. The average lease period for land was 72 months. The average borrowing rate was 7.85% and an annual repayment of NAD 5.4 million. The lease did not impose any covenants other than the security interest in the lease assets that were held by the lessor.

**PROPERTY, PLANT AND EQUIPMENT ENCUMBERED AS SECURITY**
Refer to note 14 for details of property, plant and equipment encumbered as security for borrowings.

**REVALUATION OF LAND AND BUILDINGS**
Directors performed a valuation of the group's land and buildings to determine the fair value of these assets.

**VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES (LAND AND BUILDINGS)**
Land and buildings were valued by using the income capitalisation method. This method involved the determination of the net income of the property that was capitalised at a rate sought by prudent investors to determine the revalued amount of the subject property. The expected income of the property was determined by the comparison of the market rentals of similar properties.

The valuations were based on the assessment by management. Properties were measured using the fair value model in terms of IFRS 13: Fair Value Measurement.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act of Namibia is available for inspection at the company's registered office. If property, plant and equipment which was recognised on the revaluation model were stated on the historical cost basis, the carrying amounts would have been as follows:

The carrying amount of revalued assets under historical cost was:

| FIGURES IN NAMIBIA DOLLAR THOUSAND | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| LAND AND BUILDINGS | - | 98 |
| **TOTAL HISTORICAL COST CARRYING AMOUNT** | **-** | **98** |

Land and buildings were classified in level 3 of the fair value hierarchy.

**COMMITMENTS**
Refer to note 41 for capital commitments authorised.



## 8. INVESTMENT PROPERTY

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| **RECONCILIATION FOR THE PERIOD ENDED** | | | |
| OPENING BALANCE | 1 531 | 995 | 1 416 |
| ADDITIONS RESULTING FROM ACQUISITIONS | - | 6 | - |
| ADDITIONS | - | - | 3 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (1 531) | - | - |
| FAIR VALUE ADJUSTMENTS | - | (213) | (80) |
| TRANSFER FROM/(TO) ASSETS CLASSIFIED AS HELD FOR SALE* | - | 344 | (344) |
| ACQUISITION THROUGH DERECOGNITION OF PROPERTY LOANS (NOTE 3) | - | 399 | - |
| **CARRYING AMOUNT** | **-** | **1 531** | **995** |

*At 30 September 2020, the group resolved to dispose Herboths Property Development (Pty) Ltd (indirect subsidiary) and a sales agreement was signed with an external party. During the 2021 financial period the negotiations were terminated and the Herboths transaction was cancelled. On termination of the transaction, no impairment loss was recognised.

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| **VALUATION OF INVESTMENT PROPERTY** | | | |
| LAFRENZ DEVELOPMENT | - | 697 | 697 |
| ELISENHEIM | - | 417 | 231 |
| ONDANGWA DEVELOPMENT | - | 19 | 19 |
| HERBOTHS PROPERTY DEVELOPMENT | - | 344 | - |
| DEVELOPED RENTAL PROPERTIES | - | 23 | 23 |
| REMAINDER OF FARM HERBOTHS | - | 25 | 25 |
| KUISEB COUNTRY ESTATE | - | 6 | - |
| **CARRYING AMOUNT** | **-** | **1 531** | **995** |

Certain investment properties as described above were mortgaged as security for borrowings described in note 14.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Namibian Companies Act is available for inspection at the company's registered office.

**VALUATION TECHNIQUES USED TO DETERMINE FAIR VALUES**
The valuations were based on the assessment by management. Investment property was measured using the fair value model in terms of IFRS13: Fair Value Measurement. The group measured investment property at fair value, which was previously determined with reference to a combination of comparable sales values and the residual land valuation techniques, depending on the property's condition, which was dependent upon several inputs and underlying assumptions.

Investment properties were classified in level 3 of the fair value hierarchy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**KEY VARIABLES**

Key variables which affected the value of investment properties in prior period were as follows:

| | ELISENHEIM NATURE ESTATE | LAFRENZ INDUSTRIAL PARK | FARM HERBOTHS |
|---|---|---|---|
| **ESTIMATED SELLABLE LAND (SQUARE METRES)** | **1 810 500** | **1 592 358** | **15 175 104** |
| RESIDENTIAL ERVEN | 1 810 500 | - | 10 782 004 |
| BUSINESS ERVEN | - | - | 312 800 |
| INDUSTRIAL - SERVICED | - | 1 592 358 | - |
| PLOTS | - | - | 4 080 300 |
| **SELLABLE LAND RATE PER SQUARE METRE (NAD)** | | | |
| RESIDENTIAL ERVEN | 1 500 | - | 1 150 |
| BUSINESS ERVEN | - | - | 1 150 |
| INDUSTRIAL - SERVICED | - | 1 950 | 1 500 |
| PLOTS | - | - | 35 |
| CONSTRUCTION COSTS PER SQUARE METRE(NAD) | 500 | 450 | 600 |
| **DEVELOPMENT PERIOD TO START (YEARS)** | | | |
| RESIDENTIAL ERVEN | 9 | - | 5 |
| BUSINESS ERVEN | - | - | 5 |
| INDUSTRIAL - SERVICED | - | 1 | 5 |
| PLOTS | - | - | 5 |



| | ELISENHEIM NATURE ESTATE | LAFRENZ INDUSTRIAL PARK | HERBOTHS DEVELOPMENT |
|---|---|---|---|
| **DEVELOPMENT PERIOD TO END (YEARS)** | | | |
| RESIDENTIAL ERVEN | 24 | - | 26 |
| BUSINESS ERVEN | - | - | 26 |
| INDUSTRIAL | - | 13 | 26 |
| PLOTS | - | - | 26 |
| **SALES PERIOD START (YEARS)** | | | |
| RESIDENTIAL ERVEN | 10 | - | 6 |
| BUSINESS ERVEN | - | - | 6 |
| INDUSTRIAL | - | 2 | - |
| PLOTS | - | - | 6 |
| **SALES PERIOD END (YEARS)** | | | |
| RESIDENTIAL ERVEN | 25 | - | 27 |
| BUSINESS ERVEN | - | - | 27 |
| INDUSTRIAL | - | 14 | 27 |
| PLOTS | - | - | 27 |
| **RATES** | | | |
| FINANCING COST ON PROJECT FUNDING REQUIREMENT | 12% | 10% | 12% |
| MARKETING & LEGAL FEES RATE ON GROSS DEVELOPMENT VALUE | 2.0% | 2.0% | 2.0% |
| AGENT COMMISSION ON GROSS DEVELOPMENT VALUE | 2.0% | 2.0% | 2.0% |
| DEVELOPER'S PROFIT ON GROSS DEVELOPMENT VALUE | 10.0% | 10.0% | 10.0% |
| SELLING PRICE INFLATION RATE | 4.5% | 4.5% | 4.5% |
| COST PRICE INFLATION RATE | 4.5% | 4.5% | 4.5% |
| DISCOUNT RATE | 12.58% | 12.53% | 14.6% |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### SENSITIVITY ANALYSIS

A change in key unobservable variables in prior period would have affected the value of investment properties as follows:

| FIGURES IN NAMIBIA DOLLAR MILLION | ELISENHEIM NATURE ESTATE | LAFRENZ INDUSTRIAL PARK | HERBOTHS DEVELOPMENT |
|---|---|---|---|
| 1 YEAR PROJECT ACCELERATION | 14 | 26 | 19 |
| 1 YEAR PROJECT DELAY | (21) | (28) | (21) |
| 5% REDUCTION IN SELLING PRICE | (19) | (51) | (176) |
| 5% INCREASE IN SELLING PRICE | 25 | 51 | 176 |
| 5% REDUCTION IN DEVELOPMENT COST | 14 | 17 | 150 |
| 5% INCREASE IN DEVELOPMENT COST | (8) | (17) | (160) |
| 1% REDUCTION IN FINANCING COST | 34 | 59 | 2 |
| 1% INCREASE IN FINANCING COSTS | (34) | (66) | (2) |
| 1% REDUCTION IN MARKETING & LEGAL FEES RATE | 8 | 12 | 1 |
| 1% INCREASE IN MARKETING & LEGAL FEES RATE | (2) | (12) | (1) |
| 1% REDUCTION IN AGENT COMMISSION RATE | 8 | 12 | 1 |
| 1% INCREASE IN AGENT COMMISSION RATE | (2) | (12) | (1) |
| 1% REDUCTION IN DEVELOPER'S PROFIT | 8 | 12 | 4 |
| 1% INCREASE IN DEVELOPER'S PROFIT | (2) | (12) | (4) |
| 1% REDUCTION IN INFLATION RATE | 2 | 2 | 4 |
| 1% INCREASE IN INFLATION RATE | (2) | (2) | (4) |
| 1% REDUCTION IN DISCOUNT RATE | 34 | 52 | 12 |
| 1% INCREASE IN DISCOUNT RATE | (34) | (64) | (12) |



### 9. INTANGIBLE ASSETS

| FIGURES IN NAMIBIA DOLLAR MILLION | TRADEMARKS, LICENCES AND PATENTS | COMPUTER SOFTWARE | GOODWILL | TOTAL |
|---|---|---|---|---|
| **31 AUGUST 2022** | | | | |
| COST | - | - | - | - |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | - | - | - | - |
| **CARRYING AMOUNT** | **-** | **-** | **-** | **-** |
| OPENING BALANCE | 32 | 71 | 259 | 362 |
| ADDITIONS | - | - | - | - |
| DISPOSAL | - | (34) | - | (34) |
| AMORTISATION | - | (1) | - | (1) |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (32) | (36) | (259) | (327) |
| **CARRYING AMOUNT** | **-** | **-** | **-** | **-** |
| **31 AUGUST 2021** | | | | |
| COST | 69 | 284 | 268 | 621 |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | (37) | (213) | (9) | (259) |
| **CARRYING AMOUNT** | **32** | **71** | **259** | **362** |
| OPENING BALANCE | 48 | 112 | 259 | 419 |
| ADDITIONS | 1 | 16 | - | 17 |
| AMORTISATION | (8) | (37) | - | (45) |
| IMPAIRMENT LOSS | (9) | (20) | - | (29) |
| **CARRYING AMOUNT** | **32** | **71** | **259** | **362** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Computer software included internally generated computer software and purchased software deployed in systems across the group. Trademarks, licences and patents related to educational course content, mobile technology and insurance patents and proprietary trademarks acquired.

**ASSESSMENT OF IMPAIRMENT OF GOODWILL, MINING ASSETS AND EXPLORATION ASSETS**

**MINING OPERATIONS - MEYA MINING LTD**

In the previous period, goodwill of NAD 258.5 million arose from the acquisition of Meya and was largely attributable to the exploration and evaluation resource and prospecting right. The recoverable amount of this unit was determined based on value-in-use calculations, which required the use of assumptions. The calculations used cash flow projections based on financial budgets approved by the directors based on the life of a mine plan with the following assumptions:

- discount rate of 15.97%
- value per carat of USD 380
- expected life of mine – 15 years
- operating expenditure growth of 5.71% and
- an average annual capital outlay of USD 20.5 million.

Projections during the budget period were based on the same expected gross margins and raw materials with price inflation throughout the budget period. The directors believed that any reasonable possible change in the key assumptions on which the recoverable amount was based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the unit. The mine was to commence production in the current financial period but was deconsolidated as a result of the change in the parent's status to an investment entity.

**SENSITIVITY ANALYSIS**

The effect of a 1% change in the value of a carat with all other variables held constant would have resulted in the value of the mine for the period ended 31 August 2021 decreasing/increasing by USD 7.9 million. The effect of a 1% change in the discount rate with all other variables held constant would have resulted in the value of the mine for the period ended 31 August 2021 increasing by USD 20.2 million and decreasing by USD 22.1 million. A 1% change identified above would not have resulted in an impairment of goodwill.

**IMPAIRMENT OF EDUCATIONAL COURSES AND COMPUTER SOFTWARE**

The downturn in the Namibian economy resulted in the revision of recoverable amounts for computer software and educational courses developed by the group in the previous period. The group recognised an impairment loss of NAD 28.6 million in the prior period which was determined by reference to market values of the affected intangibles. The impairment loss was included in operating expenses in profit or loss. The impairment loss was included in the insurance and its investments segment.



## 10. EVALUATION AND EXPLORATION ASSETS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| COST | - | 416 |
| ACCUMULATED AMORTISATION | - | - |
| **CARRYING AMOUNT** | **-** | **416** |
| **RECONCILIATION OF EVALUATION AND EXPLORATION ASSETS** | | |
| OPENING BALANCE | 416 | 474 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (416) | - |
| EXCHANGE RATE MOVEMENT | - | (58) |
| TRANSFER TO MINE PROPERTIES | - | - |
| **CARRYING AMOUNT** | **-** | **416** |

In the previous period, the mine was in the process of transitioning from the exploration and evaluation stage to commercial production. The group focused on development of the mine properties as opposed to further evaluation and exploration activities before deconsolidating the investees as a result of the change in the parent's status to an investment entity.

## 11. MINE PROPERTIES

| | | |
|---|---|---|
| COST | - | 740 |
| ACCUMULATED AMORTISATION AND IMPAIRMENT | - | (69) |
| **CARRYING AMOUNT** | **-** | **671** |
| **RECONCILIATION OF MINE PROPERTIES** | | |
| OPENING BALANCE | 671 | 608 |
| ADDITIONS | - | 185 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (671) | - |
| EXCHANGE RATE MOVEMENT | - | (53) |
| IMPAIRMENT LOSS | - | (69) |
| **CARRYING AMOUNT** | **-** | **671** |
| **VALUE OF MINE PROPERTIES** | | |
| MEYA MINE | - | 531 |
| NORTHERN NAMIBIA DEVELOPMENT MINE (NNDC) | - | 140 |
| **CARRYING AMOUNT** | **-** | **671** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**ASSESSMENT OF IMPAIRMENT**

*(A)* *IMPAIRMENT TEST OF MEYA MINE*
Refer to note 9 for impairment assessment of Meya Mining.

*(B)* *IMPAIRMENT TEST OF NNDC MINE*
In the previous period, NNDC had been placed under care and maintenance.

The mining operations had not commenced (extraction of the resources) and the continued development of the mine with the prospects of extraction had been postponed, which is why the mine properties had not been depreciated.

The group recognised an impairment loss of NAD 69 million in the resources portfolio in the prior period. The impairment loss was as a result of unfavourable business environment due to downturn in the Namibian economy. The impairment loss was included in operating expenses in profit or loss.

The recoverable amount of this unit was determined based on value-in-use calculations which required the use of assumptions. The calculations used cash flow projections based on financial budgets approved by the directors based on the life of a mine plan with the following assumptions:

- Average forecast annual revenue of USD 9.6 million
- Average forecast annual operating expenditure USD 4.2 million
- Discount rate of 12.55%
- Value per carat of USD 160
- USD to NAD conversion rate of 15.00
- 3 year horizon to production windfall
- Expected life of mine of 15 years and
- Initial and an average annual capital outlay of USD 7.2 million and USD 0.6 million dollars.

Projections during the budget period were based on the same expected gross margins and raw materials with a price inflation throughout the budget period.

*(C)* *SENSITIVITY ANALYSIS OF THE NNDC MINE*
The effect of a 1% change in the value of carat with all other variables held constant would have resulted in a further impairment of the mine for the period ended 31 August 2021 changing by NAD 5.1 million.

The effect of a 1% change in the discount rate with all other variables held constant would have resulted in the value of the mine for the period ended 31 August 2021 increasing by NAD 9.6 million.

## 12. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

| FIGURES IN NAMIBIA DOLLAR MILLIONS | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| EQUITY INVESTMENTS | 1 111 | - |
| DEBT INVESTMENTS | 2 521 | - |
| | **3 632** | - |

Refer to the accounting policies; reporting entity (note 1), classification of equity investments as subsidiaries or investment entities (note 1.2.1.1 (A)) and investments held at fair value through profit or loss (FVTPL) (note 1.3) for background information concerning investments held at FVTPL.

The portfolio companies have been classified as financial assets mandatorily measured at FVTPL. Trustco values its unlisted portfolio companies using the income method (Discounted Cash Flow). The portfolio companies of the group are detailed below:

| PORTFOLIO COMPANY | INDUSTRY CLASSIFICATION | LISTING | VOTING AND HOLDING |
|---|---|---|---|
| TRUSTCO MOBILE MAURITIUS^ | SOFTWARE (SYSTEM & APPLICATION) | UNLISTED | 100.0% |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD* | REAL ESTATE (OPERATIONS & SERVICES) | UNLISTED | 100.0% |
| TBN HOLDINGS LTD | FINANCIAL SERVICES (NON-BANKING & INSURANCE) | UNLISTED | 100.0% |
| TRUSTCO BANK NAMIBIA LTD | BANK (MONEY CENTRE) | UNLISTED | 100.0% |
| LEGAL SHIELD HOLDINGS LTD | PROPERTY HOLDING AND INSURANCE | UNLISTED | 80.0% |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | PRECIOUS METALS | UNLISTED | 100.0% |

All the portfolio companies are subsidiaries of Trustco Group Holdings Ltd. These subsidiaries have not been consolidated based on the parent's change in status to an investment entity and therefore treated as financial assets at fair value through profit or loss in accordance with IFRS 9.
^Incorporated in the Republic of Mauritius
*Incorporated in the Republic of South Africa

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**FIGURES IN NAMIBIA DOLLAR MILLIONS**

| | CARRYING AMOUNT 31 AUGUST 2021 | NET GAIN /(LOSS) ON DEEMED DISPOSAL AND REACQUISITION | FAIR VALUE 1 SEPTEMBER 2021 | FAIR VALUE GAIN /(LOSS) | FAIR VALUE 31 AUGUST 2022 |
|---|---|---|---|---|---|
| TBN HOLDINGS LTD | (440) | 678 | 238 | 38 | 276 |
| TRUSTCO BANK NAMIBIA LTD | (84) | 98 | 14 | (5) | 9 |
| LEGAL SHIELD HOLDINGS LTD* | 1 611 | 673 | 2 284 | (306) | 1 978 |
| TRUSTCO MOBILE MAURITIUS | 9 | 28 | 37 | (2) | 35 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | 47 | (29) | 18 | (4) | 14 |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD# | 842 | 1 912 | 2 754 | (1 434) | 1 320 |
| **VALUE OF PORTFOLIOS** | **1 985** | **3 360** | **5 345** | **(1 713)** | **3 632** |
| NAMIBIA | 1 064 | 1 766 | 2 830 | (247) | 2 583 |
| SIERRA LEONE | 921 | 1 594 | 2 515 | (1 466) | 1 049 |
| **VALUE OF PORTFOLIOS** | **1 985** | **3 360** | **5 345** | **(1 713)** | **3 632** |

*The increase in fair value on date of deemed disposal and reacquisition is due to the change in fair value attributable to the Elisenheim Lifestyle Estate classified as inventory in the historic financial statements, whereas for financial reporting purposes under IFRS 13, the property is measured at fair value.

#The increase in fair value on date of deemed disposal and reacquisition is due to the investment in Meya Mining Ltd being measured in accordance with IFRS 13 using the income approach. In June 2022 the resources portfolio within Trustco Business Developments (Pty) Ltd entered into a binding term sheet relating to the disposal of a portion of the equity investment in Meya Mining. By 31 August 2022, 15% of the equity interest in Meya Mining had been disposed of to a consortium of investors, at a considerable discount in comparison with the fair value as determined using the income approach, in order to advance the project towards commercial production and create long-term capital appreciation for investors. Therefore, as at 31 August 2022 the fair value of the remaining equity held by the resources portfolio, within Trustco Business Developments (Pty) Ltd, in Meya Mining was based on the value of the independent offer from the consortium, with adjustments thereto where required.

The net debt advanced to investee entities is classified as part of the net investment in the investee entities as these debt instruments do not have any fixed repayment terms and no interest charged there on, therefore the debt advanced to investees is seen as part of the net investment in investee entities.

The fair value gain is separately presented in the statement of profit or loss as fair value gains on investments measured at FVTPL.



**FAIR VALUE HIERARCHY**

The portfolio companies are classified in level 3 of fair value hierarchy. Refer to the reconciliation of investment portfolios for the movement in level 3 assets.

**ASSUMPTIONS**

The fair value of each portfolio investment is determined using discounted cash flow method. The key assumptions comprise discount rate, inflation, growth in earnings and exchange rate.

**KEY VARIABLES**

The key variables which affect the value of investments are projected cash flows, discount, inflation and growth using the following unobservable rates:

| | 1 SEPTEMBER 2021 | | | | 31 AUGUST 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | DISCOUNT RATE | INFLATION | GROWTH | EXCHANGE RATE (USD) | DISCOUNT RATE | INFLATION | GROWTH | EXCHANGE RATE (USD) |
| TBN HOLDINGS LTD | 19.33% | 4.50% | 7% | - | 20.68% | 4.50% | 7% | - |
| TRUSTCO BANK NAMIBIA LTD | 22.55% | 4.50% | 7% | - | 23.85% | 4.50% | 7% | - |
| LEGAL SHIELD HOLDINGS LTD | 16.12% | 4.50% | 7% | - | 17.30% | 4.50% | 7% | - |
| TRUSTCO MOBILE MAURITIUS | 17.57% | 4.50% | 7% | 14.51 | 18.86% | 4.50% | 7% | 17.11 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | 14.87% | 4.50% | 7% | - | 16.02% | 4.50% | 7% | - |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | 19.05% | 3.1% | 6.7% | 14.51 | 20.17% | 3.1% | 6.7% | 17.11 |

**SENSITIVITY ANALYSIS**

The valuations of investments are sensitive to changes in the unobservable inputs. Because the above key variables do not significantly move year to year a 0.5% change in the variable is considered adequate for sensitivity analysis purposes. A 0.5% change to one of the unobservable inputs, while holding the other inputs constant, would result in the following change in the fair value of the investments and fair value adjustment in profit or loss in the current period.

**FIGURES IN NAMIBIA DOLLAR MILLIONS**

| | DISCOUNT RATE | | INFLATION | | GROWTH | | EXCHANGE RATE | |
|---|---|---|---|---|---|---|---|---|
| | +0.5% | -0.5% | +0.5% | -0.5% | +0.5% | -0.5% | +0.5% | -0.5% |
| TBN HOLDINGS LTD | (9) | 10 | - | 2 | 5 | (4) | - | 1 |
| TRUSTCO BANK NAMIBIA LTD | - | - | - | - | - | - | - | - |
| LEGAL SHIELD HOLDINGS LTD | (70) | 74 | 58 | (55) | 9 | (8) | 5 | (5) |
| TRUSTCO MOBILE MAURITIUS | (1) | 1 | 1 | (1) | 1 | - | - | - |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | - | (1) | 1 | - | - | - | - |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | (123) | 129 | 99 | (95) | 6 | (5) | 15 | (15) |
| **VALUE OF PORTFOLIOS** | **(203)** | **214** | **157** | **(148)** | **21** | **(17)** | **20** | **(19)** |

Refer to note 5 for balances with unconsolidated subsidiaries. No financial or other support was provided without a contractual obligation to do so during the reporting period.

As at 31 August 2022, there were no significant restrictions on the ability of the unconsolidated subsidiaries to transfer funds to Trustco in the form of dividends and repayments of advances to unconsolidated subsidiaries.

No financial support was or is intended to be provided by investee entities. The group intends to provide financial support to Trustco Bank estimated at NAD 12.4 million and will invest a further NAD 33 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**13. DEFERRED TAX ASSETS AND (LIABILITIES)**

| FIGURES IN NAMIBIA DOLLAR MILLION | OPENING BALANCE | 31 AUGUST 2022 MOVEMENT | CLOSING BALANCE | OPENING BALANCE | RESTATED 31 AUGUST 2021 MOVEMENT | CLOSING BALANCE | OPENING BALANCE | RESTATED 30 SEPTEMBER 2020 MOVEMENT | CLOSING BALANCE |
|---|---|---|---|---|---|---|---|---|---|
| PROPERTY, PLANT AND EQUIPMENT | (23) | 14 | (9) | (19) | (4) | (23) | (75) | 56 | (19) |
| INVENTORY | (4) | 4 | - | (15) | 11 | (4) | (15) | - | (15) |
| INVESTMENT PROPERTY | (22) | 22 | - | (21) | (1) | (22) | (20) | (1) | (21) |
| INTANGIBLE ASSETS | - | - | - | (2) | 2 | - | (8) | 6 | (2) |
| LEASE LIABILITIES | 17 | (17) | - | 6 | 11 | 17 | 7 | (1) | 6 |
| PROPERTY RECEIVABLES | (28) | 28 | - | (58) | 30 | (28) | (62) | 4 | (58) |
| LOSS ALLOWANCE | 47 | (47) | - | 39 | 8 | 47 | 4 | 35 | 39 |
| ACCRUALS FOR LEAVE PAY AND BONUSES | 2 | (2) | - | 2 | - | 2 | 2 | - | 2 |
| INCOME RECEIVED IN ADVANCE | - | - | - | 9 | (9) | - | - | 9 | 9 |
| DEFERRED INCOME | 9 | (9) | - | - | 9 | 9 | - | - | - |
| FOREIGN CURRENCY TRANSLATION | - | - | - | - | - | - | 7 | (7) | - |
| ESTIMATED TAX LOSSES | 20 | (16) | 4 | 124 | (104) | 20 | 229 | (105) | 124 |
| **TOTAL** | **18** | **(23)** | **(5)** | **65** | **(47)** | **18** | **69** | **(4)** | **65** |

**RECONCILIATION OF DEFERRED TAX ASSET**

| | | | |
|---|---|---|---|
| OPENING BALANCE | 18 | 65 | 69 |
| RECOGNISED IN PROFIT OR LOSS (NOTE 28) | - | (47) | (29) |
| RECOGNISED IN OTHER COMPREHENSIVE INCOME | - | - | 9 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (23) | - | - |
| DISPOSAL OF AVIATION BUSINESS | - | - | 16 |
| | **(5)** | **18** | **65** |
| DEFERRED TAX ASSETS | 4 | 47 | 107 |
| DEFERRED TAX LIABILITIES | (9) | (29) | (42) |
| | **(5)** | **18** | **65** |

The group believes that estimated tax losses will be utilised through the generation of future taxable income.
The entities in an estimated tax loss position are expected to fully utilise these tax benefits through the generation of taxable income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 14. BORROWINGS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TERM LOANS | 691 | 1 654 |
| MORTGAGE BONDS | - | 4 |
| CORPORATE BONDS | 8 | - |
| **CARRYING AMOUNT** | **699** | **1 658** |
| NON-CURRENT LIABILITIES | 233 | 1 238 |
| CURRENT LIABILITIES | 466 | 420 |
| **CARRYING AMOUNT** | **699** | **1 658** |

Refer to note 33 for information addressing cashflow and other movements in borrowings.

The European war impacted the group as the envisaged transaction with one of the major diamond producers could not be concluded due to sanctions imposed on the counterparty. The unsuccessful transaction resulted in certain term loan payments by Trustco and its investees not being made to its international funders during the year and covenants related to these loans being breached. Trustco and its investees together with its international funders entered into bona fide discussions to conclude new repayment and covenant terms which is still ongoing at the time of reporting. Trustco is confident a successful restructuring of the debt will be concluded during the new financial year. These loans carry interest rates linked to LIBOR and JIBAR with margins of 5% to 10%.

Refer to note 41.2(a) for information relating to the balance in dispute of NAD 414 million due to Helios Oryx Ltd.

| | | LOAN VALUE | | INSTALMENTS | | EFFECTIVE INTEREST RATE | |
|---|---|---|---|---|---|---|---|
| **PERIOD OF LOAN MATURITY** | | **AUGUST 2022** | **AUGUST 2021** | **AUGUST 2022** | **AUGUST 2021** | **AUGUST 2022** | **AUGUST 2021** |
| | | | | | | % | % |
| TERM LOANS | 2017 - 2029 | 691 | 1 654 | 414 | 220 | 11.25 | 9.83 |
| MORTGAGE BONDS | 2017 - 2026 | - | 4 | 1 | 1 | - | 9.87 |
| CORPORATE BONDS | 2021 - 2026 | 8 | - | 1 | - | 10.25 | - |
| **TOTAL** | | **699** | **1 658** | **416** | **221** | | |

**SECURITIES IN PLACE FOR TERM LOANS**

The following securities are in place for term loans:

- Unlimited surety by Dr Q van Rooyen and C van Rooyen in favour of Bank Windhoek Ltd.
- A guarantee by Dr Q van Rooyen in favour of an international lender.
- Share pledge granted by Trustco Group Holdings Ltd and TBN Holdings Ltd as part of the Security Sharing Agreement.
- A guarantee in favour of an international lender by Trustco Group Holdings Ltd.
- Unlimited suretyship by Trustco Group Holdings Ltd in favour of Bank Windhoek Ltd.
- Guarantee by Trustco Group Holdings Ltd in favour of Pinnacle Micro Namibia (Pty) Ltd for NAD 25 million.
- Trustco Group Holdings Ltd guarantee in favour of Apple Bank/Air Finance.
- Limited suretyship by Trustco Group International (Pty) Ltd, Institute for Open Learning (Pty) Ltd and TBN Holdings Ltd each for an amount of R 45 million in favour of Trustco Finance (Pty) Ltd as part of the Security Sharing Agreement.
- Guarantees in favour of an international lender by Trustco Finance (Pty) Ltd, Trustco Capital (Pty) Ltd, Trustco Intermediary Solutions (Pty) Ltd and Trustco Group International (Pty) Ltd.
- Cession over Loan Book debts granted by Trustco Finance (Pty) Ltd as part of the Security Sharing Agreement.
- First demand guarantee by Trustco Finance (Pty) Ltd in favour of an international lender.
- Cession of policy numbers 8028338, 624645014 and 642757873 with Mutual and Federal for various bonds and asset financing.
- Unlimited surety by Trustco Property Holdings (Pty) Ltd in favour of Bank Windhoek Ltd.
- A bond on Portion 5 (a Portion of Portion 4) of the Farm Elisenheim No. 68 and limited up to USD 47 million in favour of Helios.
- Bonds in favour of Norsad Finance over remaining extent of Portion 133 (a Portion of Portion A) and Portion 81 (a Portion of Portion 13) of the Farm Nubuamis No. 37 for a sum up to USD 19.4 million as well as various guarantees.
- A lien over equipment and the Large-Scale Mining Licence of Meya Mining.
- Asset-backed financing arrangements with Wesbank are secured over equipment and a guarantee by Trustco Group Holdings Ltd.
- A bond registered in favour of an international lender over Erf 8874, Windhoek.
- A bond over Portion 133 (a Portion of Portion A) of the farm Nubuamis No. 37 in favour of Development Bank of Namibia.
- Guarantee by Trustco Group Holdings in favour of Inselberg Trust.

**SECURITIES IN PLACE FOR MORTGAGE BONDS**

The following securities are in place for mortgage bonds:

- Mortgage bond in favour of Bank Windhoek Ltd over Portion 130 (Portion of Portion A) of Farm Nubuamis No. 37, Lafrenz, Windhoek, Namibia.
- Various bonds registered in favour of Absa Bank Ltd over residential properties.
- Various bonds over Elisenheim property in favour of Bank Windhoek Ltd, as well as unlimited suretyship by EPDC.
- Various bonds in favour of Bank Windhoek Ltd registered on commercial and residential properties.

**SECURITIES FOR CORPORATE BONDS**

The bonds are not secured.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**SUMMARY OF ASSETS PROVIDED AS SECURITY FOR THE GROUP**

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| PROPERTY, PLANT AND EQUIPMENT | - | 133 |
| INVESTMENT PROPERTIES | - | 225 |
| ADVANCES | - | 483 |
| INVENTORY | - | 95 |
| | **-** | **936** |

The total value of security pledged by the managing director for which the group reimburses him for the suretyship in accordance with the management fee agreement, amounted to NAD 534 million (2021: NAD 658 million).

**UNUTILISED COMMITTED BORROWINGS**
As at 31 August 2022, there were no (2021: USD 5.5 million) borrowing facilities not yet fully utilised.

## 15. TRADE AND OTHER PAYABLES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| TRADE PAYABLES | 25 | 484 | 493 |
| OTHER PAYABLES | 113 | 72 | 84 |
| EMPLOYEE FUND | 18 | 48 | 41 |
| VAT | 52 | 74 | 34 |
| | **208** | **678** | **652** |
| FINANCIAL INSTRUMENTS | 156 | 604 | 618 |
| NON-FINANCIAL INSTRUMENTS | 52 | 74 | 34 |
| | **208** | **678** | **652** |

The carrying amounts approximate the fair values due to the short-term nature thereof.

## 16. INSURANCE CONTRACT LIABILITIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| LONG-TERM INSURANCE CONTRACTS | - | 37 |
| SHORT-TERM INSURANCE CONTRACTS | - | 14 |
| | **-** | **51** |

A) LONG-TERM INSURANCE CONTRACTS

| | | |
|---|---|---|
| UNEARNED PREMIUM RESERVE | - | 2 |
| POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS | - | 35 |
| | **-** | **37** |

**RECONCILIATION OF LONG-TERM INSURANCE CONTRACT LIABILITIES - 2022**

| | OPENING BALANCE | MOVEMENT* | CLOSING BALANCE |
|---|---|---|---|
| UNEARNED PREMIUM RESERVE | 2 | (2) | - |
| POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS | 35 | (37) | - |
| | **37** | **(37)** | **-** |

*Deconsolidated on change in parent's status to an investment entity.

**RECONCILIATION OF LONG-TERM INSURANCE CONTRACT LIABILITIES - 2021**

| | OPENING BALANCE | MOVEMENT | CLOSING BALANCE |
|---|---|---|---|
| UNEARNED PREMIUM RESERVE | 2 | - | 2 |
| POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS | 36 | (1) | 35 |
| | **38** | **(1)** | **37** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

B) SHORT-TERM INSURANCE CONTRACTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| IBNR | - | 2 |
| CLAIMS INCURRED | - | 7 |
| UNEARNED PREMIUM RESERVE | - | 5 |
| | **-** | **14** |

**RECONCILIATION OF SHORT-TERM INSURANCE CONTRACT LIABILITIES - 2022**

| | OPENING BALANCE | MOVEMENT* | CLOSING BALANCE |
|---|---|---|---|
| IBNR | 2 | (2) | - |
| CLAIMS INCURRED | 7 | (7) | - |
| UNEARNED PREMIUM RESERVE | 5 | (5) | - |
| | **14** | **(14)** | **-** |

*Deconsolidated on change in parent's status to an investment entity.

**RECONCILIATION OF SHORT-TERM INSURANCE CONTRACT LIABILITIES - 2021**

| | OPENING BALANCE | MOVEMENT | CLOSING BALANCE |
|---|---|---|---|
| IBNR | 2 | - | 2 |
| CLAIMS INCURRED | 6 | 1 | 7 |
| UNEARNED PREMIUM RESERVE | 6 | (1) | 5 |
| | **14** | **-** | **14** |

**SOLVENCY MARGIN**

| | 31 AUGUST 2021 |
|---|---|
| SOLVENCY MARGIN OF TRUSTCO INSURANCE LTD | 19.58% |



In the prior reporting period, the solvency margin represented shareholders' interest of NAD 8.3 million expressed as a percentage of net premium income of NAD 45.1 million.

**ASSUMPTIONS AND ESTIMATES (SHORT-TERM INSURANCE)**
**CLAIMS INCURRED - PRIOR PERIOD**
Full provision was made for the estimated cost of claims that had occurred and were submitted by the reporting date that had not yet been finally settled and processed to completion. Each notified claim was assessed on a case-by-case basis taking into account information available from the insured and past experience with similar claims.

**IBNR - PRIOR PERIOD**
IBNR was calculated as 4% of premium income.

**UNEARNED PREMIUM RESERVE - PRIOR PERIOD**
The group recognised provisions for unearned premiums based on actual advance payments received at the reporting date, to reflect the underlying risk profile of the specific insurance contracts. An unearned premium provision was created at the moment the advance payment was received and was released either on cancellation or lapsing of the contract upon which the customer was refunded.

**ASSUMPTIONS AND ESTIMATES (LONG-TERM INSURANCE)**
**THE PROCESS USED TO DECIDE ON LONG-TERM INSURANCE ASSUMPTIONS - PRIOR PERIOD**
The business was divided up into homogeneous groupings and then each grouping was analysed. Best estimate assumptions were then determined based on the experience gained from investigations. Where data was limited, industry information was used. Recent trends evident in the data were allowed for.

The value of insurance liabilities was based on best estimate assumptions of future experience plus compulsory margins as required in terms of NSAP 104, plus additional discretionary margins determined by the statutory actuary. The compulsory margins are summarised as follows:

| ASSUMPTION | ADDITIONAL VARIABLE | COMPULSORY MARGIN |
|---|---|---|
| INVESTMENT EARNINGS | 2.7% PER ANNUM | INVESTMENT EARNINGS ASSUMPTION WAS INCREASED OR DECREASED BY 0.25% DEPENDING ON WHICH GAVE THE HIGHER LIABILITY |
| EXPECTED INFLATION | EXPECTED INFLATION 4.6% | 10% LOADING ON THE EXPECTED INFLATION ASSUMPTION |
| MORTALITY | ASSUMPTIONS FOR HIV RELATED MORTALITY AND NON-HIV RELATED MORTALITY WERE UNCHANGED | ASSUMPTIONS WERE UNCHANGED |
| LAPSES | AS PER ACTUAL INCIDENTS | LAPSE RATE ASSUMPTIONS WERE INCREASED OR DECREASED BY 25% DEPENDING ON WHICH GIVES THE HIGHER LIABILITY |
| SURRENDERS | AS PER ACTUAL INCIDENTS | SURRENDER RATE ASSUMPTIONS WERE INCREASED OR DECREASED BY 10% DEPENDING ON WHICH GAVE THE HIGHER LIABILITY |
| EXPENSES | ALLOWANCE FOR EXPENSES WAS 34.4% OF THE PREMIUM | PLUS 10% COMPULSORY MARGIN |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Overall these changes in the previous reporting period resulted in a reduction in the actuarial liabilities of NAD 7 million.

Negative reserves were eliminated on a policy-by-policy basis for all policies that had three or more premiums in arrears.

The assumptions used for insurance contracts were as follows:
All the assumptions below were based on the most recent experience gained from investigations in each country modified for expected trends. Generally, investigations were carried out for all assumptions every reporting period.

*(I) MORTALITY*
Adjusted standard assured lives and annuity tables were used to reflect the group's recent claims experience.

*(II) MORBIDITY*
Disability and dread disease rates were based on standard morbidity tables and critical illness tables and, where appropriate, adjusted to reflect the group's recent claims experience.

*(III) MEDICAL AND RETRENCHMENT*
The incidence of medical and retrenchment claims was derived from the risk premium rates determined from annual investigations. The adjusted rates were intended to reflect the future expected experience.

*(IV) WITHDRAWAL*
The withdrawal assumptions were based on the most recent withdrawal investigations taking into account past and expected future trends. The withdrawal rates were calculated every period for each company/country by class and policy duration. Typically the rates were higher at early durations.

(V) RENEWAL EXPENSES AND INFLATION
A detailed expense investigation for each company/country was undertaken and the expenses were split by the line of business and between new business and maintenance expenses. The maintenance expenses were adjusted for expected inflation in the future and spread over the anticipated volumes of business over the next reporting period to derive a per policy expense for each class. The expenses allocated to new business were expected to be covered by future new business written.

(VI) TAX
The interest and expense assumptions were net of any tax payable based on the tax environment for each country and the company's tax position.

**POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS - PRIOR PERIOD**
The reserving method was split into two methodologies, namely prospective valuation and retrospective valuation. Prospective valuation was used to compute the basic reserve and retrospective reserve calculation was used to compute claims Incurred But Not Reported (IBNR).

**CAPITAL ADEQUACY FOR LIFE BUSINESS - PRIOR PERIOD**
The solvency position determined in accordance with the Namibian Long-term Insurance Act, 1998, is summarised below: Actuarial calculation for the life business only:

| | **31 AUGUST 2021** |
|---|---|
| | NAD '000 000 |
| EXCESS OF ASSETS OVER LIABILITIES | 1 052 |
| MINIMUM STATUTORY REQUIREMENT | 4 |
| SAN CAPITAL ADEQUACY BENCHMARK* | 32 |
| CAR RATIO % | 3 335 |

*Note that the Namibian Society of Actuaries (SAN) CAR is not a requirement of the Act, it is based on SAN's NSAP 104.



## INSURANCE RISK - PRIOR PERIOD

**LONG-TERM INSURANCE OPERATIONS**
Insurance risk occurred due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. This could also had occurred because the frequency or severity of claims and benefits was greater than estimated. Insurance events were random and the actual number and amount of claims and benefits could vary from period to period from the estimate using statistical techniques. The long-term insurance operations used appropriate base tables of standard mortality and morbidity which were modified to reflect the type of contract being written and the territory in which the insured person resided. An investigation into the experience of the group over the last three periods is carried out and statistical methods were used to adjust the crude mortality rates to produce the best estimate of expected mortality for the future. Termination statistics to investigate the deviation of actual termination experience against assumptions were used. Statistical methods were used to determine appropriate rates. An allowance was then made for any trends in the data to arrive at the best estimate of future termination rates.

**SHORT-TERM INSURANCE OPERATIONS**
This operation underwrote risks that natural persons, corporates or other entities wished to transfer to an insurer. Such risks might relate to litigation and loss of income. As such the operation was exposed to uncertainty surrounding the timing, frequency and severity of claims under insurance contracts. The principal risk was that the frequency and/or severity of claims were greater than expected. Insurance events were by their nature random and the actual size and number of events in any one period might vary from those estimated and experienced in prior periods.

The operation underwrote primarily short-tailed risks, that is, insurance under which claims were settled within six months of the occurrence of the events giving rise to the claims. Risks that were long tailed in nature represent an insignificant portion of the group's insurance portfolio. Therefore the group's exposure at any time to insurance contracts issued for more than one year was insignificant. There were no changes from the previous period.

## CAPITAL ADEQUACY AND SOLVENCY RISK - PRIOR PERIOD

**LONG-TERM INSURANCE OPERATIONS**
The capital adequacy requirement was determined according to generally accepted actuarial principles in terms of the guidelines issued by the SAN. It was an estimate of the minimum capital that would be required to meet fairly substantial deviations from the main assumptions affecting the group's business.

**SHORT-TERM INSURANCE OPERATIONS**
The group submitted quarterly and annual returns to the Namibian Financial Institutions Supervisory Authority (NAMFISA) that show the solvency position of its insurance operations. The group was required to maintain, at all times, a statutory surplus asset ratio and free assets after asset spread requirements as defined in the Short-term Insurance Act, 1998 (the Act). The returns submitted by the group to the regulator showed that the group met the minimum capital requirements at the reporting date.

## UNDERWRITING RISK - PRIOR PERIOD

**LONG-TERM INSURANCE OPERATIONS**
The statutory actuary reported annually on the actuarial soundness of the premium rates used and the profitability of the business taking into consideration the reasonable benefit expectation of policyholders. All new rate tables were approved and authorised by the statutory actuary before being used. Annual investigations into mortality and morbidity experiences were conducted. All applications for risk cover above specified limits were reviewed by experienced underwriters and evaluated against established standards. All risk-related liabilities above specified monetary or impairment limits were reinsured.

**SHORT-TERM INSURANCE OPERATIONS**
The operation limited its exposure to insurance risk through setting a clearly defined underwriting strategy which included limits, adoption of appropriate risk assessment techniques and the reinsurance of risks that exceed its risk appetite. The underwriting strategy ensured diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aimed at developing a sufficiently large population of risks to reduce the variability of the expected outcome. Ongoing review and analysis of underwriting information enabled the group to monitor its risks and take timely corrective action.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FINANCIAL RISK - PRIOR PERIOD

**LONG-TERM INSURANCE OPERATIONS**

The operation limited its exposure to insurance risk by setting a clearly defined underwriting strategy which included limits, the adoption of appropriate risk assessment techniques and the reinsurance of risks that exceed its risk appetite. The underwriting strategy ensured diversification of insurance risk in terms of type and amount of risk covered, geographical location and type of industry covered. The strategy also aimed at developing a sufficiently large population of risks to reduce the variability of the expected outcome. Ongoing review and analysis of underwriting information enabled the group to monitor its risks and take timely corrective action.

**SHORT-TERM INSURANCE OPERATIONS**

The short-term operations were exposed to daily calls on available cash resources from claims arising. Liabilities were matched by appropriate assets and the operations had significant liquid resources to cover obligations.

### 17. AMOUNTS DUE TO RELATED PARTIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| GERMINATE SL LTD | - | 75 | 82 |
| NEXT CAPITAL LTD | 1 573 | 1 567 | 1 605 |
| TRUSTCO STAFF SHARE INCENTIVE SCHEME TRUST | 13 | - | - |
| | **1 586** | **1 642** | **1 687** |
| CURRENT LIABILITIES | 586 | 642 | 687 |
| NON-CURRENT LIABILITIES | 1 000 | 1 000 | 1 000 |
| | **1 586** | **1 642** | **1 687** |

The current amount due to Next Capital Ltd bears interest at market related interest rates and is repayable on demand. The non-current amount is not repayable in the next 12 months. No management fees were accrued in terms of the new management agreement as announced, as regulatory and shareholder approval for the agreement has not yet been obtained. In the previous periods, the amount due to Germinate SL Ltd bore interest at LIBOR plus 4%, was repayable on demand and was unsecured.

The non-current amount due to Next Capital Ltd bears interest at market related interest rates.

Next has deferred the charging of any interest (circa NAD 400 million) of the reinstated loans, until discussions with the board, together with its European and African group of international funders, have been concluded.

The carrying amounts approximate fair values owing to variable rates that reprice as interest rates change and due to the short-term nature thereof.

### 18. LEASE LIABILITIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| **PRESENT VALUE OF LEASE PAYMENTS DUE** | | |
| WITHIN 1 YEAR | 4 | 20 |
| IN SECOND TO FIFTH YEAR INCLUSIVE | - | 22 |
| LATER THAN 5 YEARS | - | 16 |
| | **4** | **58** |
| CURRENT LIABILITIES | 4 | 20 |
| NON CURRENT LIABILITIES | - | 38 |
| | **4** | **58** |

Refer to notes 27 and 33 for interest expense and cash flow movement for the year.

**SECURITIES IN PLACE FOR LEASE LIABILITIES**

The following securities are in place for lease liabilities:

- Guarantees by Trustco Resources (Pty) Ltd and Meya Mining in favour of Sierra Leone Commercial Bank Ltd for USD 1.5 million as well as a lien over the equipment of Meya Mining.
- The lease from Avis Fleet Management Services is secured by vehicles.

The group leased land and buildings which were deconsolidated in the current reporting period, whilst the group continued to lease motor vehicles (refer to note 7). The lease terms covered between 30 to 120 months. The interest rate implicit in the leases ranges between 6.5% and 12.5%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 19. SHARE CAPITAL

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST RESTATED 2021 | 30 SEPTEMBER RESTATED 2020 |
|---|---|---|---|
| **AUTHORISED** | | | |
| 2 500 000 000 ORDINARY SHARES OF NAD 0.23 EACH | 575 | 575 | 575 |
| **ISSUED AND FULLY PAID** | | | |
| ORDINARY | 227 | 227 | 227 |
| SHARE PREMIUM | 954 | 954 | 954 |
| | **1 181** | **1 181** | **1 181** |

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting. At the reporting date, 987 238 581 (2021: 987 238 581; 2020: 987 238 581) shares were issued.

### 20. TREASURY SHARES

| FIGURES IN MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| NUMBER OF SHARES | 2 | 47 |
| COST OF SHARES | 14 | 231 |
| MARKET VALUE OF TREASURY SHARES | 1 | 77 |

The movement in treasury shares was due to deconsolidation of portfolio entities. The remaining treasury shares are held within the consolidated group.

### 21. OTHER RESERVES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST RESTATED 2021 | 30 SEPTEMBER RESTATED 2020 |
|---|---|---|---|
| SHARES FOR VENDORS | 2 300 | 2 300 | 2 300 |
| OTHER RESERVES | - | 40 | 40 |
| FOREIGN CURRENCY TRANSLATION RESERVE | - | 38 | (132) |
| COMMON CONTROL RESERVE | - | (3 198) | (3 198) |
| | **2 300** | **(820)** | **(990)** |

**COMMON CONTROL RESERVE**
Common control reserve arose from the acquisition of Huso Group. Refer to note 33 of the 2019 Annual Report for further information.

**SHARES FOR VENDORS**
Refer to note 13 of the notes to the separate company financial statements for the breakdown of the amount. The balance represents shares not yet issued for the purchase of Huso Investments (Pty) Ltd and Trustco Financial Services (Pty) Ltd.



**FOREIGN CURRENCY TRANSLATION RESERVE**
In the previous period, the translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries in Mauritius and Sierra Leone.

In the current period, the balance was recycled to profit or loss.

### 22. INTERESTS IN OTHER ENTITIES

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

| FIGURES IN NAMIBIA DOLLAR MILLION | LEGAL SHIELD HOLDINGS LTD 31 AUGUST 2021 | MEYA MINING LTD 31 AUGUST 2021 |
|---|---|---|
| **SUMMARISED STATEMENT OF FINANCIAL POSITION** | | |
| CURRENT ASSETS | 980 | 55 |
| CURRENT LIABILITIES | (420) | (197) |
| **NET CURRENT ASSETS/(LIABILITIES)** | **560** | **(142)** |
| NON-CURRENT ASSETS | 2 514 | 1 073 |
| NON-CURRENT LIABILITIES | (1 654) | (767) |
| **NET NON-CURRENT ASSETS** | **860** | **306** |
| NET ASSETS | 1 420 | 164 |
| ACCUMULATED NCI | 163 | 52 |
| **SUMMARISED STATEMENT PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** | | |
| REVENUE | 200 | 12 |
| (LOSS)/PROFIT FOR THE PERIOD | (602) | 13 |
| OTHER COMPREHENSIVE LOSS | - | (22) |
| (LOSS)/PROFIT ALLOCATED TO NCI | (120) | 4 |
| TOTAL COMPREHENSIVE LOSS ALLOCATED TO NCI | (120) | (8) |
| **SUMMARISED CASH FLOWS** | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | 31 | 4 |
| CASH FLOW USED IN INVESTING ACTIVITIES | (20) | (94) |
| CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES | (26) | 50 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **(15)** | **(40)** |
| **PERCENTAGE OF SHAREHOLDING OF NCI** | **20%** | **35%** |
| **DOMICILE AND PLACE OF BUSINESS** | **NAMIBIA** | **SIERRA LEONE** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 23. REVENUE

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **EXTERNAL REVENUE BY PRODUCT LINES:** | | |
| **INVESTMENT REVENUE** | | |
| INTEREST REVENUE CALCULATED USING THE EFFECTIVE INTEREST METHOD | 26 | 70 |
| **OTHER REVENUE** | | |
| INSURANCE PREMIUM REVENUE | - | 114 |
| PROPERTY SALES | - | 41 |
| TUITION AND OTHER RELATED FEES | - | 59 |
| INTEREST EARNED ON ADVANCES | - | - |
| DIAMOND SALES | - | 12 |
| SURETY FEES | 23 | - |
| OTHER REVENUE | - | 17 |
| **TOTAL REVENUE** | **49** | **313** |

**DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS**

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

| PRODUCT LINES 12 MONTHS ENDED 31 AUGUST 2022 | INTEREST REVENUE | SURETY FEES | TOTAL |
|---|---|---|---|
| **FIGURES IN NAMIBIA DOLLAR MILLION** | | | |
| JURISDICTION WHERE REVENUE IS EARNED | NAMIBIA | NAMIBIA | |
| SEGMENT REVENUE | 26 | 23 | 49 |
| INTERSEGMENT REVENUE | - | - | - |
| REVENUE FROM EXTERNAL CUSTOMERS | **26** | **23** | **49** |
| AT A POINT IN TIME | - | - | - |
| OVER TIME | 26 | 23 | 49 |
| | **26** | **23** | **49** |



| PRODUCT LINES 11 MONTHS ENDED 31 AUGUST 2021 | INSURANCE PREMIUMS | PROPERTY SALES | TUITION AND OTHER RELATED FEES | INTEREST ON ADVANCES | DIAMOND SALES | OTHER REVENUE | TOTAL |
|---|---|---|---|---|---|---|---|
| **FIGURES IN NAMIBIA DOLLAR MILLION** | | | | | | | |
| JURISDICTION WHERE REVENUE IS EARNED | NAMIBIA | NAMIBIA | NAMIBIA | NAMIBIA | SIERRA LEONE | NAMIBIA | |
| SEGMENT REVENUE | 114 | 41 | 59 | 70 | 12 | 102 | 398 |
| INTERSEGMENT REVENUE | - | - | - | - | - | (85) | (85) |
| **REVENUE FROM EXTERNAL CUSTOMERS** | **114** | **41** | **59** | **70** | **12** | **17** | **313** |
| AT A POINT IN TIME | 114 | 41 | 22 | - | 12 | 17 | 206 |
| OVER TIME | - | - | 37 | 70 | - | - | 107 |
| | **114** | **41** | **59** | **70** | **12** | **17** | **313** |

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **CONTRACT BALANCES** | | |
| CONTRACT LIABILITIES (INCOME RECEIVED IN ADVANCE) | - | (18) |
| **REVENUE RECOGNISED IN RELATION TO CONTRACT LIABILITIES** | | |
| **AMOUNTS INCLUDED IN CONTRACT LIABILITIES AT THE BEGINNING OF THE YEAR** | | |
| TUITION FEES | 18 | 28 |
| **REVENUE RECOGNISED THAT WAS INCLUDED IN THE CONTRACT LIABILITY BALANCE AT THE BEGINNING OF THE PERIOD** | | |
| CONSIDERATION FROM TUITION FEES, NOT PREVIOUSLY RECOGNISED DUE TO PASSAGE OF TIME | - | 26 |
| **RECONCILIATION OF CONTRACT LIABILITIES** | | |
| OPENING BALANCE | 18 | 27 |
| REVENUE RECOGNISED DURING THE PERIOD | - | (25) |
| INCOME RECEIVED IN ADVANCE | - | 16 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (18) | - |
| **CLOSING BALANCE** | **-** | **18** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 24. OTHER INCOME

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| INTEREST INCOME | - | 1 |
| SUNDRY INCOME | - | 4 |
| GAINS ON EXCHANGE DIFFERENCES | - | 114 |
| | **-** | **119** |

### 25. GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| GAIN ON DEEMED DISPOSAL | **3 360** | - |

Refer to notes 1.2.1.1 (A) and 12.

### 26. PROFIT BEFORE TAX

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| EMPLOYEE COSTS | 41 | 123 |
| LOSS ON FOREIGN EXCHANGE DIFFERENCES | 91 | 253 |
| AUDITORS' REMUNERATION - AUDIT FEES | 7 | 15 |
| LOSS ON DISPOSAL OF PROPERTY PLANT AND EQUIPMENT | 2 | 12 |
| IMPAIRMENT LOSS ON INTANGIBLE ASSETS | - | 29 |
| IMPAIRMENT LOSS ON MINE PROPERTIES | - | 69 |
| IMPAIRMENT LOSS ON TRADE RECEIVABLES | - | 1 |
| IMPAIRMENT LOSS ON ADVANCES | - | 71 |
| DEPRECIATION AND AMORTISATION | 7 | 59 |

### 27. FINANCE COSTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| BORROWINGS | 68 | 144 |
| LEASE LIABILITIES | - | 3 |
| OTHER FINANCING ARRANGEMENTS | 24 | 35 |
| AMOUNTS DUE TO RELATED PARTIES | 32 | - |
| | **124** | **182** |

### 28. INCOME TAX

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| MAJOR COMPONENTS OF INCOME TAX EXPENSE | | |
| **CURRENT** | | |
| LOCAL INCOME TAX | - | 1 |
| **DEFERRED** | | |
| ORIGINATING AND REVERSING TEMPORARY DIFFERENCES - LOCAL TAX (NOTE 13) | - | 47 |
| **INCOME TAX EXPENSE** | **-** | **48** |
| RECONCILIATION OF THE INCOME TAX RATE | | |
| RECONCILIATION BETWEEN APPLICABLE TAX RATE AND AVERAGE EFFECTIVE TAX RATE | | |
| | % | % |
| APPLICABLE TAX RATE | 32.00 | 32.00 |
| TAX FOR THE PERIOD AS A PERCENTAGE OF PROFIT BEFORE TAX | - | 5.07 |
| NON-TAXABLE INCOME FROM LONG-TERM INSURANCE OPERATIONS | - | 0.49 |
| LOSSES FOR WHICH NO DEFERRED TAX ASSET WAS RECOGNISED | - | (10.88) |
| NON-TAXABLE LOSSES ON FAIR VALUE ADJUSTMENTS | - | (9.59) |
| PERMANENT DIFFERENCE ON IMPAIRMENT LOSS ON MINE PROPERTIES | - | (2.34) |
| PERMANENT DIFFERENCE ON IMPAIRMENT LOSS ON INTANGIBLE ASSETS | - | (0.97) |
| PROFIT ON FOREIGN EXCHANGE DIFFERENCES | - | 3.76 |
| LOSS ON FOREIGN EXCHANGE DIFFERENCES | - | (8.60) |
| DEFERRED TAX ASSETS NOT RECOGNISED | 32.00 | 18.96 |
| DEFERRED TAX ASSETS DERECOGNISED | - | 36.13 |
| | **32.00** | **32.00** |

The group has an estimated tax loss of NAD 792 million (2021: NAD 1.7 billion) available for set off against future taxable income. The deferred tax asset was not recognised for the tax losses of NAD 253 million (2021: NAD 1.6 billion).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 29. EARNINGS AND HEADLINE EARNINGS PER SHARE

| | PROFIT BEFORE TAX | INCOME TAX | NET PROFIT | NET LOSS |
|---|---|---|---|---|
| **FIGURES IN NAMIBIA DOLLAR MILLION** | **31 AUGUST 2022** | **31 AUGUST 2022** | **31 AUGUST 2022** | **31 AUGUST 2021** |
| BASIC EARNINGS/(LOSS) | 1 437 | - | 1 437 | (815) |
| LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT | 2 | (1) | 1 | 8 |
| IMPAIRMENT LOSS ON INTANGIBLE ASSETS | - | - | - | 29 |
| GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES (NOTE 12) | (3 360) | - | (3 360) | - |
| IMPAIRMENT LOSS ON MINE PROPERTIES | - | - | - | 69 |
| **HEADLINE LOSS** | **(1 921)** | **(1)** | **(1 922)** | **(709)** |

Reconciliation of the weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share.

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC) | 985 | 941 |
| ADJUSTED FOR CONTINGENTLY ISSUABLE SHARES* | - | - |
| **WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES FOR THE PURPOSES OF DILUTED EARNINGS PER SHARE MILLION** | **985** | **941** |
| **EARNINGS/(LOSS) PER SHARE** | | |
| BASIC EARNINGS/(LOSS) PER SHARE (CENTS) | 145.89 | (86.66) |
| DILUTED EARNINGS/(LOSS) PER SHARE (CENTS) | 145.89 | (86.66) |
| HEADLINE BASIC LOSS PER SHARE (CENTS) | (195.13) | (75.41) |
| HEADLINE DILUTED LOSS PER SHARE (CENTS) | (195.13) | (75.41) |

*Contingently issuable shares represent shares for vendor disclosed on note 21. The conditions associated with the shares for vendors were not satisfied as at 31 August 2022, therefore the number of contingently issuable shares included in the diluted earnings per share calculation was Nil. Should these conditions be satisfied in future financial reporting periods, it will result in the issue of 626.8 million additional TTO shares to Next Capital Ltd. Refer to the March 2019 IR for detail surrounding the various conditions associated with the shares for vendor considerations.

### BASIC EARNINGS PER SHARE

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. To calculate earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

### DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after-tax dilutive effect.

### HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period as determined for basic and diluted purposes, and is based on the earnings, both basic and diluted, attributable to ordinary shareholders, after excluding those items as required by Circular 01/2021 issued by the South African Institute of Chartered Accountants (SAICA).



## 30. DIRECTORS' EMOLUMENTS

### 30.1 DIRECTORS' EMOLUMENTS

| 12 MONTHS ENDED 31 AUGUST 2022<br>FIGURES IN NAMIBIA DOLLAR THOUSAND | BASIC SALARY | SHORT-TERM BENEFITS | DIRECTORS' FEES | TOTAL FEES |
|---|---|---|---|---|
| **HOLDING COMPANY (EXECUTIVE DIRECTORS)** | | | | |
| DR Q VAN ROOYEN* | - | - | - | - |
| FJ ABRAHAMS | 2 353 | 476 | - | 2 829 |
| | **2 353** | **476** | **-** | **2 829** |
| **HOLDING COMPANY (NON-EXECUTIVE DIRECTORS)** | | | | |
| ADV R HEATHCOTE | 539 | - | - | 539 |
| R TALJAARD | 305 | - | - | 305 |
| W GEYSER | 546 | - | - | 546 |
| R MARNEY (RESIGNED 5 AUGUST 2022) | 476 | - | - | 476 |
| T NEWTON (APPOINTED 1 FEBRUARY 2022) | 117 | - | - | 117 |
| R CHETWODE (APPOINTED 1 FEBRUARY 2022) | 117 | - | - | 117 |
| J VAN DEN HEEVER (APPOINTED 1 NOVEMBER 2021) | 202 | - | - | 202 |
| **TOTAL** | **2 302** | **-** | **-** | **2 302** |
| **INVESTEE ENTITIES (NON-EXECUTIVE DIRECTORS)** | | | | |
| W GEYSER | - | - | 713 | 713 |
| R TALJAARD | - | - | 393 | 393 |
| T NEWTON | - | - | 339 | 339 |
| J VAN DEN HEEVER | - | - | 231 | 231 |
| B SIMILO | - | - | 247 | 247 |
| R CHETWODE | - | - | 307 | 307 |
| | **-** | **-** | **2 230** | **2 230** |
| **TOTAL** | **4 655** | **476** | **2 230** | **7 361** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

***REMUNERATION OF GROUP MANAGING DIRECTOR**
Regulatory and shareholder approval for the new management agreement were outstanding at the time of reporting. Refer to note 23 of the 2021 Integrated Annual Report for further details.

| 11 MONTHS ENDED 31 AUGUST 2021<br>FIGURES IN NAMIBIA DOLLAR THOUSAND | BASIC SALARY | SHORT-TERM BENEFITS | DIRECTORS' FEES | TOTAL FEES |
|---|---|---|---|---|
| **HOLDING COMPANY (EXECUTIVE DIRECTORS)** | | | | |
| DR Q VAN ROOYEN* | - | - | - | - |
| FJ ABRAHAMS | 2 157 | 510 | - | 2 667 |
| | **2 157** | **510** | **-** | **2 667** |
| **HOLDING COMPANY (NON-EXECUTIVE DIRECTORS)** | | | | |
| W GEYSER | - | - | 283 | 283 |
| ADV R HEATHCOTE SC | - | - | 526 | 526 |
| R TALJAARD | - | - | 281 | 281 |
| R MARNEY (RESIGNED 8 AUGUST 2022) | - | - | 76 | 76 |
| | **-** | **-** | **1 166** | **1 166** |
| **SUBSIDIARY COMPANIES (EXECUTIVE DIRECTORS)** | | | | |
| A LAMBERT | 836 | 52 | - | 888 |
| E JANSE VAN RENSBURG | 1 610 | 97 | - | 1 707 |
| I CALITZ | 887 | 66 | - | 953 |
| A BRAND | 970 | 55 | - | 1 025 |
| J JOUBERT | - | - | 3 300 | 3 300 |
| IS KAMARA | 2 673 | - | - | 2 673 |
| M ERASMUS | 1 550 | 106 | - | 1 656 |
| T SLABBERT (RESIGNED 31 DECEMBER 2020) | 373 | 7 | - | 380 |
| | **8 899** | **383** | **3 300** | **12 582** |
| **SUBSIDIARY COMPANIES (NON-EXECUTIVE DIRECTORS)** | | | | |
| W GEYSER | - | - | 1 181 | 1 181 |
| R TALJAARD | - | - | 706 | 706 |
| T NEWTON | - | - | 378 | 378 |
| J VAN DEN HEEVER | - | - | 331 | 331 |
| S SIMILO | - | - | 155 | 155 |
| R CHETWODE | - | - | 301 | 301 |
| | **-** | **-** | **3 052** | **3 052** |
| **TOTAL** | **11 056** | **893** | **7 518** | **19 467** |

**30.2 CHANGES TO THE BOARD OF DIRECTORS**
On 1 November 2021, the group appointed J van den Heever as an independent non-executive director.

R Marney resigned as an independent non-executive member of the Trustco Group Holdings Ltd on 5 August 2022.



## 31. CASH UTILISED IN OPERATIONS

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| PROFIT/(LOSS) BEFORE TAX | 1 437 | (870) |
| ***ADJUSTMENTS FOR*** | | |
| DEPRECIATION AND AMORTISATION | 6 | 59 |
| LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT | 2 | 12 |
| LOSS ON FOREIGN EXCHANGE DIFFERENCES | - | 253 |
| INVESTMENT REVENUE | (26) | - |
| INVESTMENT INCOME | - | (1) |
| GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES | (3 360) | - |
| FINANCE COSTS | 124 | 182 |
| FAIR VALUE ADJUSTMENTS | 1 713 | 213 |
| IMPAIRMENT LOSS ON ADVANCES | - | 71 |
| IMPAIRMENT LOSS ON INTANGIBLE ASSETS | - | 29 |
| IMPAIRMENT LOSS ON MINE PROPERTIES | - | 69 |
| FOREIGN EXCHANGE LOSS/(GAIN) ON BORROWINGS | 91 | (110) |
| IMPAIRMENT LOSS ON TRADE RECEIVABLES | - | 1 |
| PROPERTY DEBTORS WRITTEN OFF | - | 56 |
| CHANGE IN POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS | - | (1) |
| OTHER NON-CASH ITEMS | 2 | (29) |
| **CASH USED IN OPERATIONS BEFORE WORKING CAPITAL CHANGES** | **(11)** | **(66)** |
| **CHANGES IN WORKING CAPITAL** | | |
| INVENTORIES | - | 6 |
| TRADE AND OTHER RECEIVABLES | (171) | 8 |
| TRADE AND OTHER PAYABLES | 142 | (13) |
| **CHANGES IN WORKING CAPITAL** | **(29)** | **1** |
| **CASH USED IN OPERATIONS** | **(40)** | **(64)** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 32. TAX PAID

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **BALANCE AT BEGINNING OF PERIOD** | | |
| • CURRENT TAX ASSETS | (2) | (2) |
| • CURRENT TAX LIABILITIES | 26 | 25 |
| | 24 | 23 |
| CURRENT TAX FOR THE PERIOD RECOGNISED IN PROFIT OR LOSS | - | 1 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (25) | - |
| **BALANCE AT END OF PERIOD** | | |
| • CURRENT TAX ASSETS | 1 | 2 |
| • CURRENT TAX LIABILITIES | - | (26) |
| **TAX PAID** | - | - |

### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| 31 AUGUST 2022<br>FIGURES IN NAMIBIA DOLLAR MILLION | BORROWINGS | LEASE LIABILITIES | AMOUNTS DUE TO RELATED PARTIES | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE | 1 658 | 58 | 1 642 | 3 358 |
| CHANGES IN FOREIGN EXCHANGE RATES | 91 | - | - | 91 |
| NON CASH FLOW ITEMS | 137 | 1 | (13) | 125 |
| DECONSOLIDATED ON CHANGE IN PARENT'S STATUS TO AN INVESTMENT ENTITY | (1 186) | (47) | (63) | (1 296) |
| **SUB TOTAL** | **700** | **12** | **1 566** | **2 278** |
| CASH FLOWS RELATED TO FINANCING | (1) | (8) | 20 | (11) |
| **CLOSING BALANCE** | **699** | **4** | **1 586** | **2 289** |

| 31 AUGUST 2021<br>FIGURES IN NAMIBIA DOLLAR MILLION | BORROWINGS | LEASE LIABILITIES | AMOUNTS DUE TO RELATED PARTIES | TOTAL |
|---|---|---|---|---|
| OPENING BALANCE | 1 414 | 78 | 1 687 | 3 179 |
| CHANGES IN FOREIGN EXCHANGE RATES | (110) | - | - | (110) |
| NON CASH FLOW ITEMS | 120 | (7) | 14 | 127 |
| CASH FLOWS RELATED TO OPERATIONS* | 173 | - | - | 173 |
| **SUB TOTAL** | **1 597** | **71** | **1 701** | **3 369** |
| CASH FLOWS RELATED TO FINANCING | 61 | (13) | (59) | (11) |
| **CLOSING BALANCE** | **1 658** | **58** | **1 642** | **3 358** |

*Borrowings used to finance the operations of the student loan book were classified as operating activities.

### 34. RELATED PARTIES

The group is controlled by Q van Rooyen who owns 39.54% (2021: 39.57%) of the company's shares. Material related party balances are disclosed in notes 5 and 17.

Other related parties are:

**CONSOLIDATED SUBSIDIARIES**

Komada Holdings (Pty) Ltd
Printas (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
Trustco Fleet Management Services (Pty) Ltd
Trustco Media (Pty) Ltd
Trustco Mixed Marketing (Pty) Ltd
Trustco Newspapers (Pty) Ltd
Trustco Investment Management Company (Pty) Ltd
Trustco Unit Trust Management Company Ltd

**INVESTEE ENTITIES**

Agricultural Export Company (Pty) Ltd
Cumbrae Island Investments (Pty) Ltd
Discus Properties (Pty) Ltd
Elisenheim Estate Property Number One Hundred (Pty) Ltd
Elisenheim Estate Property Number One Hundred and One (Pty) Ltd
Elisenheim Estate Property Number One Hundred and Two (Pty) Ltd
Elisenheim Property Development Company Ltd
Erf 7179 (Pty) Ltd
Herboths Property Development (Pty) Ltd
Huso Investments (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd*
Institute for Open Learning (Pty) Ltd
Institute of Open Learning VTC (Pty) Ltd
Kuiseb Country Estate (Pty) Ltd
Legal Shield Holdings Ltd
Meya Mining Limited**
Morse Investments (Pty) Ltd
Morse Investments Mauritius**
New Adventure Insurance Brokers (Pty) Ltd*
Northern Industrial Estates (Pty) Ltd
Northern Namibia Development Company (Pty) Ltd
November Properties (Pty) Ltd
TBN Holdings Ltd
Trustco Bank Namibia Limited
Trustco Business Developments (Pty) Ltd
Trustco Capital (Pty) Ltd
Trustco Construction Services (Pty) Ltd
Trustco Estate Planners and Administrators (Pty) Ltd
Trustco Finance (Pty) Ltd
Trustco Financial Services (Pty) Ltd*
Trustco Group International (Pty) Ltd
Trustco Group International (Pty) Ltd*
Trustco Informatix (Pty) Ltd*
Trustco Insurance Limited
Trustco Intermediary Solutions (Pty) Ltd*
Trustco Life Limited
Trustco Mobile (Pty) Ltd
Trustco Mobile Mauritius**
Trustco Property Holdings (Pty) Ltd
Trustco Re-insure Limited
Trustco Resources (Pty) Ltd
Trustco Resources Mauritius**

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**ENTITIES OVER WHICH BOARD MEMBERS HAVE A SIGNIFICANT INFLUENCE**

Arru Island Investments (Pty) Ltd
Dolphin View 50 Langstrand (Pty) Ltd
Foxtrot Properties (Pty) Ltd
Golf Properties (Pty) Ltd
Le-Hugo's Investments**
Namibia Medical Investments (Pty) Ltd
Next Capital Ltd
Othinge Investments (Pty) Ltd
Portsmut Hunting Safaris ((Pty) Ltd
Shad Investments (Pty) Ltd
Sunda Island Investments (Pty) Ltd
Sweep Investments (Pty) Ltd
Thera Island Investments (Pty) Ltd
Next Air Services (Pty) Ltd
Next Tourism Holdings (Pty) Ltd

**SIGNIFICANT SHAREHOLDERS**

Germinate SL Ltd***
Riskowitz Value Fund****
Trustco Senior Employees Trust
Trustco Staff Share Incentive Scheme Trust

*Incorporated in the Republic of South Africa
**Incorporated in the Republic of Mauritius
***Incorporated in the Republic of Sierra Leone
****Incorporated in the United States of America

All other related parties are incorporated in Namibia.

Refer to notes 5 and 17 for further information on balances due by/(to) related parties.

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. However, transactions between the company and its investees (which are not consolidated - refer to note 12) are not eliminated. The sale of goods to related parties was made at the group's usual list price. Purchases were made at market price. Details of transactions between the group and other related parties are disclosed below and note 30 for details of directors' remuneration.

**RELATED PARTY TRANSACTIONS**

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **34.1 TRANSACTIONS WITH INVESTEE ENTITIES** | | |
| **INTEREST RECEIVED FROM INVESTEE ENTITIES** | | |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | (26) | - |
| **SURETY FEE RECEIVED FROM INVESTEE ENTITIES** | | |
| TRUSTCO FINANCE (PTY) LTD | (23) | - |
| **34.2 TRANSACTIONS WITH RELATED PARTY** | | |
| NEXT CAPITAL LTD^ | | |
| SURETY FEES | 10 | 13 |
| INTEREST | 11 | 10 |

^- Common shareholder: Dr Q van Rooyen
- The amount due to Next Capital Ltd bears interest at market related interest rates.
- No management fees were accrued in terms of the new management agreement as announced, as regulatory and shareholder approval for the agreement has not yet been obtained. Refer to note 17.

**RELATED PARTY BALANCES**

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **35.1 BALANCES WITH RELATED PARTIES** | | |
| **AMOUNTS DUE TO RELATED PARTIES** | | |
| NEXT CAPITAL LTD^ | 1 586 | 1 642 |

^- Common shareholder: Dr Q van Rooyen

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 35. PORTFOLIO ANALYSIS (SEGMENT INFORMATION)

In the prior reporting period, the group was classified into three reportable portfolios namely: insurance and its investments, banking and finance and resources. In the current financial period the group merged the insurance and its investments and banking portfolios to form the financial services portfolio. As a result, the group now has two reportable portfolios (Financial Services and Resources).

The financial services portfolio earns income from insurance premiums, property sales, rental income, investment property activities, banking and finance activities, interest, fees and commissions from customers as well as tuition income. The financial services portfolio primarily conducts its operations in Namibia. The resources portfolio primarily conducts mining operations in Namibia and Sierra Leone.

The resources portfolio earns income from sale of diamonds.

Sum of the parts analysis (SOTP) is used by the group to measure the group's performance pursuant to its objective of shareholders' value creation through capital appreciation. In determining SOTP value, the group's unlisted assets and liabilities are valued internally using appropriate valuation methods. The SOTP will not necessarily correspond with the values per the consolidated statement of financial position of the previous financial period, since they were accounted for as consolidated subsidiaries, which are now recognised as financial assets at FVTPL. However, following the parent's change in status to that of an Investment Entity, consolidated earnings are no longer presented to or evaluated by the chief operating decision-maker (Executive Investment Committee "IC") and therefore are no longer presented as part of the group's portfolio report.

The executive investment committee evaluated the information to assess the performance of the investees as disclosed in note 12.

The following table represents the SOTP fair values of the group's equity and debt investments:

| FIGURES IN NAMIBIA DOLLAR MILLION | EQUITY VALUE | DEBT VALUE | 31 AUGUST 2022 |
|---|---|---|---|
| TBN HOLDINGS LTD | 107 | 169 | 276 |
| TRUSTCO BANK LTD | 9 | - | 9 |
| LEGAL SHIELD HOLDINGS LTD | 895 | 1 083 | 1 978 |
| TRUSTCO MOBILE MAURITIUS LTD | 35 | - | 35 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | 14 | 14 |
| TRUSTCO BUSINESS DEVELOPMENT (PTY) LTD | 65 | 1 255 | 1 320 |
| **TOTAL** | **1 111** | **2 521** | **3 632** |

The following table represents the earnings from the group's equity and debt investments:

| FIGURES IN NAMIBIA DOLLAR MILLION | INVESTMENT INCOME | GAIN ON DEEMED DISPOSAL | FAIR VALUE GAIN OR LOSS | 31 AUGUST 2022 |
|---|---|---|---|---|
| TBN HOLDINGS LTD | 23 | 678 | 38 | 739 |
| TRUSTCO BANK LTD | - | 98 | (5) | 93 |
| LEGAL SHIELD HOLDINGS LTD | - | 673 | (306) | 367 |
| TRUSTCO MOBILE MAURITIUS LTD | - | 27 | (2) | 25 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | (29) | (4) | (33) |
| TRUSTCO BUSINESS DEVELOPMENT (PTY) LTD | 26 | 1 913 | (1 434) | 505 |
| **TOTAL** | **49** | **3 360** | **(1 713)** | **1 696** |
| COST OF SALES | | | | (1) |
| OPERATING EXPENDITURE | | | | (134) |
| FINANCE COST | | | | (124) |
| **PROFIT FOR THE YEAR** | | | | **1 437** |



| FIGURES IN NAMIBIA DOLLAR MILLIONS 31 AUGUST 2021 | TOTAL | INSURANCE AND ITS INVESTMENTS | BANKING | RESOURCES |
|---|---|---|---|---|
| REVENUE | 398 | 307 | 79 | 12 |
| EXTERNAL REVENUE | 313 | 229 | 72 | 12 |
| INTER-SEGMENT REVENUE | 85 | 78 | 7 | - |
| NET LOSS AFTER TAX | 919 | 525 | 62 | 332 |
| INCOME TAX EXPENSE/(BENEFIT) | 48 | 71 | (23) | - |
| DEPRECIATION AND AMORTISATION | 59 | 56 | 2 | 1 |
| INTEREST INCOME | 1 | - | 1 | - |
| INTEREST EXPENSE | 182 | 91 | 86 | 5 |
| IMPAIRMENT OF ADVANCES | 71 | - | 71 | - |
| IMPAIRMENT OF INTANGIBLES | 29 | 29 | - | - |
| IMPAIRMENT OF MINING PROPERTIES | 69 | - | - | 69 |
| **TOTAL ASSETS** | **4 547** | **2 071** | **1 020** | **1 456** |
| **TOTAL LIABILITIES** | **4 150** | **2 813** | **1 067** | **270** |

**SEGMENT ASSETS AND REVENUE BY LOCATION AND ENTITY DOMICILE**

| | 31 AUGUST 2021 11 MONTHS REVENUE | 31 AUGUST 2021 ASSETS |
|---|---|---|
| NAMIBIA | 301 | 3 181 |
| SIERRA LEONE | 12 | 1 366 |
| **TOTAL** | **313** | **4 547** |

Inter-segment sales occur at prevailing market prices.

The group's revenues from its major products and services are disclosed in note 23.

**INFORMATION ABOUT MAJOR CUSTOMERS**

No single customer contributed 10% or more to the group's revenue for the 2021 reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 36. CATEGORIES OF FINANCIAL INSTRUMENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| AMORTISED COST | | | |
| CASH AND CASH EQUIVALENTS | 2 | 8 | 23 |
| ADVANCES | 3 | - | 489 |
| TRADE AND OTHER RECEIVABLES | 4 | 65 | 135 |
| AMOUNTS DUE BY INVESTEE ENTITY | 4 | 616 | - |
| FAIR VALUE | | | |
| INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS | 12 | 3 632 | - |
| **FINANCIAL LIABILITIES** | | | |
| AMORTISED COST | | | |
| AMOUNTS DUE TO RELATED PARTIES | 17 | (1 586) | (1 643) |
| BORROWINGS | 14 | (699) | (1 658) |
| TRADE AND OTHER PAYABLES | 15 | (156) | (604) |
| BANK OVERDRAFT | 2 | - | (8) |

## 37. FINANCIAL RISK MANAGEMENT

This note presents information about the group's exposure to financial risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The group's risk management policies are established to identify and analyse the risks faced by the group, set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. Through its training and management standards and procedures, the group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee (ARC) oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework concerning the risks faced by the group. The ARC is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

### CAPITAL MANAGEMENT

The board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain future business development. The board of directors monitors the return on capital. The board of directors also monitors the level of dividends paid to ordinary shareholders. The group manages its capital to ensure that entities in the group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The group's capital structure consists of debt, which includes the borrowings disclosed in note 14, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in notes 19 to 21 inclusive. In the prior period, the group restructured its long term debt. The restructuring included deferring interest payments, capital holidays and bullet repayments of up to 7 years. Refer to maturity analysis for expected cash out flows.

In the previous period, Trustco Bank Namibia Ltd was subject to a Bank of Namibia imposed capital adequacy minimum. This ratio was calculated under Basel rules and was measured monthly. The minimum capital adequacy ratio was 15% and Trustco Bank Namibia Ltd was at 42.67%. The minimum Tier one leverage ratio was 6% and Trustco Bank Namibia Ltd's ratio was 38.55%.

From time to time, the group purchases its shares on the market, the timing of which depends on market prices. Buy and sell decisions are made on the recommendation of management to the board and approved by the ARC. The group does not have a defined share buy-back plan, but shareholders have passed a general resolution allowing the company to buy back its shares from time to time.

There were no changes in the group's approach to capital management during the reporting period.

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operations of the group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The use of financial instruments is governed by the group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments and the investment of excess liquidity.

Compliance with policies and exposure limits are reviewed by the internal auditors continuously. The group does not enter into or trade financial instruments for speculative purposes.

### MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

Refer to interest rate sensitivity analysis below for discussion of group's exposure to market risk.

### FOREIGN CURRENCY RISK MANAGEMENT

The group is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of group entities, primarily the Namibia Dollar, South African Rand and United States Dollar (USD). The currencies in which these transactions are concluded are primarily denominated in USD.

Risk is managed through careful planning of probable USD expenditures. USD denominated liabilities are expected to be repaid with receipts from USD denominated sales.

The carrying amount of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| TRADE AND OTHER RECEIVABLES | 3 | - | 17 |
| BORROWINGS | 13 | (699) | (846) |
| TRADE AND OTHER PAYABLES | 14 | - | (192) |
| BANK OVERDRAFT | | - | (8) |
| | | **(699)** | **(1 029)** |

### FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS

At the reporting date, the South African rand was equal to the Namibia dollar. A 1% weakening or strengthening of the Namibia Dollar exchange rate versus the United States Dollar (most common foreign currency exposure) on 31 August 2022, as broadly anticipated by the market, would decrease or increase the group's profit by NAD 7.0 million (2021: NAD 10.3 million). The analysis assumes that all other variables would remain constant.

### CREDIT RISK MANAGEMENT

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

### FORWARD-LOOKING INFORMATION (FLI)

Historical default rates were regressed against selected relevant macroeconomic factors to investigate if there exists any relationship. Where there is a correlation between macroeconomic factors and historical default rates, the probabilities of default (PD) were adjusted to arrive at a point in time PD.

Financial assets exposed to credit risk at reporting date were as follows:

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| CASH AND CASH EQUIVALENTS | | 8 | 23 |
| ADVANCES | 2 | - | 489 |
| TRADE AND OTHER RECEIVABLES | 3 | 65 | 135 |
| AMOUNT DUE BY INVESTEE ENTITY | 4 | 616 | - |
| | | **689** | **647** |

Credit risk on advances (note 3) was managed through credit approval procedures, requiring regular repayments and requiring guarantees and/or security deposits as a prerequisite for advances. Property advances and property sales receivables were secured by properties sold. The group provided advances to individuals and businesses. The group's cash balances are held at "A" rated local banks.

In the previous financial period the group's concentration of customer risk to a counterparty exceeded 5% of gross monetary assets during the period for the two commercial property advances as disclosed in note 3. The commercial loans were liquidated in the reporting period. The group does not have any further concentration risk above 5% of its monetary assets.

### RECEIVABLES FROM TRADE CUSTOMERS AND ADVANCES

The group's exposure to credit risk was influenced mainly by the default risk of the sectors in which they operate. The demographics of the group's customer base, including the individual characteristics of each customer and country in which customers operate, had less of an influence on credit risk. The risk management committee established a credit policy under which each new customer was analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions were offered. The group's review included external ratings, when available and in some cases bank references.

Purchase limits were established for each customer, which represented the maximum open amount without requiring approval from the risk management committee; these limits were reviewed on an ad hoc basis. Customers that failed to meet the group's benchmark creditworthiness criteria were permitted to transact with the group only on a prepayment basis. The group established a loss allowance for credit losses that represented its estimate of credit losses in respect of advances.

### INTEREST RATE RISK MANAGEMENT

The ultimate responsibility for interest rate risk management rests with the board of directors, which has established an appropriate framework for managing the group's exposure to changes in rates.

### INTEREST RATE SENSITIVITY ANALYSIS

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the reporting date. The analysis is prepared assuming the balance of the financial instrument at the reporting date was receivable/(payable) for the whole period. A 50 basis point increase or decrease is used when reporting interest risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the group's profit for the period ended 31 August 2022 would decrease/increase by NAD 17.7 million (2021: decrease/increase by NAD 16.1 million). This is mainly attributable to the group's exposure to interest rates on its variable rate borrowings.

### LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to manage the group's short-, medium- and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities as well as by monitoring the current ratio.

### LIQUIDITY ANALYSIS

The following tables detail the group's future liquidity position arising from its non-derivative financial liabilities. The analysis has been prepared based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

| 31 AUGUST 2022<br>FIGURES IN NAMIBIA DOLLAR MILLION | AVE. EFFECTIVE INTEREST RATE | DUE IN LESS THAN ONE YEAR | DUE IN ONE TO TWO YEARS | DUE IN TWO TO FIVE YEARS | DUE AFTER FIVE YEARS | TOTAL |
|---|---|---|---|---|---|---|
| MATURITY ANALYSIS | | | | | | |
| NON-INTEREST BEARING | | | | | | |
| · TRADE AND OTHER PAYABLES (NOTE 15) | | 156 | - | - | - | 156 |
| **VARIABLE INTEREST RATE INSTRUMENTS** | | | | | | |
| · TERM LOANS (NOTE 14) | 9.83 | 460 | 114 | 170 | 79 | 823 |
| · CORPORATE BONDS (NOTE 14) | 8.75 | 3 | 3 | 2 | 2 | 10 |
| · AMOUNTS DUE TO RELATED PARTIES (NOTE 17) | 12.08 | 586 | 1 000 | - | - | 1 586 |
| | | **1 205** | **1 117** | **172** | **82** | **2 575** |

| 31 AUGUST 2021<br>FIGURES IN NAMIBIA DOLLAR MILLION | AVE. EFFECTIVE INTEREST RATE | DUE IN LESS THAN ONE YEAR | DUE IN ONE TO TWO YEARS | DUE IN TWO TO FIVE YEARS | DUE AFTER FIVE YEARS | TOTAL |
|---|---|---|---|---|---|---|
| MATURITY ANALYSIS | | | | | | |
| NON-INTEREST BEARING | | | | | | |
| · TRADE AND OTHER PAYABLES (NOTE 15) | | 604 | - | - | - | 604 |
| VARIABLE INTEREST RATE INSTRUMENTS | | | | | | |
| · TERM LOANS (NOTE 14) | 9.83 | 561 | 193 | 1 332 | 160 | 2 246 |
| · MORTGAGE LOANS (NOTE 14) | 9.73 | 2 | 1 | 2 | 1 | 6 |
| · INSURANCE LIABILITIES (NOTE 16) | | 30 | 9 | 11 | 1 | 51 |
| · AMOUNTS DUE TO RELATED PARTIES (NOTE 17) | 12.08 | 642 | - | 1 000 | - | 1 642 |
| · BANK OVERDRAFT (NOTE 2) | 21.00 | 8 | - | - | - | 8 |
| | | **1 847** | **203** | **2 345** | **162** | **4 557** |

## 38. GOING CONCERN

The financial results have been prepared on the going concern basis which considers the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. The board of directors, as part of their responsibilities, annually assesses the going concern of the group. As part of their assessment, the board of directors considered working capital requirements, availability of resources and reserves either from existing operational activities or further borrowings, available information about the future, financial impact of ongoing litigation, the possible outcomes of planned events and the responses to such events and conditions that would be available to the board.

The board of directors has, *inter alia*, considered the following specific factors in determining whether the company and group is a going concern for the foreseeable future:

- Profit for the year ended 31 August 2022 of NAD 1 437 million which includes gain on disposal of investees of NAD 3 360 million and fair value loss of NAD 1 713 million (loss for the period ended 31 August 2021: NAD 917 million);
- Current liabilities of the group exceed current assets as at 31 August 2022 by NAD 570 million, while total assets exceed total liabilities by NAD 1 834 million;
- Cash utilised from operating activities by the group for the year ended 31 August 2022 was to NAD 41 million respectively,
- Whether the group has sufficient cash resources from investing activities which is readily available, in order to settle its creditors and maturing liabilities as and when they fall due in the foreseeable future, whilst continuing to maintain its operating abilities for the foreseeable financial period;
- Whether there is any significant pending litigation that will threaten the going concern status of the group;
- Assessment of the existing economic conditions related to the various investees and whether the possibility exists to sufficiently scale said operations in the foreseeable future to provide additional cash resources; and
- Assessment of the solvency and liquidity position of the company in accordance with the Companies Act.



Following the above assessment, the board of directors believe that the above factors, coupled with prevailing economic conditions and forecast economic outlook presents some challenges for the foreseeable future. In response to the above factors, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with the implementation thereof regularly monitored. These conditions are considered to indicate that a material uncertainty exists which may cast significant doubt on the ability of the group to continue as a going concern in the foreseeable future. This is largely attributable to the short-term liquidity position of the group. Therefore, the ability of the group to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the group faces on an ongoing basis:

- completion of various technical, geological and financial milestones by the resources portfolio related to the mining operations in Sierra Leone in order to conclude a transaction with an international diamantaire of a debt and equity investment totalling USD 75 million into Meya Mining. The additional funding will enable the resources investee to adequately scale production of its flagship asset, which will enable the group to recover its net debt and equity investment in the resources investee in the foreseeable future;
- recovery of USD 6 million in working capital from its resources investee in the near future which will assist with the short-term liquidity requirements of the group;
- recovery of USD 42 million in interest bearing debt from its resources investee by Q4 of 2023, once Meya Mining achieves the above stated production targets, which will assist with the short-term liquidity requirements of the group;
- continued subordination of debt owing to related party investors of the group for the foreseeable future;
- successful negotiations with international lenders in order to agree revised repayments terms associated with borrowings due and payable in the foreseeable future; and
- successful resolution of various ongoing legal matters in order to mitigate the potential liquidity impact thereof.

The board of directors have evaluated the plans noted above to address the material uncertainty related to the going concern assumption of the group, and note these plans will alleviate the group's liquidity position should they be executed successfully.

The board of directors has evaluated the group's liquidity requirements to confirm whether the group has access to sufficient resources to continue as a going concern in the foreseeable future, considering the above factors and consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the group would be able to continue its operations as a going concern. The directors are not aware of any other matters that may impact the group. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group. Following the above assessment, the board of directors continues to adopt the going concern basis of accounting in preparing the financial statements.

## 39. EVENTS AFTER THE REPORTING DATE

**SHARE SUSPENSION**
Subsequent to the reporting period, the trading of the securities of Trustco's shares was suspended.

**EVO TRANSACTION**
On 3 October 2022, 2 000 000 Trustco shares lent to EVO Fund were returned to Le-Hugo's Investments (an associate of Dr Q van Rooyen).

**TRUSTCO RESOURCES TRANSACTION**
At the time of this report, Trustco Resources, Germinate (SL) and Sterling Global Trading Limited (SGT), SJSL's nominee, entered into a transaction in which SGT will invest a total of USD 75 million in Meya. The investment comprises of USD 25 million in equity, USD 25 million in a SGT loan and a third-party market loan of up to USD 25 million. The investment will be utilized exclusively for the development of the mine over the next 24 months, by which time the production target is approximately 30 000 carats per month. Upon conclusion of the equity investment, SGT will become a 70% shareholder in Meya.

The directors are not aware of any other events occurring after the reporting date and before the date of this report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## 40. CONTINGENT LIABILITIES AND GUARANTEES

### 40.1 CITY OF WINDHOEK

In the previous reporting period, the group guaranteed the installation of bulk services on its real estate inventory (Lafrenz and Elisenheim development), amounting to NAD 6.37 million and NAD 1.49 million, respectively.

### 40.2 PENDING LEGAL CASES

### 40.2 (A) HELIOS ORYX LIMITED V TRUSTCO GROUP HOLDINGS LIMITED

Helios Oryx Limited (Helios) issued a summons in the High Court of Justice (Business and Property Courts of England and Wales Commercial Court). The summons relates to a facility agreement entered into between the parties.

This action is being defended by Trustco Group Holdings Ltd (TGH). Helios declared all amounts outstanding under the facility agreement due and demanded payment totalling USD 19.6 million. On 20 January 2021, the High Court of Justice of England and Wales granted summary judgement in favour of Helios against TGH in the sum of USD 21.4 million together with costs and struck the TGH counterclaim. On 15 March 2022, Trustco emailed the court with an application for permission to appeal to the Supreme Court against the dismissal of its counterclaim. The application to seek permission to appeal was refused on 23 March 2022.

On 29 March 2022, TGH applied to obtain leave to appeal against the dismissal of the TGH counterclaim from the Supreme Court. The application was refused.

TGH's total exposure in respect of the Helios claim (inclusive of interest and costs) is recognised in full in the financial statements.

Helios also issued an application in the High Court of Namibia in an attempt to register and enforce the summary judgement award obtained in London enforceable in Namibia. TGH is opposing the application.

### 40.2 (B) BANK OF NAMIBIA V TRUSTCO GROUP HOLDINGS LIMITED

Bank of Namibia served an application on Trustco Bank to place Trustco Bank in provisional liquidation. Trustco Bank filed a notice of opposition and is in the process of preparing its answering affidavit.

### 40.2 (C) NAMRA V TRUSTCO GROUP HOLDINGS LIMITED

TGH together with its investee companies filed a review and constitutional challenge against the impugned decisions of the Namibia Revenue Agency (NamRa). The respondent is defending the application.

## 41. CAPITAL COMMITMENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| NOT YET CONTRACTED FOR BUT AUTHORISED BY DIRECTORS | - | 1 275 |

The group intends to finance this expenditure from borrowing facilities. No part of this expenditure has been contracted for at reporting date.

## 42. CHANGE IN REPORTING PERIOD

In the previous reporting period the group's reporting date was changed from 30 September to 31 August.

## 43. RESTATEMENT

Following a JSE proactive monitoring process, the ruling of the Financial Services Tribunal and the judgement of the North Gauteng High Court of the Republic of South Africa, these financial statements have been restated on instruction of the JSE.

The JSE determined that the recognition of certain waivers of shareholder loans in profit or loss was not compliant with IFRS and therefore should be corrected and instead be recognised in equity as these were transactions with equity holders in that capacity. The JSE further determined that Trustco should not have reclassified certain phases of the Elisenheim development from inventory to investment property and that these should have remained classified as inventory.

In terms of the accounting applied by Trustco with respect to the loan waivers, the recognition of a gain through profit or loss had triggered the earnout provision under the Huso Transaction. As such, Trustco issued TTO shares to associates of Dr Q Van Rooyen (Dr van Rooyen) and Next Capital Ltd (Next).

The restatement decision of the JSE, as described above, has the effect that the earnout under the Huso Transaction is not triggered and therefore no shares should have been issued. To comply with the JSE's restatement decision, the following corrective actions were required and have been applied:

- Reversing the NAD 545.6 million (FY2019) gain on the waiver of shareholder's debt previously recognised in profit or loss.
- Reversing the NAD 1.0 billion (FY2020) gain on the waiver of shareholder's debt previously recognised in profit or loss.
- Reversing the reclassification of the Elisenheim Property Development properties from investment property to inventory, consequently reversing the FY2019 NAD 693 million gain (presented as revenue of NAD 984 million and cost of sales of NAD 291million) from profit or loss.
- Reversing fair value adjustments against the Elisenheim Property Development properties whilst they were classified as investment properties represented a loss of NAD 200 million (FY2020) and a loss of NAD 69 million (FY2021).
- Reversing management fees accrued to Next due to revenue, profit and headline earnings reduction. The fees were previously recognised as an expense of NAD 35.5 million (FY 2019), NAD 21.0 million (FY2020) and NAD 1.6 million (FY2021).
- Reversing VAT recognised on management fees paid to Next, which was previously identified as NAD 5.3 million (FY 2019), NAD 3.2 million (FY2020) and NAD 0.2 million (FY2021).

It was noted by the board that its initial decision to accept the loan waivers had been made in the bona fide belief that it would result in an issue of shares under the Huso Transaction earnout triggers, and it was also clear to it that the offer to waive the loans was made on the same understanding. This understanding was confirmed after consultation with its IFRS advisers and also passed review by the auditors, who did not issue any related qualifications for the periods in which these transactions were accounted for as understood by Trustco.

The board has taken legal advice and based on that, concluded that the legal effect of implementing the JSE's instruction is that both the loan waiver transactions should be reversed and that the parties must be reinstated in their original positions as if the loan waivers and the resultant benefits derived therefrom, never occurred.

Based on legal advice, and to give effect to these consequential effects of the JSE restatement decision, the following further adjustments have been applied by the board to the restatement:

- Reversing shares issued to Next and its associates in the 2020 reporting period in terms of the earnout mechanism of the Huso Transaction. The reversal resulted in the reinstatement of shares for vendors of NAD 2.3 billion.
- Reinstatement of the loans of NAD 1.5 billion in favour of Next on the same terms and conditions as had applied prior to the waivers.
- Next has deferred the charging of any interest circa NAD 400 million of the re-instated loans, until discussions with the board, together with its European and African Group of International Funders, have been concluded.
- Next will also be entitled to a payment of NAD 2.9 billion if the earnout targets of the Huso transaction are met before the FY2028.

The restatements relate to financial reporting periods before the current period and affect the financial position and associated financial performance for the periods ending 31 March 2019, 30 September 2020, and 31 August 2021. The board, while complying with the rule of law, has no option but to comply with the JSE's instruction and to deal with the consequences thereof at the time of publishing the current annual financial statements despite pending appeal proceedings. Should Trustco succeed on appeal, these issues may have to be revisited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

| | 31 AUGUST 2021 | | | 30 SEPTEMBER 2020 | | |
|---|---|---|---|---|---|---|
| | REPORTED | DEBIT/ (CREDIT) | RESTATED | REPORTED | DEBIT/ (CREDIT) | RESTATED |
| **STATEMENT OF FINANCIAL POSITION** | | | | | | |
| **ASSETS** | | | | | | |
| INVENTORIES | 237 | 291 | 528 | 130 | 291 | 421 |
| INVESTMENT PROPERTY | 2 246 | (715) | 1 531 | 1 780 | (785) | 995 |
| DEFERRED TAX ASSETS | 66 | (19) | 47 | 125 | (18) | 107 |
| **TOTAL ASSETS** | **2 549** | **(443)** | **2 106** | **2 035** | **(512)** | **1 523** |
| **LIABILITIES** | | | | | | |
| TRADE AND OTHER PAYABLES | (670) | (8) | (678) | (644) | (8) | (652) |
| AMOUNTS DUE TO RELATED PARTIES | (163) | (1 479) | (1 642) | (206) | (1 481) | (1 687) |
| **TOTAL LIABILITIES** | **(833)** | **(1 487)** | **( 2 320)** | **(850)** | **(1 489)** | **(2 339)** |
| **EQUITY** | | | | | | |
| SHARE CAPITAL | (372) | 145 | (227) | (372) | 145 | (227) |
| SHARE PREMIUM | (3 094) | 2 140 | (954) | (3 094) | 2 140 | (954) |
| RETAINED EARNINGS | (1 897) | 1 845 | (52) | (2 769) | 1 902 | (867) |
| OTHER RESERVES | 3 105 | (2 285) | 820 | 3 275 | (2 285) | 990 |
| NON-CONTROLLING INTERESTS | (300) | 85 | (215) | (424) | 99 | (325) |
| **TOTAL EQUITY** | **(2 558)** | **1 930** | **(628)** | **(3 384)** | **2 001** | **(1 383)** |
| **TOTAL EQUITY AND LIABILITIES** | **(3 391)** | **443** | **(2 948)** | **(4 234)** | **512** | **(3 722)** |
| **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** | | | | | | |
| REVENUE | 313 | - | 313 | 618 | - | 618 |
| INVESTMENT & OTHER EXPENSE/(INCOME) | (163) | 69 | (94) | 985 | (800) | 185 |
| OPERATING EXPENSES | (828) | 2 | (826) | (1 304) | 21 | (1 283) |
| INCOME TAX (EXPENSE) / BENEFIT | (47) | (1) | (48) | (38) | (7) | (45) |
| LOSS/(PROFIT) FOR THE YEAR | (987) | 70 | (917) | (343) | (786) | (1 129) |
| LOSS/(PROFIT) ATTRIBUTABLE TO: | | | | | | |
| OWNERS OF THE PARENT | (871) | 56 | (815) | (266) | (826) | (1 092) |
| NON-CONTROLLING INTEREST | (116) | 14 | (102) | (77) | 40) | (37) |
| | **(2 558)** | **70** | **(628)** | **(3 384)** | **(786)** | **(1 383)** |
| BASIC LOSS/(EARNINGS) | (871) | 56 | (815) | (266) | (826) | (1 092) |
| HEADLINE LOSS/(EARNINGS) | (765) | 56 | (709) | (254) | (826) | (1 080) |
| BASIC LOSS PER SHARE (C) | (56.55) | - | (86.66) | (19.95) | - | (115.23) |
| DILUTED LOSS PER SHARE (C) | (55.38) | - | (51.78) | (19.87) | - | (69.05) |
| HEADLINE LOSS PER SHARE (C) | (48.81) | - | (75.41) | 19.06 | - | (113.97) |
| DILUTED HEADLINE LOSS PER SHARE (C) | (48.66) | - | (45.06) | (18.99) | - | (68.30) |



### 44. SHAREHOLDER INFORMATION

Details of the shareholders were as follows:

### LARGE SHAREHOLDERS (AS AT 31 AUGUST 2022)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.54% |
| PROTEA ASSET MANAGEMENT LLC | 338 951 226 | | 338 951 226 | 36.01% |
| - UNIVERSITY OF NOTRE DAME | | 120 604 762 | | |
| - RISKOWITZ VALUE FUND | | 218 246 464 | | |
| GERMINATE SL LTD | | 85 416 666 | 85 416 666 | 9.07% |
| CONSTANTIA INSURANCE COMPANY LTD | 44 856 616 | | 44 856 616 | 4.77% |
| MIDBROOK LANE (PTY) LTD | 6 205 000 | | 6 205 000 | 0.66% |
| GOVERNMENT EMPLOYEES PENSION FUND | 5 461 236 | | 5 461 236 | 0.58% |
| CITICLIENT NOMINEES NO 8 NY GW | 5 275 621 | | 5 275 621 | 0.56% |
| **GRAND TOTAL** | **598 146 365** | **260 220 060** | **858 366 425** | **91.20%** |

* Total issued shares after restatement implementation - 987 238 581.
* Treasury shares after restatement implementation - 46 000 138 (44 071 845 shares are held by investee entities).
* Shares calculated net of treasury shares after restatement implementation - 941 238 443.

### LARGE SHAREHOLDERS (AS AT 31 AUGUST 2021 - RESTATED#)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN, QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.57% |
| PROTEA ASSET MANAGEMENT LLC | 339 525 604 | | 339 525 604 | 36.09% |
| - RISKOWITZ VALUE FUND | | 212 935 148 | | |
| - ITHUBA INVESTMENTS | | 126 590 456 | | |
| GERMINATE SL LTD | | 85 416 666 | 85 416 666 | 9.08% |
| CONSTANTIA INSURANCE COMPANY LTD | 44 856 616 | 44 856 616 | | 4.77% |
| MIDBROOK LANE PROPRIETARY LTD | 6 205 000 | | 6 205 000 | 0.66% |
| SAXO BANK AS - CLIENT ASSETS | 6 015 305 | | 6 015 305 | 0.64% |
| GOVERNMENT EMPLOYEES PENSION FUND | 5 461 236 | | 5 461 236 | 0.58% |
| CITICLIENT NOMINEES NO 8 NY GW | 5 343 021 | | 5 343 021 | 0.57% |
| SEAFWELL INVESTMENTS CC | 5 006 088 | | 5 006 088 | 0.53% |
| **GRAND TOTAL** | **804 966 990** | **696 862 606** | **1 501 829 596** | **92.49%** |

* Total issued shares as at 31 August 2021 - 987 238 581.
* Treasury shares as at 31 August 2021 - 46 520 138.
* Shares calculated net of treasury shares as at 31 August 2021 - 940 718 443.
# Refer to note 43 for further details on the restatement of the balances following a JSE proactive monitoring process.

5

CHAPTER

5

# COMPANY FINANCIAL STATEMENTS

# SEPARATE STATEMENT OF FINANCIAL POSITION

**AS AT**

| FIGURES IN NAMIBIA DOLLAR MILLION | NOTES | 2022 31 AUGUST | 2021 31 AUGUST RESTATED* | 2020 30 SEPTEMBER RESTATED* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CASH AND CASH EQUIVALENTS | 2 | **2** | 1 | 2 |
| TRADE AND OTHER RECEIVABLES | 3 | **26** | 18 | 1 |
| AMOUNT DUE BY RELATED PARTIES | 4.1 | **-** | 4 153 | 4 065 |
| AMOUNT DUE BY INVESTEE ENTITY | 5 | **616** | - | - |
| CURRENT TAX ASSETS | | **1** | 1 | 1 |
| INVESTMENT IN SUBSIDIARIES | 6 | **3** | 759 | 759 |
| INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS | 7 | **3 632** | - | - |
| DEFERRED TAX ASSETS | 8 | **4** | 4 | - |
| **TOTAL ASSETS** | | **4 284** | 4 936 | 4 828 |
| **EQUITY AND LIABILITIES** | | | | |
| **LIABILITIES** | | | | |
| BORROWINGS | 9 | **691** | 535 | 793 |
| TRADE AND OTHER PAYABLES | 10 | **46** | 42 | 26 |
| AMOUNTS DUE TO RELATED PARTIES | 4.2 | **1 587** | 3 402 | 3 062 |
| DEFERRED TAX LIABILITIES | 8 | **-** | - | 2 |
| **TOTAL LIABILITIES** | | **2 324** | 3 979 | 3 883 |
| **CAPITAL AND RESERVES** | | | | |
| SHARE CAPITAL | 11 | **227** | 227 | 227 |
| SHARE PREMIUM | 11 | **954** | 954 | 954 |
| TREASURY SHARES | 12 | **(14)** | (21) | (21) |
| SHARES FOR VENDORS | 13 | **2 300** | 2 300 | 2 300 |
| RETAINED (LOSSES)/EARNINGS | | **(1 507)** | (2 503) | (2 515) |
| **TOTAL CAPITAL AND RESERVES** | | **1 960** | 957 | 945 |
| **TOTAL EQUITY AND LIABILITIES** | | **4 284** | 4 936 | 4 828 |

Balances at 31 August 2022 include amounts due by investee entities.

*Refer to note 30 for further details on the restatement of the balances following a JSE proactive monitoring process.



# SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| FIGURES IN NAMIBIA DOLLAR MILLION | NOTES | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 RESTATED* |
|---|---|---|---|
| INTEREST REVENUE | 14 | **26** | 129 |
| FAIR VALUE LOSS ON INVESTMENTS | 7 | **(1 713)** | - |
| **TOTAL INVESTMENT REVENUE** | | **(1 687)** | 129 |
| OTHER REVENUE | 14 | **23** | 31 |
| **GROSS (LOSS)/PROFIT** | | **(1 664)** | 160 |
| OTHER INCOME | 15 | **-** | 91 |
| GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES | 16 | **2 939** | - |
| OPERATING EXPENSES | 17 | **(170)** | (168) |
| FINANCE COSTS | 18 | **(104)** | (77) |
| **PROFIT BEFORE TAX** | | **1 001** | 6 |
| INCOME TAX BENEFIT | 19 | **-** | 6 |
| **PROFIT FOR THE PERIOD** | | **1 001** | 12 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| **TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD** | | **1 001** | 12 |

*Refer to note 30 for further details on the restatement of the balances following a JSE proactive monitoring process.

# SEPARATE STATEMENT OF CHANGES IN EQUITY

| FIGURES IN NAMIBIA DOLLAR MILLION | SHARE CAPITAL | SHARE PREMIUM | SHARES FOR VENDORS | TREASURY SHARES | RETAINED (LOSSES)/ EARNINGS | TOTAL EQUITY INTERESTS |
|---|---|---|---|---|---|---|
| **BALANCE REPORTED AT 30 SEPTEMBER 2020** | **372** | **3 094** | **15** | **(21)** | **(2 577)** | **883** |
| IMPACT ON CORRECTION OF RESTATEMENTS (NOTE 30) | (145) | (2 140) | 2 285 | - | 62 | 62 |
| **RESTATED BALANCE AT 1 OCTOBER 2020** | **227** | **954** | **2 300** | **(21)** | **(2 515)** | **945** |
| PROFIT FOR THE PERIOD | - | - | - | - | 12 | 12 |
| OTHER COMPREHENSIVE INCOME | - | - | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **-** | **-** | **-** | **12** | **12** |
| **BALANCE AT 31 AUGUST 2021** | **227** | **954** | **2 300** | **(21)** | **(2 503)** | **957** |
| **BALANCE REPORTED AT 31 AUGUST 2021** | **372** | **3 094** | **15** | **(21)** | **(2 566)** | **894** |
| IMPACT ON CORRECTION OF RESTATEMENTS (NOTE 30) | (145) | (2 140) | 2 285 | - | 63 | 63 |
| **RESTATED BALANCE AT 1 SEPTEMBER 2021** | **227** | **954** | **2 300** | **(21)** | **(2 503)** | **957** |
| PROFIT FOR THE PERIOD | - | - | - | - | 1 001 | 1 001 |
| OTHER COMPREHENSIVE INCOME | - | - | - | - | - | - |
| **TOTAL COMPREHENSIVE LOSS** | **-** | **-** | **-** | **-** | **1 001** | **1 001** |
| TRANSFER OF STAFF SCHEME BONUS SHARES | - | - | - | 7 | (5) | 2 |
| **BALANCE AT 31 AUGUST 2022** | **227** | **954** | **2 300** | **(14)** | **(1 507)** | **1 960** |
| NOTES | 11 | 11 | 13 | 12 | | |



# SEPARATE STATEMENT OF CASH FLOWS

| FIGURES IN NAMIBIA DOLLAR MILLION | NOTES | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| CASH GENERATED FROM/(USED IN) OPERATIONS | 20 | 81 | (96) |
| **NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES** | | **81** | **(96)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| PROCEEDS FROM AMOUNT DUE BY INVESTEE ENTITY | | 33 | - |
| **NET CASH FROM INVESTING ACTIVITIES** | | **33** | **-** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| PAYMENTS TO RELATED PARTIES | 21 | (185) | (211) |
| RECEIPTS FROM RELATED PARTIES | 21 | 52 | - |
| PROCEEDS FROM RELATED PARTIES BALANCES | 21 | 20 | 306 |
| **NET CASH (USED IN)/FROM FINANCING ACTIVITIES** | | **(113)** | **95** |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 1 | (1) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 1 | 2 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD** | | **2** | **1** |
| **CASH AND CASH EQUIVALENTS COMPRISES:** | | | |
| BANK | 2 | 2 | 1 |
| | | **2** | **1** |

# SEPARATE ACCOUNTING POLICIES

**FOR THE 12 MONTHS ENDED**
**31 AUGUST 2022**

## REPORTING ENTITY BASIS OF PREPARATION

**1. REPORTING ENTITY**

Trustco Group Holdings Limited (the company) reassessed its investment entity status in terms of IFRS 10 at the beginning of the August 2022 reporting period following from the implementation of its investment policy, investment charter, investment committee and the strategic decision to dilute its investments held through the resources portfolio. The change in the company's status to an investment entity is addressed in notes 1.2.1.1 (A) and 1.3.

**1.2 BASIS OF PREPARATION**

The financial statements (financial statements) have been prepared in accordance with all applicable International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations as issued by the IFRS Interpretations Committee (IFRIC), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements of the JSE and the Namibian Stock Exchange and are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared on the historical cost basis, except for the measurement of certain investments in subsidiaries held at fair value through profit or loss. The accounting policies are consistent with those of financial statements for the previous period, except for the change in accounting policy in respect of the parent being an investment entity (refer to note 1.2.1.1 (A) and 1.3) and accounting for surety fees (refer to note 1.11A).

The company presents its statement of financial position in order of liquidity following the key considerations related to liquidity based on the parent of the company being an investment entity.

The financial statements are presented in Namibia Dollar, which is the company's functional and presentation currency and amounts are rounded to the nearest million unless otherwise stated.

## CURRENT AND PRIOR PERIOD SIGNIFICANT JUDGEMENTS AND ESTIMATES

**1.2.1 ACCOUNTING ESTIMATES AND JUDGEMENTS**

In preparing the financial statements, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, which may affect the amounts presented in the financial statements and the related disclosures thereto. The use of available information and the application of judgement is inherent in the formation of estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Changes to the key estimates and judgements applied in determining the value of selected assets and liabilities could significantly affect the company's valuation assessments and results.

The nature of the accounting estimates and judgements are detailed below.

**1.2.1.1 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES**

Judgements made in the application of the financial reporting requirements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are discussed as follows:



## JUDGEMENTS APPLICABLE TO THE CURRENT PERIOD

*(A) CHANGE IN INVESTMENT ENTITY STATUS*

IFRS require that an entity reassess whether it is an investment entity if facts and circumstances indicate changes to one or more of the elements making up the definition of an investment entity or to the typical characteristics of an investment entity. The reassessment was prompted due to the:

- change in business purpose from a permanent investor to a medium-to-long term investor which has been implemented with effect from September 2021. Trustco's strategic direction of value creation through capital appreciation, investment income or both is defined in accordance with its formalised investment policy and investment charter, as adopted by the board of directors in September 2021 and directed by the investment committee. Trustco formalised exit strategies for its debt and equity instrument further align with its investment strategies to create value through capital appreciation, investment income or both; and
- change in strategic direction to divestment from its largest investment, contributing approximately 50% of Trustco's sum-of-the-part (SOTP) fair value during September 2021. The resources portfolio entered into transactions to dilute its equity interest in Meya Mining which unlocked the inherent value within the resources portfolio.

Following the above reassessment the groups status changed to that of an investment entity as defined in IFRS 10 with effect from 1 September 2021. Such change required the parent company to cease consolidating certain of its subsidiaries (other than those providing services related to group's investment activities) and to instead carry such subsidiaries (investment entities) as investments held at fair value, with subsequent changes in fair value being recognised in profit or loss.

An investment entity is typically an entity that:

| | IFRS REQUIREMENT | TRUSTCO'S ASSESSMENT |
|---|---|---|
| i) | Obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services. | Trustco is a listed entity and has issued its shares to various shareholders in order to provide its shareholders access to a wider pool of investments which they might not have access to individually through the various investments that it holds. These investment management services relate to the management of the wider pool of investments on behalf of shareholders. |
| ii) | Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both. | Trustco's investment strategy is to create sustainable growth and value creation for its shareholders. Further, per the investment policy Trustco's investments strategy is to maximise its after tax returns with its Risk Appetite Framework as amended from time to time. |
| iii) | Measures and evaluates the performance of substantially all of its investments on a fair value basis. | Trustco's reporting to its investors and key management is on a fair value basis with valuations performed and investments evaluated on a fair value basis by the Investment Committee. |

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

Whilst group's focus on value creation for its shareholders has not changed, following a strategic review of the investments held across the group, the directors determined that the most appropriate manner to deliver value to shareholders would be a refocus of the group's strategy toward unlocking returns from capital appreciation and investment income. During September 2021 the resources portfolio enter into negotiations within independent third parties, on instruction from the group's investment committee, to dilute its equity interests in the underlying operations within the resources portfolio, in order to obtain the necessary funding required to bring operations into commercial status, which would result in unlocking shareholders medium- to long-term value. Refer to the Portfolio Analysis (note 7) for further detail of the valuation of Trustco's investees.

Where a parent's status changes to that of an investment entity, it does not consolidate its subsidiaries, but rather measures investee subsidiaries at fair value through profit or loss. Such change in accounting is applied prospectively, with no adjustment to prior period comparatives. However, an investment entity continues to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly owned subsidiaries comprising Trustco's head office operations). Trustco's shared services subsidiaries (i.e. those wholly owned subsidiaries comprising Trustco's head office operations) provide services related to investment management activities and do not present a separate substantial business activity of the group.

Trustco has a significant related party investor. The related party investor has entered into transactions with Trustco, subject to shareholders approval, relating to the provision of management, surety and other services. The related party investor also provides funding in the form of loans to Trustco. Refer to the related party note 22 for details around these transactions and balances.

Judgment is required to determine whether the related party investor obtains any benefit from the above relationship with Trustco, which would not be available to other investors had those investors entered into similar transactions with Trustco, its group entities and investees. Having assessed the relationship between Trustco, its group entities and investees and the related party investor, as well as the terms and conditions associated with the transactions, Trustco has concluded that there is currently no benefit accruing to the related party investor, which would not be available to other investors for similar transactions.

Pursuant to this change to investment entity status, Trustco's financial statements prepared in accordance with IFRS are not comparable to prior periods.

Trustco values its unlisted portfolio companies using the Income method (discounted cash flow). Refer to note 7 for further information.

*(B)* *REINSTATEMENT OF RELATED PARTY LIABILITY*

The Johannesburg Stock Exchange (JSE) determined that the recognition of certain waivers of shareholder loans in profit or loss was not compliant with IFRS and, therefore, should be corrected and recognised in equity as these were transactions with equity holders in that capacity. Trustco recognised a gain through profit or loss which triggered the earnout provision under the Huso Transaction. As such, Trustco issued its (TTO) shares to Dr Q Van Rooyen and Next Capital Ltd (Next) and its associates.

The restatement instructions of the JSE (see note 43 for details) has the effect that the earnout under the Huso Transaction was not triggered, and therefore, no shares should have been issued. The board has taken legal advice and, based on that, concluded that the legal effect of implementing the JSE's instruction is that the understanding between Trustco, Dr Q van Rooyen and Next Capital Ltd that the loan waiver would result in an issue of TTO shares would be void on the premise that Trustco is unable to discharge its obligation under the loan waiver agreement. Therefore the loan waiver transaction should be reversed and that the parties must be reinstated in their original positions as if the loan waivers and the resultant benefits derived therefrom, never occurred.



Based on the loan waivers being void, it was determined that the loan payable to Next Capital of NAD 1.5 billion would be reinstated following the JSE instruction to derecognise the gain on waiver of the loans through profit or loss. This factual misinterpretation was thus an error in terms of IAS 8 and should therefore be corrected retrospectively as required by the financial reporting standard.

Given the significant effect of the reinstatement of the loans, this is considered a significant judgement.

**1.2.1.2 ESTIMATES APPLICABLE TO THE FINANCIAL STATEMENTS**

Management makes use of estimates and assumptions in applying accounting policies that can have a material impact on the company's reported operating results, financial position and changes therein, as well as on the comparability of reported information over the current reporting period. The estimates used by the company include:

**ESTIMATES APPLICABLE TO THE CURRENT PERIOD**

*(A)* *IMPAIRMENT OF FINANCIAL ASSETS*

The credit loss allowance for financial assets is based on assumptions relating to the risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs in the impairment calculation, based on the historic experience, existing market conditions as well as forward-looking estimates at the reporting date. Refer to notes 3, 5 and 24 for detail relating to the unobservable inputs used in the credit loss allowance assessment and the sensitivity thereof to changes therein.

*(B)* *TAX*

Judgement is required in determining the accrual for income taxes due to the complexity of the legislation. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the initially recognised amounts, such differences will impact the income tax and deferred tax provisions. The company recognises the net future tax benefit related to deferred tax assets to the extent that the temporary deductible differences will temporarily reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recognised at each reporting date could be impacted.
The company carries significant deferred tax assets and has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The company expects to generate a taxable income from 2023 financial period onwards. The losses can be carried forward indefinitely and have no expiry date. Refer to note 8 for detail surrounding the estimate.

*(C)* *FAIR VALUE OF INVESTMENTS*

The investment portfolio, a material asset of the company, is held at fair value through profit or loss. The company applies a number of methodologies to determine and assess the reasonableness of the investments' fair value, which may include the following:

- Discounted cash flow valuations (Income approach);
- Market-related net asset value where the portfolio's assets and liabilities are fairly valued;
- Market-related net asset value which are supported by property valuations; and
- Recent offer prices from independent third parties as basis for the fair value.

The primary valuation models utilised for valuing unlisted investments are the discounted cashflow

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

model (income approach), as well as the market-related net asset value of the investments, or a combination of both. The discount rate, growth rate, commodity prices, exchange rates and inflation rates are the main assumptions applied to the discounted cashflow valuations. The discount rate, growth rate, commodity prices, exchange rates and inflation rates are derived from comparable listed companies and/or information utilised by market participants. Where comparable information for similar companies in the same industry and geography is available this was selected from which to perform the various valuations, which are then adjusted for factors including, *inter alia*, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/ premium is applied. This continues to be an important exercise given the market volatility we have seen as a result of the continued economic downturn.

At 31 August 2022, where investments were measured with reference to their net asset value, the latest audited financial results were utilised as basis from which to determine the fair value.

Net debt and cash are deducted from/added to the EV to determine the fair value of the equity of the investments.

Where the valuation was based on unobservable inputs, such as those utilised when preparing a discounted cashflow valuation, the fair value categorisation is Level 3, whereas if independent third party offers were utilised as basis for the valuation, those are categorised as a Level 2 fair value measurements as they were utilised without adjustment.

For additional details in respect of the investments, per IFRS 13, refer to note 7.

## ESTIMATES APPLICABLE IN THE PREVIOUS FINANCIAL PERIOD

*(A)* *IMPAIRMENT OF FINANCIAL ASSETS*

The credit loss allowance for financial assets is based on assumptions relating to the risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs in the impairment calculation, based on the historic experience, existing market conditions as well as forward-looking estimates at the reporting date. Refer to notes 3 and 5 for detail relating to the unobservable inputs used in the credit loss allowance assessment and the sensitivity thereof to changes therein

*(B)* *IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS*

Management undertook an annual impairment test for investment in subsidiaries.

Impairment testing was an area evolving significant estimation and assumption, requiring assessment as to whether the carrying amounts of assets can be supported by the higher of their fair value less costs of disposal and value in use.

Value in use was calculated as the net present value of future cash flows derived from assets using cash flow projections that have been discounted at appropriate discount rates.

In calculating the net present value of the future cash flows, certain assumptions were required to be made in respect of unobservable inputs, including management's expectations of:
- growth in turnover of a cash-generating unit (CGU) given the continued economic downturn and impact of COVID-19
- increase/decrease in expenses allocated to each CGU
- the selection of appropriate discount rates to reflect the risks involved



- available resources and reserves relating to mining assets
- capital requirements specific to commissioning new operations or expanding existing operations
- commodity prices and
- exchange rates.

Refer to note 6 for the details relating to the unobservable inputs and the sensitivity thereof to changes therein.

## ACCOUNTING POLICIES APPLICABLE TO THE CURRENT FINANCIAL PERIOD

### 1.3 INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (AS INVESTMENT ENTITY)

Trustco does not consolidate its investments in investees held in its investment portfolios. The portfolios are measured at fair value through profit or loss (FVTPL). The group has continued to consolidate subsidiaries that provide services related to Trustco's investment activities.

The investments in subsidiaries at the date of change in status were deemed to be disposed of and reacquired at fair value with a gain recognised in profit or loss. Subsequently, the portfolios are measured at fair value through profit or loss (FVTPL). The change to the parent's status as an investment entity and the consequential accounting treatment was accounted for prospectively from the date of change. Refer to note 12 for further detail on measurement of investment portfolios.

### 1.4 FOREIGN CURRENCY

*(A)* *FOREIGN CURRENCY TRANSACTIONS*

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognised in profit or loss as part of finance costs and other income.

### 1.5 FINANCIAL INSTRUMENTS

*(A)* *FINANCIAL ASSETS*

The company classifies its financial assets as those measured at amortised cost and those mandatorily measured at fair value through profit or loss (FVTPL). Financial assets classified as measured at amortised cost include amounts due by investee entities, trade and other receivables and cash and cash equivalents. The company classifies financial assets measured at FVTPL which consist of investments held at fair value through profit or loss.

Financial assets at amortised costs are debt instruments which meets both the following criteria and are not designated as assets held at fair value through profit or loss:
- the asset is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise to cash flows, on specified dates, that are solely payments of principal and interest (SPPI).

Financial assets at fair value through profit or loss are assets not measured at amortised cost as described above and are mandatorily measured at fair value through profit or loss.

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

(B) *INITIAL RECOGNITION AND MEASUREMENT*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial instruments 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. A trade receivable without a significant financing component is initially measured at the transaction price.

(C) *MEASUREMENT*

Subsequently, the company measures amounts due by investee entities, amounts due by related parties, trade and other receivables and cash and cash equivalents at amortised cost and these assets are subject to impairment. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising from derecognition is recognised directly in profit or loss.

Financial assets at FVTPL are subsequently carried at fair value. Realised and unrealised gains and losses arising from the change in the fair value of these assets are included in the profit or loss. Interest and dividend income arising on financial assets at FVTPL is recognised in profit or loss as investment income.

Refer to note 24 for details of risk exposure and management thereof.

(D) *MEASUREMENT AND RECOGNITION OF EXPECTED CREDIT LOSSES ON FINANCIAL ASSETS MEASURED AT AMORTISED COSTS*

The company assesses on a forward-looking basis the expected credit losses (ECLs) associated with its amounts due by investee entities, amounts due by related parties, trade and other receivables and cash and cash equivalents.

Lifetime ECLs are recognised when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECLs should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.
The company recognises a loss allowance for ECLs on a financial asset that is measured at amortised cost. The company uses the following 'three-stage' approach ('general approach') for impairment based on changes in credit quality since initial recognition:

- **Stage 1** includes financial instruments that do not have a significant increase in credit risk (SICR) since initial recognition. On initial recognition the company recognises 12-month ECLs on its advances. For these assets, 12-month ECLs are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deducting the loss allowance).



- **Stage 2** includes financial instruments that have had a SICR since initial recognition (unless they have low credit risk at the reporting date) but that do not have objective evidence of impairment. For these assets, lifetime ECLs are recognised, but interest revenue is still calculated on the gross carrying amount of the asset.
- **Stage 3** includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognised and interest revenue is calculated on the gross carrying amount and limited to the net carrying amount.

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. Details of key assumptions and inputs used are disclosed in note 3, 5 and 24.

Loss given default is an estimate of the loss arising on default. It is based on the difference between contractual cash flows due and those that the company expects to receive, taking into account cash flows from collateral and integral credit enhancements.

The definition of default, which triggers the credit-impaired classification (stage 3), is based on the company's internal credit risk management approach and definitions. Whilst the specific determination of default varies according to the nature of the product, it is generally determined as occurring at the earlier of:

- Where, in the company's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security or
- When the counterparty is past due for more than 90 days.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. The company also take into consideration collateral and credit enhancement when measuring credit losses. Refer to notes 3, 5 and 24 for further information.
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses are recognised in profit or loss and presented in operating expenses.

(E) *CURING*

Continuous assessment is required to determine if the conditions that led to a financial asset being considered to be credit-impaired (i.e. Stage 3) still exist. Financial assets that no longer qualify as credit-impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). After considering qualitative factors, including compliance with existing financial asset terms and conditions, the asset is moved to stage 2.
Where it has been determined that a financial asset no longer meets the criteria for SICR, the financial asset will be moved from stage 2 (lifetime ECL model) back to stage 1 (12-month ECL model) prospectively.

(F) *WRITE OFF POLICY*

The company writes off financial assets, in whole or in part, when it has exhausted all practicable recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the company's recovery method is foreclosing on collateral and the value of collateral is such that there is no reasonable expectation of recovering in full.

(G) *SIGNIFICANT INCREASE IN CREDIT RISK (SICR)*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial asset as at

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

The company determines the increase in credit risk for advances based on missed loan payments. Advances are determined as credit-impaired and in default if the arrears are greater than 90 days. Loss allowances are measured as follows for each of the following:

- 12-month ECLs for advances with no missed repayments.
- lifetime ECLs for advances with missed repayments but less than 90 days in arrears.
- credit-impaired for advances in arrears for more than 90 days.

Financial assets with objective evidence of impairment, considering the rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, are assessed as being in default unless the company has reasonable and supportable information that demonstrates otherwise.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount becomes past due.

*(H) DERECOGNITION - FINANCIAL ASSETS*

The company 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 party.

If the company neither transfers nor retains all the risks and rewards of ownership substantially and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

*(I) FINANCIAL LIABILITIES AT AMORTISED COST*

The company classifies its financial liabilities as those measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost include bank overdraft, borrowings, trade and other payables and amounts due to related parties.

*(J) DERECOGNITION - FINANCIAL LIABILITIES*

The company derecognises financial liabilities when and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**1.8 TAX**

*(A) 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 or assets for the current and prior periods are measured at the amount expected to be paid to or 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.

Tax assets and liabilities are offset at the taxpayer level if in the same jurisdiction as the law allows net settlement. The different balances are presented accordingly either as assets or liabilities in the statement of financial position.

*(B) DEFERRED TAX ASSETS AND LIABILITIES*

Deferred tax liability is recognised for all temporary taxable differences.

Deferred tax assets are recognised for all deductible temporary differences, including the carry forward of unused tax losses, to the extent that taxable profit will probably be available against which the deductible temporary difference can be utilised unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination and
- at the time of the transaction, it affects neither accounting profit (loss) nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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 measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale and the group has not rebutted this presumption.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets and liabilities are offset at the taxpayer level if in the same jurisdiction and the law allows net settlement. The different balances are shown accordingly, either as assets or liabilities on the statement of financial position.

*(C) TAX EXPENSE*

Current and deferred taxes are recognised in profit or loss 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, in other comprehensive income or
- a business combination.

Current tax and deferred taxes are recognised directly in equity if the tax relates to items that are recognised, in the same or a different period, directly in equity.

**1.10 EMPLOYEE BENEFITS**

*(A) SHORT-TERM EMPLOYEE BENEFITS*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

*(B) EQUITY SETTLED SHARE-BASED PAYMENT TRANSACTIONS*

The grant date fair value of share-based payment instruments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of instruments for which the related service and non-market conditions are met, such that the amount ultimately recognised as an expense is based on the number of instruments that meet the related service and non-market performance conditions at the vesting date.

**1.11 REVENUE**

The company recognises revenue from the following major sources:

- surety fees and
- interest received on financial assets.

*(A) SURETY FEES*

The company generates revenue from the provision of surety services to investees where the company issues surety on behalf of its investment entities. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on work performed. Revenue is measured based on the consideration specified in contracts with customers, excluding amounts collected on behalf of third parties. Payment of the transaction price is due immediately when services are determined to have been performed.

*(B) INTEREST RECEIVED ON FINANCIAL ASSETS*

Interest income on financial assets that are classified as debt instruments at amortised cost is determined using the effective interest method. The application of the effective interest method to calculate interest income on an advance or receivable is dependent on the credit risk of the advance or receivable. The effective interest rate is applied to the gross carrying amount of the advance or receivable, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance. When a loan or receivable is classified as being a credit-impaired stage 3 financial asset, the interest income is limited to the net carrying amount.

**1.12 SHARE CAPITAL**

*(A) ORDINARY SHARES*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

*(B) TREASURY SHARES*

The consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve. On disposal, the average cost of shares is adjusted against the treasury shares reserve. Any excess of the consideration received on the sale of treasury shares over the average cost of the shares sold is recognised in retained earnings.

**1.13 FINANCE COSTS**

Finance costs comprise interest payable on borrowings, calculated using the effective interest method, interest receivable on funds invested and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.



## ACCOUNTING POLICIES APPLICABLE TO THE PRIOR FINANCIAL PERIOD

**1.14 INVESTMENT IN SUBSIDIARY**

The Company has accounted for its investment in subsidiary at cost in accordance with IAS 27 Separate Financial Statements.

The cost of investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any cost directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustments is probable and can be measured reliably.

**1.15 FOREIGN CURRENCY**

Refer to accounting policy 1.4(A) for detail related to foreign currency transactions.

**1.16 FINANCIAL INSTRUMENTS**

Refer to accounting policy 1.5 for detail related to financial instruments transactions.

**1.17 TAX**

Refer to accounting policy 1.8 for detail related to tax.

**1.18 SHARE CAPITAL**

Refer to accounting policy 1.12 for detail related to share capital.

**1.19 FINANCE COSTS**

Refer to accounting policy 1.13 for detail related to finance costs.

**1.20 NEW STANDARDS AND INTERPRETATIONS**

**1.20.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT PERIOD**

The following amended standards became applicable for the current reporting period.

*(A) STANDARD THAT DID NOT HAVE A MATERIAL IMPACT ON THE GROUP'S FINANCIAL STATEMENTS*

- IFRS 9 Financial Instruments - Interest Rate Benchmark Reform Phase 2.
  The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
  a. The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.
  b. The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect:
- designating an alternative benchmark rate as the hedged risk; or
- changing the description of the hedged item, including the designated portion, or of the hedging instrument.

# SEPARATE ACCOUNTING POLICIES
(CONTINUED)

### 1.20.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The group has chosen not to early adopt the following standards which have been published and are mandatory for the group's accounting periods beginning on or after 31 August 2022:

*(A) STANDARDS THAT THE GROUP HAVE ASSESSED*

- IFRS 9 Financial Instruments - Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods beginning on or after 1 January 2022).
  The amendment clarifies which fees an entity includes when it applies the "10 per cent test" in assessing whether to derecognise a financial liability. (This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.)
- IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current: (effective for annual periods beginning on or after 1 January 2023).
  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
- IAS 1 Presentation of Financial Statements - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023).
  The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).
  Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.
- IAS 12 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023).
  The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.
- IAS 37 Provisions, Contingent Liabilities and Contingent: Assets Onerous Contracts—Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022).
  The amendments specify which costs should be included in an entity's assessment of whether a contract will be loss-making.

Management has assessed the impact of these new and revised standards on the group and concluded that they have no material effect on the group.



# NOTES TO THE SEPARATE FINANCIAL STATEMENTS

### 2. CASH AND CASH EQUIVALENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| BANK | 2 | 1 |

The fair value of cash and cash equivalents approximate their carrying amounts due to the short-term nature thereof.

### 3. TRADE AND OTHER RECEIVABLES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TRADE RECEIVABLES | 26 | 18 |
| | **26** | 18 |
| FINANCIAL INSTRUMENTS | 26 | 18 |
| | **26** | 18 |

The maximum exposure to credit risk at the reporting date is the fair value of trade receivable. No trade receivables receivables have been pledged as collateral for liabilities or contingent liabilities. No credit loss allowance has been recognised as the trade receivables are fully performing.

The carrying amount approximates fair value due to the short-term nature thereof.

### 4. AMOUNT DUE BY/(TO) RELATED PARTIES

#### 4.1 AMOUNT DUE BY RELATED PARTIES GROSS CARRYING AMOUNTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | 16 | 9 |
| INSTITUTE FOR OPEN LEARNING (PTY) LTD | - | 14 | 14 |
| TRUSTCO FINANCE (PTY) LTD | - | - | 19 |
| TRUSTCO CAPITAL (PTY) LTD | - | 4 | 4 |
| TRUSTCO INSURANCE LTD | - | - | 10 |
| TRUSTCO NEWSPAPERS (PTY) LTD | - | 8 | 1 |
| TRUSTCO FLEET MANAGEMENT SERVICES (PTY) LTD | - | 4 | 5 |
| TRUSTCO PROPERTY HOLDINGS (PTY) LTD | - | 892 | 873 |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | - | 6 648 | 6 653 |
| TRUSTCO MIXED MARKETING (PTY) LTD | - | 6 | 3 |
| TRUSTCO CORPORATE MANAGEMENT SERVICES (PTY) LTD | 167 | - | - |
| TRUSTCO ADMINISTRATIVE SUPPORT SERVICES (PTY) LTD | - | 120 | 93 |
| TRUSTCO MOBILE MAURITIUS | - | 2 | 4 |
| TRUSTCO RESOURCES (PTY) LTD | - | 1 645 | 1 546 |
| **TOTAL GROSS CARRYING AMOUNT** | **167** | **9 359** | **9 234** |

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

**LOSS ALLOWANCE**

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| OPENING BALANCE | (5 206) | (5 169) | - |
| PROVISION FOR IMPAIRMENT | (29) | (37) | (5 169) |
| TRANSFER TO DEBT INVESTMENT ON CHANGE IN COMPANY'S STATUS TO AN INVESTMENT ENTITY | 5 068 | - | - |
| **TOTAL LOSS ALLOWANCE** | **(167)** | **(5 206)** | **(5 169)** |

**NET CARRYING AMOUNT**

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| GROSS CARRYING AMOUNT | 167 | 9 359 | 9 234 |
| LOSS ALLOWANCE | (167) | (5 206) | (5 169) |
| **TOTAL CARRYING AMOUNT** | **-** | **4 153** | **4 065** |

**4.2 AMOUNT DUE TO RELATED PARTIES**

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| TRUSTCO FINANCE (PTY) LTD | - | (236) | - |
| LEGAL SHIELD HOLDINGS LTD | - | (507) | (403) |
| TBN HOLDINGS LTD | - | (340) | (340) |
| TRUSTCO UNIT TRUST MANAGEMENT COMPANY LTD | (1) | - | - |
| TRUSTCO CORPORATE MANAGEMENT SERVICES (PTY) LTD | - | (18) | (2) |
| TRUSTCO MEDIA (PTY) LTD | - | (9) | - |
| MORSE INVESTMENTS MAURITIUS | - | (11) | (12) |
| ELISENHEIM PROPERTY DEVELOPMENT COMPANY LTD | - | (667) | (657) |
| TRUSTCO CONSTRUCTION SERVICES (PTY) LTD | - | (25) | (25) |
| NEXT CAPITAL LTD* | (1 573) | (1 576) | (1 610) |
| TRUSTCO STAFF SHARE INCENTIVE SCHEME TRUST | (13) | (13) | (13) |
| **TOTAL CARRYING AMOUNT** | **(1 587)** | **(3 402)** | **(3 062)** |

The loans by/(due to) related parties are unsecured, bear interest at rates that are determined by directors from time to time and have no fixed terms of repayments, other than not being repayable within the next 12 months. The carrying amount approximates the fair value owing to variable rate that reprices as interest rates change.

*Refer to note 9 for terms of the Next Capital Ltd balance.



## 5. AMOUNT DUE BY INVESTEE ENTITY

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | 616 | - |

The amount due by the investee bears interest at market related interest rates and has no fixed repayment terms. The maximum exposure to credit risk at the reporting date is the fair value of the amount due. The group does not hold any direct collateral as security.

The carrying amount approximates the fair value owing to market related variable interest rates.

As the amount due by investee entities is not due in default there is no increased credit risks associated with the financial asset receivable, therefore the amount due by investee entities is classified as fully performing and not credit impaired. The assessment related to credit risks includes consideration of the investees forward looking financial information and the strength of the counter parties ability to settle the outstanding debt owing.

## 6. INVESTMENTS IN SUBSIDIARIES

| GROSS CARRYING AMOUNT | VOTING POWER | | SHAREHOLDING | | CARRYING AMOUNT | |
|---|---|---|---|---|---|---|
| FIGURES IN NAMIBIA DOLLAR MILLION | 2022 % | 2021 % | 2022 % | 2021 % | 2022 NAD | 2021 NAD |
| LEGAL SHIELD HOLDINGS LTD** | - | 80 | - | 80 | - | 745 |
| TRUSTCO BANK NAMIBIA LTD** | - | 100 | - | 100 | - | 191 |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD* ** | - | 100 | - | 100 | - | - |
| TRUSTCO CORPORATE MANAGEMENT SERVICES (PTY) LTD* | 100 | 100 | 100 | 100 | - | - |
| TBN HOLDINGS LTD* ** | - | 100 | - | 100 | - | - |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD (INC. IN RSA)* ** | - | 100 | - | 100 | - | - |
| TRUSTCO MOBILE MAURITIUS* ** | - | 100 | - | 100 | - | - |
| TRUSTCO UNIT TRUST MANAGEMENT COMPANY LTD | 100 | - | 100 | - | 1 | - |
| TRUSTCO INVESTMENT MANAGEMENT COMPANY (PTY) LTD | 100 | - | 100 | - | 2 | - |
| | | | | | **3** | **936** |

| | 2022 | 2021 |
|---|---|---|
| **IMPAIRMENT OF INVESTMENTS IN SUBSIDIARIES** | | |
| IMPAIRMENT LOSS | - | 177 |
| **CONSISTING OF** | | |
| GROSS CARRYING AMOUNT | 3 | 936 |
| IMPAIRMENT LOSS | - | (177) |
| | **3** | **759** |

*The carrying amount of each investment in the 2021 financial period was NAD 100.

**The above companies are deemed to have been disposed of and reacquired as per IFRS 10 and reported as investee entities under note 7.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 7. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

| FIGURES IN NAMIBIA DOLLAR MILLIONS | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| EQUITY INVESTMENTS | 1 111 | - |
| DEBT INVESTMENTS | 2 521 | - |
| | **3 632** | - |

Refer to the company's accounting policies; reporting entity (note 1), classification of equity investments as subsidiaries or investment entities (note 1.2.1.1 (A)) and investments held at fair value through profit or loss (FVTPL) (note 1.3) for background information concerning investments held at FVTPL.

The portfolio companies have been classified as financial assets mandatorily measured at FVTPL. Trustco values its unlisted portfolio companies using the income method (Discounted Cash Flow). The portfolio companies of the group are detailed below:

| PORTFOLIO COMPANY | INDUSTRY CLASSIFICATION | LISTING | VOTING AND HOLDING |
|---|---|---|---|
| TRUSTCO MOBILE MAURITIUS^ | SOFTWARE (SYSTEM & APPLICATION) | UNLISTED | 100.0% |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD* | REAL ESTATE (OPERATIONS & SERVICES) | UNLISTED | 100.0% |
| TBN HOLDINGS LTD | FINANCIAL SERVICES (NON-BANKING & INSURANCE) | UNLISTED | 100.0% |
| TRUSTCO BANK NAMIBIA LTD | BANK (MONEY CENTRE) | UNLISTED | 100.0% |
| LEGAL SHIELD HOLDINGS LTD | PROPERTY HOLDING AND INSURANCE | UNLISTED | 80.0% |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | PRECIOUS METALS | UNLISTED | 100.0% |

All the portfolio companies are subsidiaries of Trustco Group Holdings Ltd. These subsidiaries have not been consolidated based on the parent's change in status to an investment entity and therefore treated as financial assets at fair value through profit or loss in accordance with IFRS 9.

^Incorporated in the Republic of Mauritius

*Incorporated in the Republic of South Africa

**FIGURES IN NAMIBIA DOLLAR MILLIONS**

| | CARRYING AMOUNT 31 AUGUST 2021 | NET GAIN /(LOSS) ON DEEMED DISPOSAL AND REACQUISITION | FAIR VALUE 1 SEPTEMBER 2021 | FAIR VALUE GAIN /(LOSS) | FAIR VALUE 31 AUGUST 2022 |
|---|---|---|---|---|---|
| TBN HOLDINGS LTD | (572) | 810 | 238 | 38 | 276 |
| TRUSTCO BANK NAMIBIA LTD | 14 | - | 14 | (5) | 9 |
| LEGAL SHIELD HOLDINGS LTD | 483 | 1 801 | 2 284 | (306) | 1 978 |
| TRUSTCO MOBILE MAURITIUS | (13) | 50 | 37 | (2) | 35 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | 18 | 18 | (4) | 14 |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | 2 494 | 260 | 2 754 | (1 434) | 1 320 |
| **VALUE OF PORTFOLIOS** | **2 406** | **2 939** | **5 345** | **(1 713)** | **3 632** |
| NAMIBIA | 2 406 | 424 | 2 830 | (247) | 2 583 |
| SIERRA LEONE | - | 2 515 | 2 515 | (1 466) | 1 049 |
| **VALUE OF PORTFOLIOS** | **2 406** | **2 939** | **5 345** | **(1 713)** | **3 632** |



*The increase in fair value on date of deemed disposal and reacquisition is due to the change in fair value attributable to the Elisenheim Lifestyle Estate classified as inventory in the historic financial statements, whereas for financial reporting purposes the property is measured at fair value in accordance with IFRS 13.

#The increase in fair value on date of deemed disposal and reacquisition is due to the investment in Meya Mining Ltd being measured in accordance with IFRS 13 using the income approach. In June 2022 the resources portfolio within Trustco Business Developments (Pty) Ltd entered into a binding term sheet relating to the disposal of a portion of the equity investment in Meya Mining. By 31 August 2022, 15% of the equity interest in Meya Mining had been disposed of to a consortium of investors, at a considerable discount in comparison with the fair value as determined using the income approach, in order to advance the project towards commercial production and create long-term capital appreciation for investors. Therefore, as at 31 August 2022 the fair value of the remaining equity held by the resources portfolio, within Trustco Business Developments (Pty) Ltd, in Meya Mining was based on the value of the independent offer from the consortium, with adjustments thereto where required. The net debt advanced to investee entities is classified as part of the net investment in the investee entities as these debt instruments do not have any fixed repayment terms and no interest charged there on, therefore the debt advanced to investees is seen as part of the net investment in investee entities. The fair value gain is separately presented in the statement of profit or loss as fair value gains on investments measured at FVTPL.

### FAIR VALUE HIERARCHY

The portfolio companies are classified in level 3 of fair value hierarchy. Refer to the reconciliation of investment portfolios for the movement in level 3 assets.

### ASSUMPTIONS

The fair value of each portfolio investment is determined using discounted cash flow method. The key assumptions comprise discount rate, inflation, growth in earnings and exchange rate.

### KEY VARIABLES

The key variables which affect the value of investments are projected cash flows, discount, inflation and growth using the following unobservable rates:

| | 1 SEPTEMBER 2021 | | | | 31 AUGUST 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | DISCOUNT RATE | INFLATION | GROWTH | EXCHANGE RATE (USD) | DISCOUNT RATE | INFLATION | GROWTH | EXCHANGE RATE (USD) |
| TBN HOLDINGS LTD | 19.33% | 4.50% | 7% | - | 20.68% | 4.50% | 7% | - |
| TRUSTCO BANK NAMIBIA LTD | 22.55% | 4.50% | 7% | - | 23.85% | 4.50% | 7% | - |
| LEGAL SHIELD HOLDINGS LTD | 16.12% | 4.50% | 7% | - | 17.30% | 4.50% | 7% | - |
| TRUSTCO MOBILE MAURITIUS | 17.57% | 4.50% | 7% | 14.51 | 18.86% | 4.50% | 7% | 17.11 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | 14.87% | 4.50% | 7% | - | 16.02% | 4.50% | 7% | - |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | 19.05% | 3.1% | 6.7% | 14.51 | 20.17% | 3.1% | 6.7% | 17.11 |

### SENSITIVITY ANALYSIS

The valuations of investments are sensitive to changes in the unobservable inputs. Because the above key variables do not significantly move year to year a 0.5% change in the variable is considered adequate for sensitivity analysis purposes. A 0.5% change to one of the unobservable inputs, while holding the other inputs constant, would result in the following change in the fair value of the investments and fair value adjustment in profit or loss in the current period.

| FIGURES IN NAMIBIA DOLLAR MILLIONS | +0.5% | -0.5% | +0.5% | -0.5% | +0.5% | -0.5% | +0.5% | -0.5% |
|---|---|---|---|---|---|---|---|---|
| TBN HOLDINGS LTD | (9) | 10 | - | 2 | 5 | (4) | - | 1 |
| TRUSTCO BANK NAMIBIA LTD | - | - | - | - | - | - | - | - |
| LEGAL SHIELD HOLDINGS LTD | (70) | 74 | 58 | (55) | 9 | (8) | 5 | (5) |
| TRUSTCO MOBILE MAURITIUS | (1) | 1 | 1 | (1) | 1 | - | - | - |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | - | (1) | 1 | - | - | - | - |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | (123) | 129 | 99 | (95) | 6 | (5) | 15 | (15) |
| **VALUE OF PORTFOLIOS** | **(203)** | **214** | **157** | **(148)** | **21** | **(17)** | **20** | **(19)** |

No financial or other support was provided without a contractual obligation to do so during the reporting period. As at 31 August 2022, there were no significant restrictions on the ability of the investee entities to transfer funds to Trustco in the form of dividends and repayments of advances to unconsolidated subsidiaries. No financial support was or is intended to be provided by investee entities. The company intends to provide financial support to Trustco Bank estimated at NAD 12.4 million and will invest a further NAD 33 million.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 8. DEFERRED TAX ASSETS/(LIABILITIES)

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| TAX LOSSES AVAILABLE FOR SET OFF AGAINST FUTURE TAX INCOME | 4 | 4 | (2) |
| OPENING BALANCE | 4 | (2) | 5 |
| MOVEMENT IN TAX LOSSES AVAILABLE FOR SET OFF AGAINST FUTURE TAX INCOME (NOTE 19) | - | 6 | (7) |
| | **4** | **4** | **(2)** |

The company believes that assessed losses will be utilised through the generation of future taxable income. The assessed loss position is expected to fully utilised through tax planning opportunities in the near future.

## 9. BORROWINGS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| TERM LOANS | 691 | 535 |
| NON-CURRENT LIABILITIES | 227 | 177 |
| CURRENT LIABILITIES | 464 | 358 |
| **CARRYING AMOUNT** | **691** | **535** |

Refer to note 22 for information addressing cash flow and other movements in borrowings.

The European war impacted the group as the envisaged transaction with one of the major diamond producers could not be concluded due to sanctions imposed on the counterparty. The unsuccessful transaction resulted in certain term loan payments by Trustco and its investees not being made to its international funders during the year and covenants related to these loans being breached. Trustco and its investees together with its international funders entered into bona fide discussions to conclude new repayment and covenant terms which is still ongoing at the time of reporting. Trustco is confident a successful restructuring of the debt will be concluded during the new financial year. These loans carry interest rates linked to LIBOR and JIBAR with margins of 5% to 10%.

Refer to note 27 for information relating to the balance dispute of NAD 414 million due to Helios Oryx Ltd.



| PERIOD OF LOAN MATURITY | | LOAN VALUE AUGUST 2022 | LOAN VALUE AUGUST 2021 | INSTALMENTS AUGUST 2022 | INSTALMENTS AUGUST 2021 | EFFECTIVE INTEREST RATE AUGUST 2022 % | EFFECTIVE INTEREST RATE AUGUST 2021 % |
|---|---|---|---|---|---|---|---|
| TERM LOANS | 2017 - 2029 | 691 | 535 | 414 | 220 | 11.25 | 9.83 |
| **TOTAL** | | **691** | **535** | **414** | **220** | | |

**SECURITIES IN PLACE FOR BORROWINGS**

The following securities are in place for borrowings:

- A guarantee by Dr Q van Rooyen in favour of an international lender.
- Share pledge granted by the company and TBN Holdings Ltd as part of the Security Sharing Agreement.
- A guarantee in favour of an international lender by the company.
- Unlimited suretyship by the company in favour of Bank Windhoek Ltd.
- Guarantee by the company in favour of Pinnacle Micro Namibia (Pty) Ltd for NAD 25 million.
- A guarantee by the company in favour of Apple Bank/Air Finance.
- Guarantee by the company in favour of Inselberg Trust.

The total value of security pledged by the managing director for which the company reimburses him for the suretyship in accordance with the management fee agreement amounted to NAD 534 million (2021: NAD 658 million).

**UNUTILISED COMMITTED BORROWINGS**

As at 31 August 2022, there were no (2021: USD 5.5 million) borrowing facilities not yet fully utilised.

## 10. TRADE AND OTHER PAYABLES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| TRADE PAYABLES | 8 | 16 | 16 |
| OTHER PAYABLES | 22 | 10 | 6 |
| VAT | 16 | 16 | 4 |
| | **46** | **42** | **26** |
| FINANCIAL INSTRUMENTS | 30 | 26 | 22 |
| NON-FINANCIAL INSTRUMENTS | 16 | 16 | 4 |
| | **46** | **42** | **26** |

The carrying amounts approximate the fair values due to the short-term in nature thereof.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 11. SHARE CAPITAL

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 RESTATED | 30 SEPTEMBER 2020 RESTATED |
|---|---|---|---|
| **AUTHORISED** | | | |
| 2 500 000 000 ORDINARY SHARES OF NAD 0.23 EACH | 575 | 575 | 575 |
| **ISSUED AND FULLY PAID** | | | |
| ORDINARY | 227 | 227 | 227 |
| SHARE PREMIUM | 954 | 954 | 954 |
| | **1 181** | **1 181** | **1 181** |

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting. At the reporting date, 987 238 581 (2021: 987 238 581, 2020: 987 238 581) shares were issued.

## 12. TREASURY SHARES

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| NUMBER OF SHARES | 2 | 3 |
| COST OF SHARES | 14 | 21 |
| MARKET VALUE | 1 | 5 |

## 13. SHARES FOR VENDORS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| NEXT CAPITAL LTD | 2 285 | 2 285 |
| DEXGROUP FINANCIAL SERVICES (PTY) LTD | 15 | 15 |
| | **2 300** | **2 300** |

The balance represents shares not yet issued for the purchase of Huso Investments (Pty) Ltd and Trustco Financial Services (Pty) Ltd.

## 14. REVENUE

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **EXTERNAL REVENUE BY PRODUCT LINES:** | | |
| **INTEREST REVENUE** | | |
| INTEREST FROM INVESTEE ENTITY | 26 | 129 |
| **OTHER REVENUE** | | |
| SURETY FEES | 23 | 26 |
| OTHER REVENUE | - | 5 |
| **TOTAL REVENUE** | **49** | **160** |



## 15. OTHER INCOME

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| GAINS ON FOREIGN EXCHANGE DIFFERENCES | - | 91 |
| | **-** | **91** |

## 16. GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| GAIN ON DEEMED DISPOSAL | 2 939 | - |
| | **2 939** | **-** |

Refer to note 1.2.2 (A) and note 7.

## 17. PROFIT BEFORE TAX

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| EMPLOYEE COSTS | 5 | 3 |
| LOSS ON FOREIGN EXCHANGE DIFFERENCES | 82 | - |
| AUDITORS' REMUNERATION - AUDIT FEES | 7 | 10 |

## 18. FINANCE COSTS

| FIGURES IN NAMIBIA DOLLAR THOUSAND | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| BORROWINGS | 67 | 54 |
| OTHER INTEREST PAID | 5 | 23 |
| AMOUNTS DUE TO RELATED PARTIES | 32 | - |
| | **104** | **77** |

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 19. INCOME TAX

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| MAJOR COMPONENTS OF INCOME TAX EXPENSE | | |
| **CURRENT** | | |
| LOCAL INCOME TAX | - | - |
| **DEFERRED** | | |
| ORIGINATING AND REVERSING TEMPORARY DIFFERENCES - LOCAL TAX (NOTE 8) | - | 6 |
| **INCOME TAX EXPENSE** | **-** | **6** |
| **RECONCILIATION OF THE INCOME TAX RATE** | | |
| RECONCILIATION BETWEEN APPLICABLE TAX RATE AND AVERAGE EFFECTIVE TAX RATE | | |
| | % | % |
| APPLICABLE TAX RATE | 32.00 | 32.00 |
| TAX FOR THE PERIOD AS A PERCENTAGE OF PROFIT BEFORE TAX | - | 7.89 |
| DEFERRED TAX ASSETS NOT RECOGNISED | 32.00 | 24.11 |
| | **32.00** | **32.00** |

The company has an estimated tax loss of NAD 519 million (2021: NAD 465 million) available for set off against future taxable income. The deferred tax was not recognised for the tax losses of NAD 166 million (2021: NAD 149 million).

## 20. CASH GENERATED FROM/(USED IN) OPERATIONS

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| PROFIT BEFORE TAX | 1 001 | 6 |
| ***ADJUSTMENTS FOR*** | | |
| INVESTMENT REVENUE | (26) | - |
| INVESTMENT INCOME | - | (129) |
| GAIN ON DEEMED DISPOSAL OF SUBSIDIARIES | (2 939) | - |
| FINANCE COSTS | 104 | 77 |
| FOREIGN EXCHANGE GAIN ON BORROWINGS | 91 | (91) |
| OTHER NON-CASH ITEMS | (24) | 2 |
| IMPAIRMENT LOSS ON AMOUNTS DUE BY RELATED PARTIES | 29 | 37 |
| FAIR VALUE LOSS ON INVESTMENTS | 1 713 | - |
| **CASH GENERATED FROM/(USED IN) OPERATIONS BEFORE WORKING CAPITAL CHANGES** | **(51)** | **(98)** |
| **CHANGES IN WORKING CAPITAL** | | |
| TRADE AND OTHER RECEIVABLES | (8) | (17) |
| TRADE AND OTHER PAYABLES | 140 | 19 |
| **CHANGES IN WORKING CAPITAL** | **132** | **2** |
| **CASH GENERATED FROM/(USED IN) OPERATIONS** | **81** | **(96)** |

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| 31 AUGUST 2022<br>FIGURES IN NAMIBIA DOLLAR MILLION | BORROWINGS | AMOUNTS DUE TO RELATED PARTIES | TOTAL |
|---|---|---|---|
| OPENING BALANCE | 535 | 3 402 | 3 937 |
| NON CASH FLOW ITEMS | 65 | (1 702) | (1 637) |
| CHANGES IN FOREIGN EXCHANGE RATES | 91 | - | 91 |
| **SUB TOTAL** | **691** | **1 700** | **2 391** |
| CASH FLOWS RELATED TO FINANCING | - | (113) | (113) |
| **CLOSING BALANCE** | **691** | **1 587** | **2 278** |

| 31 AUGUST 2021<br>FIGURES IN NAMIBIA DOLLAR MILLION | BORROWINGS | AMOUNTS DUE TO RELATED PARTIES | TOTAL |
|---|---|---|---|
| OPENING BALANCE | 793 | 3 062 | 3 855 |
| NON CASH FLOW ITEMS | (167) | 245 | 78 |
| CHANGES IN FOREIGN EXCHANGE RATES | (91) | - | (91) |
| **SUB TOTAL** | **535** | **3 307** | **3 842** |
| CASH FLOWS RELATED TO FINANCING | - | 95 | 95 |
| **CLOSING BALANCE** | **535** | **3 402** | **3 937** |

## 22. RELATED PARTIES

Refer to note 34 of the consolidated financial statements for the list of related parties. All other related parties are incorporated.

Refer to notes 4 and 5 for further information on balances with related parties.

The sale of goods to related parties was made at the company's usual list price. Purchases were made at market price. Details of transactions between the company and the related parties are disclosed below:



### 22.1 RELATED PARTY TRANSACTIONS

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **22.1(A) TRANSACTIONS WITH INVESTEE ENTITIES** | | |
| **SURETY FEE RECEIVED FROM INVESTEE ENTITIES** | | |
| TRUSTCO FINANCE (PTY) LTD | (23) | - |
| **INTEREST RECEIVED FROM INVESTEE ENTITIES** | | |
| TRUSTCO BUSINESS DEVELOPMENTS (PTY) LTD | (26) | - |
| **22.1(B) TRANSACTIONS WITH SUBSIDIARIES** | | |
| **SALES TO SUBSIDIARIES** | | |
| TRUSTCO FINANCE (PTY) LTD | - | (27) |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | (3) |
| TRUSTCO RESOURCES (PTY) LTD | - | (2) |
| **TOTAL** | **-** | **(32)** |
| **INTEREST RECEIVED FROM SUBSIDIARIES** | | |
| LEGAL SHIELD HOLDINGS LTD | - | (103) |
| TRUSTCO RESOURCES (PTY) LTD | - | (26) |
| **TOTAL** | **-** | **(129)** |
| **PURCHASES FROM SUBSIDIARIES** | | |
| TRUSTCO FLEET MANAGEMENT SERVICES (PTY) LTD | - | 1 |
| TRUSTCO ADMINISTRATIVE SUPPORT SERVICES (PTY) LTD | 10 | 9 |
| TRUSTCO MIXED MARKETING (PTY) LTD | 1 | 2 |
| TRUSTCO GROUP INTERNATIONAL (PTY) LTD | - | 1 |
| TRUSTCO INTERMEDIARY SOLUTIONS (PTY) LTD | - | 4 |
| **TOTAL** | **11** | **17** |
| **22.1(C) PURCHASES FROM OTHER RELATED PARTY** | | |
| NEXT CAPITAL LTD^ | | |
| SURETY FEES | 10 | 13 |
| INTEREST | 11 | 10 |
| **TOTAL** | **21** | **23** |

^-Common shareholder: Dr Q van Rooyen

**RELATED PARTY BALANCES**

| FIGURES IN NAMIBIA DOLLAR MILLION | 12 MONTHS ENDED 31 AUGUST 2022 | 11 MONTHS ENDED 31 AUGUST 2021 |
|---|---|---|
| **22.1(D) BALANCES WITH RELATED PARTIES** | | |
| **AMOUNTS DUE TO RELATED PARTIES** | | |
| NEXT CAPITAL LTD^ | 1 586 | 1 642 |

^- Common shareholder: Dr Q van Rooyen

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

## 23. CATEGORIES OF FINANCIAL INSTRUMENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| AMORTISED COST | | | |
| CASH AND CASH EQUIVALENTS | 2 | 2 | 1 |
| TRADE AND OTHER RECEIVABLES | 3 | 26 | 18 |
| AMOUNTS DUE BY RELATED PARTIES | 4 | - | 4 153 |
| AMOUNTS DUE BY INVESTEE ENTITY | 5 | 616 | - |
| FAIR VALUE | | | |
| INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS | 7 | 3 632 | - |
| **FINANCIAL LIABILITIES** | | | |
| AMORTISED COST | | | |
| AMOUNTS DUE TO RELATED PARTIES | 4 | (1 587) | (3 402) |
| BORROWINGS | 9 | (691) | (535) |
| TRADE AND OTHER PAYABLES | 10 | (30) | (26) |

## 24. FINANCIAL RISK MANAGEMENT

This note presents information about the company's exposure to financial risks, the company's objectives, policies and processes for measuring and managing risk and the company's management of capital. Further quantitative disclosures are included throughout these separate financial statements.

The company's risk management policies are established to identify and analyse the risks faced by the company, set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. Through its training and management standards and procedures, the company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee (ARC) oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework concerning the risks faced by the company. The ARC is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the ARC.

### CAPITAL MANAGEMENT

The board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and sustain future business development. The board of directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends paid to ordinary shareholders. The company manages its capital to ensure that entities in the company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The company's capital structure consists of debt, which includes the borrowings disclosed in note 9, shareholders' funds and equity attributable to equity holders, comprising issued capital and reserves as disclosed in notes 12 to 14 inclusive. During the previous reporting period, the company restructured its long term debt. The restructuring included deferring interest payments, capital holidays and bullet repayments of up to 7 years. Refer to maturity analysis for expected cash out flows.

From time to time, the company purchases its shares on the market, the timing of which depends on market prices. Buy and sell decisions are made on the recommendation of management to the board and approved by the ARC. The company does not have a defined share buy-back plan, but shareholders have passed a general resolution allowing the company to buy back its shares from time to time.

There were no changes in the company's approach to capital management during the reporting period.

### FINANCIAL RISK MANAGEMENT OBJECTIVES

The group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operations of the company through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The use of financial instruments is governed by the company's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments and the investment of excess liquidity. Compliance with policies and exposure limits are reviewed by the internal auditors continuously.

The company does not enter into or trade financial instruments for speculative purposes.

### MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimising the return.

Refer to interest rate sensitivity analysis below for discussion of company's exposure to market risk.

### FOREIGN CURRENCY RISK MANAGEMENT

The company is exposed to currency risk on borrowings that are denominated in a currency other than the respective functional currencies of company entities, primarily the Namibia Dollar, South African Rand and United States Dollar (USD). The currencies in which these transactions are concluded are primarily denominated in USD.

Risk is managed through careful planning of probable USD expenditures.

The carrying amount of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| BORROWINGS | 9 | (691) | (535) |

**FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS**
At the reporting date, the South African rand was equal to the Namibia dollar. A 1% weakening or strengthening of the Namibia Dollar exchange rate versus the US Dollar (most common foreign currency exposure) on 31 August 2022, as broadly anticipated by the market, would decrease or increase the company's profit by NAD 7.0 million (2021: NAD 5.4 million). The analysis assumes that all other variables would remain constant.

**CREDIT RISK MANAGEMENT**
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

**FORWARD-LOOKING INFORMATION (FLI)**
Historical default rates were regressed against selected relevant macroeconomic factors to investigate if there exists any relationship. Where there is a correlation between macroeconomic factors and historical default rates, the probabilities of default (PD) were adjusted to arrive at a point in time PD.

Financial assets exposed to credit risk at reporting date were as follows:

| FIGURES IN NAMIBIA DOLLAR MILLION | | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|---|
| **FINANCIAL ASSETS** | | | |
| CASH AND CASH EQUIVALENTS | 2 | 2 | 1 |
| AMOUNTS DUE BY RELATED PARTIES | 4 | - | 4 153 |
| TRADE AND OTHER RECEIVABLES | 3 | 26 | 18 |
| AMOUNT DUE BY INVESTEE ENTITY | 5 | 616 | - |
| | | **644** | **4 172** |

The company's cash balances are held at "A" rated local banks.

The company does not have any concentration risk above 5% of its monetary assets.

**RECEIVABLES FROM TRADE CUSTOMERS**
The company's exposure to credit risk is influenced mainly by the default risk of the sectors in which they operate. The demographics of the company's customer base, including the individual characteristics of each customer and country in which customers operate, has less of an influence on credit risk. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The company's review includes external ratings, when available and in some cases bank references.

Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the risk management committee; these limits are reviewed on an *ad hoc* basis. Customers that fail to meet the company's benchmark creditworthiness criteria may transact with the company only on a prepayment basis.

**INTEREST RATE RISK MANAGEMENT**
The ultimate responsibility for interest rate risk management rests with the board of directors, which has established an appropriate framework for managing the company's exposure to changes in rates.

**INTEREST RATE SENSITIVITY ANALYSIS**
The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the reporting date. The analysis is prepared assuming the balance of the financial instrument at the reporting date was receivable/(payable) for the whole period. A 50 basis point increase or decrease is used when reporting interest risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the company's loss for the period ended 31 August 2022 would decrease/increase by NAD 3.5 million (2021: decrease/increase by NAD 2.7 million). This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

**LIQUIDITY RISK MANAGEMENT**
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework to manage the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities as well as by monitoring the current ratio.

**LIQUIDITY ANALYSIS**
The following tables detail the company's future liquidity position arising from its non-derivative financial liabilities. The analysis has been prepared based on the undiscounted contractual cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

| 31 AUGUST 2022<br>FIGURES IN NAMIBIA DOLLAR MILLION | AVE. EFFECTIVE INTEREST RATE | DUE IN LESS THAN ONE YEAR | DUE IN ONE TO TWO YEARS | DUE IN TWO TO FIVE YEARS | DUE AFTER FIVE YEARS | TOTAL |
|---|---|---|---|---|---|---|
| **MATURITY ANALYSIS** | | | | | | |
| **NON-INTEREST BEARING** | | | | | | |
| · TRADE AND OTHER PAYABLES (NOTE 10) | | 30 | - | - | - | 30 |
| **VARIABLE INTEREST RATE INSTRUMENTS** | | | | | | |
| · TERM LOANS (NOTE 9) | 9.83 | 460 | 114 | 170 | 79 | 823 |
| · AMOUNTS DUE TO RELATED PARTIES (NOTE 4) | 12.08 | 586 | 1 000 | - | - | 1 586 |
| | | **1 076** | **1 114** | **170** | **79** | **2 439** |

| 31 AUGUST 2021<br>FIGURES IN NAMIBIA DOLLAR MILLION | AVE. EFFECTIVE INTEREST RATE | DUE IN LESS THAN ONE YEAR | DUE IN ONE TO TWO YEARS | DUE IN TWO TO FIVE YEARS | DUE AFTER FIVE YEARS | TOTAL |
|---|---|---|---|---|---|---|
| **MATURITY ANALYSIS** | | | | | | |
| **NON-INTEREST BEARING** | | | | | | |
| · TRADE AND OTHER PAYABLES (NOTE 10) | | 26 | - | - | - | 26 |
| **VARIABLE INTEREST RATE INSTRUMENTS** | | | | | | |
| · TERM LOANS (NOTE 9) | 9.83 | 414 | 33 | 113 | 154 | 657 |
| · AMOUNTS DUE TO RELATED PARTIES (NOTE 4) | 12.08 | 2 402 | - | 1 000 | - | 3 402 |
| | | **2 842** | **33** | **1 113** | **154** | **4 085** |

## 25. EVENTS AFTER THE REPORTING DATE

**SHARE SUSPENSION**
Subsequent to the reporting period, the trading of the securities of Trustco's shares was suspended.

**EVO TRANSACTION**
On 3 October 2022, 2 000 000 Trustco shares lend to EVO Fund were returned to Le-Hugo's Investments (an associate of Dr Q van Rooyen).

**TRUSTCO RESOURCES TRANSACTION**
At the time of this report, Trustco Resources, Germinate (SL) and Sterling Global Trading Limited (SGT), SJSL's nominee, entered into a transaction in which SGT will invest a total of USD 75 million in Meya. The investment comprises of USD 25 million in equity, USD 25 million in a SGT loan and a third-party market loan of up to USD 25 million. The investment will be utilized exclusively for the development of the mine over the next 24 months, by which time the production target is approximately 30 000 carats per month. Upon conclusion of the equity investment, SGT will become a 70% shareholder in Meya. Upon conclusion of the equity investment, SGT will become a 70% shareholder in Meya.

The directors are not aware of any other events occurring after the reporting date and before the date of this report.

## 26. CONTINGENT LIABILITIES AND GUARANTEES

### 26.1 PENDING LEGAL CASES

**26.1 (A) HELIOS ORYX LIMITED V TRUSTCO GROUP HOLDINGS LIMITED**
Helios Oryx Limited (Helios) issued a summons in the High Court of Justice (Business and Property Courts of England and Wales Commercial Court). The summons relates to a facility agreement entered into between the parties.

This action is being defended by Trustco Group Holdings Ltd (TGH). Helios declared all amounts outstanding under the facility agreement due and demanded payment totalling USD 19.6 million. On 20 January 2021, the High Court of Justice of England and Wales granted summary judgement in favour of Helios against TGH in the sum of USD 21.4 million together with costs and struck the TGH counterclaim. On 15 March 2022, Trustco emailed the court with an application for permission to appeal to the Supreme Court against the dismissal of its counterclaim. The application to seek permission to appeal was refused on 23 March 2022.

On 29 March 2022, TGH applied to obtain leave to appeal against the dismissal of the TGH counterclaim from the Supreme Court. The application was refused.

TGH's total exposure in respect of the Helios claim (inclusive of interest and costs) is recognised in full in the financial statements.

Helios also issued an application in the High Court of Namibia in an attempt to register and enforce the summary judgement award obtained in London enforceable in Namibia. TGH is opposing the application.

**26.2 (B) BANK OF NAMIBIA V TRUSTCO GROUP HOLDINGS LIMITED**
Bank of Namibia served an application on Trustco Bank to place Trustco Bank in provisional liquidation. Trustco Bank filed a notice of opposition and is in the process of preparing its answering affidavit.

**26.2 (C) NAMRA V TRUSTCO GROUP HOLDINGS LIMITED**
TGH together with its investee companies filed a review and constitutional challenge against the impugned decisions of the Namibia Revenue Agency (NamRa). The respondent is defending the application.

## 27. CAPITAL COMMITMENTS

| FIGURES IN NAMIBIA DOLLAR MILLION | 31 AUGUST 2022 | 31 AUGUST 2021 |
|---|---|---|
| NOT YET CONTRACTED FOR BUT AUTHORISED BY DIRECTORS | - | 1 275 |

The company intends to finance this expenditure from borrowing facilities. No part of this expenditure has been contracted for at reporting date.

## 28. CHANGE IN REPORTING PERIOD

In the previous reporting period the company's reporting date was changed from 30 September to 31 August.

## 29. GOING CONCERN

The financial results have been prepared on the going concern basis which considers the continuity of normal business activities, the realisation of assets and the settlement of liabilities in the normal course of business. The board of directors, as part of their responsibilities, annually assesses the going concern of the company. As part of their assessment, the board of directors considered working capital requirements, availability of resources and reserves either from existing operational activities or further borrowings, available information about the future, financial impact of ongoing litigation, the possible outcomes of planned events and the responses to such events and conditions that would be available to the board.

The board of directors has, *inter alia*, considered the following specific factors in determining whether the company is a going concern for the foreseeable future:

- Profit for the year ended 31 August 2022 of NAD 1 001 million which includes gain on disposal of investees of NAD 2 939 million and fair value loss of NAD 1 687 million (profit for the period ended 31 August 2021: NAD 12 million);
- Current liabilities of the company exceed current asset as at 31 August 2022 by NAD 454 million while total assets exceed total liabilities by NAD 1 960 million respectively;
- Cash utilised from operating activities by the company for the year ended 31 August 2022 amounting to NAD 95 million respectively,

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

- Whether the company have sufficient cash resources from investing activities which is readily available, in order to settle their creditors and maturing liabilities as and when they fall due in the foreseeable future, whilst continuing to maintain their operating abilities for the foreseeable financial period;
- Whether there is any significant pending litigation that will threaten the going concern status of the company;
- Assessment of the existing economic conditions related to the various investees and whether the possibility exists to sufficiently scale said operations in the foreseeable future to provide additional cash resources; and
- Assessment of the solvency and liquidity position of the company in accordance with the Companies Act.

Following the above assessment, the board of directors believe that the above factors, coupled with prevailing economic conditions and forecast economic outlook presents some challenges for the foreseeable future. In response to the above factors, to address future cash flow requirements, detailed liquidity improvement initiatives have been developed and are being pursued, with the implementation thereof regularly monitored. These conditions are considered to indicate that a material uncertainty exists which may cast significant doubt on the ability of the company to continue as a going concern in the foreseeable future. This is largely attributable to the short-term liquidity position of the company. Therefore, the ability of the company to continue as a going concern is dependent on the successful implementation or conclusion of the below noted matters in order to address the liquidity risk the company faces on an ongoing basis:

- completion of various technical, geological and financial milestones by the resources portfolio related to the mining operations in Sierra Leone in order to conclude a transaction with an international diamantaire of a debt and equity investment totalling USD 75 million into Meya Mining. The additional funding will enable the resources investee to adequately scale production of its flagship asset, which will enable the company to recover its net debt and equity investment in the resources investee in the foreseeable future;
- recovery of USD 6 million in working capital from its resources investee in the near future which will assist with the short-term liquidity requirements of the group;
- recovery of USD 42 million in interest bearing debt from its resources investee by Q4 of 2023, once Meya Mining achieves the above stated production targets, which will assist with the short-term liquidity requirements of the group and company;
- continued subordination of debt owing to related party investors of the company for the foreseeable future;
- successful negotiations with international lenders in order to agree revised repayments terms associated with borrowings due and payable in the foreseeable future; and
- successful resolution of various ongoing legal matters in order to mitigate the potential liquidity impact thereof.

The board of directors has evaluated the plans noted above to address the material uncertainty related to the going concern assumption of the company, and note these plans will alleviate the group and company's liquidity position should they be executed successfully.

The board of directors has evaluated the company's liquidity requirements to confirm whether the company has access to sufficient resources to continue as a going concern in the foreseeable future, considering the above factors have consequently prepared a cash flow forecast covering a period of 12 months from the date of these financial statements, concluding that the company would be able to continue its operations as a going concern. The directors are not aware of any other matters that may impact the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company. Following the above assessment, the board of directors continue to adopt the going concern basis of accounting in preparing the financial statements.



### 30. RESTATEMENT

Following a JSE proactive monitoring process, the ruling of the Financial Services Tribunal and the judgement of the North Gauteng High Court of the Republic of South Africa, these financial statements have been restated on instruction of the JSE.

The JSE determined that the recognition of certain waivers of shareholder loans in profit or loss was not compliant with IFRS and therefore should be corrected and instead be recognised in equity as these were transactions with equity holders in that capacity. The JSE further determined that Trustco should not have reclassified certain phases of the Elisenheim development from inventory to investment property and that these should have remained classified as inventory.

In terms of the accounting applied by Trustco with respect to the loan waivers, the recognition of a gain through profit or loss had triggered the earnout provision under the Huso Transaction. As such, Trustco issued TTO shares to associates of Dr Q Van Rooyen (Dr van Rooyen) and Next Capital Ltd (Next).

The restatement decision of the JSE, as described above, has the effect that the earnout under the Huso Transaction is not triggered and therefore no shares should have been issued. To comply with the JSE's restatement decision, the following corrective actions were required and have been applied:

- Reversing the NAD 545.6 million (FY2019) gain on the waiver of shareholder's debt previously recognised in profit or loss by Trustco Resources.
- Reversing the NAD 1.0 billion (FY2020) gain on the waiver of shareholder's debt previously recognised in profit or loss by Trustco Resources.
- Reversing management fees accrued to Next due to revenue, profit and headline earnings reduction. The fees were previously recognised as an expense of NAD 35.5 million (FY 2019), NAD 21.0 million (FY2020) and NAD 1.6 million (FY2021).
- Reversing VAT recognised on management fees paid to Next, which was previously identified as NAD 5.3 million (FY 2019), NAD 3.2 million (FY2020) and NAD 0.2 million (FY2021).

It was noted by the board that its initial decision to accept the loan waivers had been made in the bona fide belief that it would result in an issue of shares under the Huso Transaction earnout triggers, and it was also clear to it that the offer to waive the loans was made on the same understanding. This understanding was confirmed after consultation with its IFRS advisers and also passed review by the auditors, who did not issue any related qualifications for the periods in which these transactions were accounted for as understood by Trustco.

The board has taken legal advice and based on that, concluded that the legal effect of implementing the JSE's instruction is that both the loan waiver transactions should be reversed and that the parties must be reinstated in their original positions as if the loan waivers and the resultant benefits derived therefrom, never occurred.

Based on legal advice, and to give effect to these consequential effects of the JSE restatement decision, the following further adjustments have been applied by the board to the restatement:

- Reversing shares issued to Next and its associates in the 2020 reporting period in terms of the earnout mechanism of the Huso Transaction. The reversal resulted in the reinstatement of shares for vendors of NAD 2.3 billion.
- Reinstatement of the loans of NAD 1.5 billion in favour of Next on the same terms and conditions as had applied prior to the waivers, against the loans receivable from Trustco Resources.
- Next has deferred the charging of any interest (circa NAD 400 million) of the re-instated loans, until discussions with the board, together with its European and African Group of International Funders, have been concluded.
- Next will also be entitled to a payment of NAD 2.9 billion if the earnout targets of the Huso transaction are met before the FY2028.

The restatements relate to financial reporting periods before the current period and affect the financial position and associated financial performance for the periods ending 31 March 2019, 30 September 2020, and 31 August 2021. The board, while complying with the rule of law, has no option but to comply with the JSE's instruction and to deal with the consequences thereof at the time of publishing the current annual financial statements despite pending appeal proceedings. Should Trustco succeed on appeal, these issues may have to be revisited.

# NOTES TO THE SEPARATE FINANCIAL STATEMENTS (CONTINUED)

| | 31 AUGUST 2021 | | | 30 SEPTEMBER 2020 | | |
|---|---|---|---|---|---|---|
| | REPORTED | DEBIT/ (CREDIT) | RESTATED | REPORTED | DEBIT/ (CREDIT) | RESTATED |
| **STATEMENT OF FINANCIAL POSITION** | | | | | | |
| **ASSETS** | | | | | | |
| DEFERRED TAX ASSETS | 23 | (19) | **4** | 16 | (18) | **(2)** |
| AMOUNTS DUE BY RELATED PARTIES | 2 607 | 1 546 | **4 153** | 2 607 | 1 546 | **4 153** |
| **TOTAL ASSETS** | **2 630** | **1 527** | **4 157** | **2 623** | **1 528** | **4 151** |
| | | | | | | |
| **LIABILITIES** | | | | | | |
| TRADE AND OTHER PAYABLES | (34) | (8) | **(42)** | (18) | (8) | **(26)** |
| AMOUNTS DUE TO RELATED PARTIES | (1 923) | (1 479) | **(3 402)** | (1 581) | (1 481) | **(3 062)** |
| **TOTAL LIABILITIES** | **(1 957)** | **(1 487)** | **(3 444)** | **(1 599)** | **(1 489)** | **(3 088)** |
| | | | | | | |
| **EQUITY** | | | | | | |
| SHARE CAPITAL | (372) | 145 | **(227)** | (372) | 145 | **(227)** |
| SHARE PREMIUM | (3 094) | 2 140 | **(954)** | (3 094) | 2 140 | **(954)** |
| SHARE FOR VENDORS | (15) | (2 285) | **(2 300)** | (15) | (2 285) | **(2 300)** |
| RETAINED EARNINGS | 2 566 | (63) | **2 503** | 2 577 | (62) | **2 515** |
| **EQUITY AND LIABILITIES** | **(915)** | **(63)** | **(978)** | **(904)** | **(62)** | **(966)** |
| | | | | | | |
| **TOTAL EQUITY AND LIABILITIES** | **(2 872)** | **(1 550)** | **(4 422)** | **(2 503)** | **(1 551)** | **(4 054)** |
| | | | | | | |
| **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** | | | | | | |
| OPERATING EXPENSES | (170) | 2 | **(168)** | (5 578) | 21 | **(5 557)** |
| INCOME TAX BENEFIT | 7 | (1) | **6** | - | (7) | **(7)** |
| PROFIT/(LOSS) FOR THE YEAR | 11 | 1 | **12** | (5 583) | 14 | **(5 597)** |

6

CHAPTER



6

# SHAREHOLDERS

# SHAREHOLDERS' INFORMATION

### ANALYSIS OF SHAREHOLDING (AS AT 31 AUGUST 2022)

| SHAREHOLDING | SHAREHOLDERS | SHAREHOLDER % | SHARES | SHAREHOLDING % |
|---|---|---|---|---|
| 0-999 | 2 219 | 54.55% | 718 250 | 0.05% |
| 1000-1999 | 702 | 17.26% | 873 359 | 0.06% |
| 2000-2999 | 227 | 5.58% | 528 333 | 0.03% |
| 3000-3999 | 95 | 2.34% | 306 326 | 0.02% |
| 4000-4999 | 46 | 1.13% | 201 585 | 0.01% |
| 5000-5999 | 145 | 3.56% | 739 272 | 0.05% |
| 6000-6999 | 56 | 1.38% | 358 397 | 0.02% |
| 7000-7999 | 58 | 1.43% | 431 543 | 0.03% |
| 8000-8999 | 39 | 0.96% | 319 488 | 0.02% |
| 9000-9999 | 12 | 0.29% | 113 750 | 0.01% |
| >10000 | 469 | 11.52% | 1 565 448 140 | 99.70% |
| **GRAND TOTAL** | **4 068** | **100.00%** | **1 570 038 443** | **100.00%** |

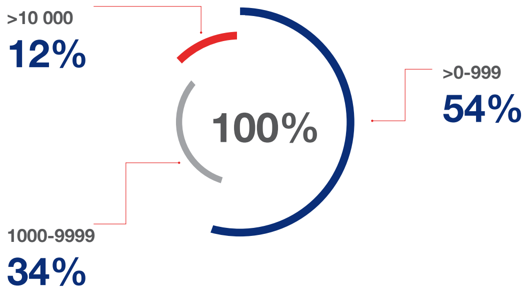
* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares issued shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

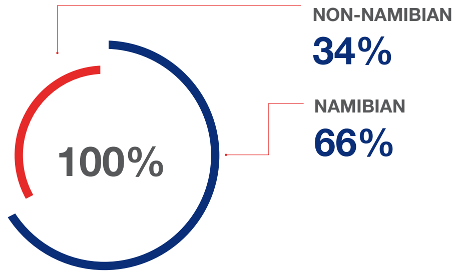
| COUNTRY | SHAREHOLDERS | SHAREHOLDER % | SHARES | SHAREHOLDING % |
|---|---|---|---|---|
| NAMIBIAN | 2 686 | 66.03% | 891 303 466 | 56.77% |
| NON-NAMIBIAN | 1 382 | 33.97% | 678 734 977 | 43.23% |
| **GRAND TOTAL** | **4 068** | **100.00%** | **1 570 038 443** | **100.00%** |

* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares issued shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

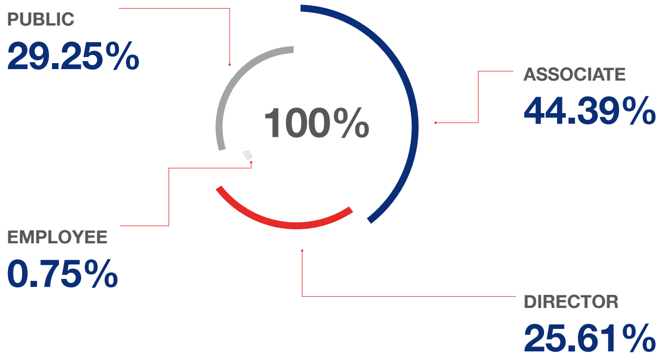


### SHAREHOLDERS




### SHAREHOLDING




### DISTRIBUTION OF SHARES (AS AT 31 AUGUST 2022)

| CATEGORY | SHAREHOLDERS | SHAREHOLDER % | SHARES | SHAREHOLDING% |
|---|---|---|---|---|
| CORPORATE | 52 | 1.28% | 1 113 735 443 | 70.94% |
| INDIVIDUAL | 3 995 | 98.20% | 454 681 667 | 28.96% |
| TRUST | 21 | 0.52% | 1 621 333 | 0.10% |
| **GRAND TOTAL** | **4 068** | **100.00%** | **1 570 038 443** | **100.00%** |

| CATEGORY | SHAREHOLDERS | SHAREHOLDER % | SHARES | SHAREHOLDING% |
|---|---|---|---|---|
| ASSOCIATE | 3 | 0.07% | 696 862 606 | 44.39% |
| DIRECTOR | 14 | 0.34% | 402 131 820 | 25.61% |
| EMPLOYEE | 176 | 4.33% | 11 784 313 | 0.75% |
| PUBLIC | 3 875 | 95.26% | 459 259 704 | 29.25% |
| **GRAND TOTAL** | **4 068** | **100.00%** | **1 570 038 443** | **100.00%** |

# SHAREHOLDERS' INFORMATION

(CONTINUED)

## LARGE SHAREHOLDERS (AS AT 31 AUGUST 2021)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN, QUINTON | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.97 |
| PROTEA ASSET MANAGEMENT LLC | 339 525 604 | | | 21.64 |
| - RISKOWITZ VALUE FUND | | 212 935 148 | 212 935 148 | |
| - ITHUBA INVESTMENTS | | 126 590 456 | 126 590 456 | |
| GERMINATE SL LTD | 85 416 666 | | 85 416 666 | 5.44 |
| CONSTANTIA INSURANCE COMPANY LIMITED | 44 856 616 | | 44 856 616 | 2.86 |
| MIDBROOK LANE PROPRIETARY LIMITED | 6 205 000 | | 6 205 000 | 0.40 |
| SAXO BANK AS - CLIENT ASSETS | 6 015 305 | | 6 015 305 | 0.39 |
| GOVERNMENT EMPLOYEES PENSION FUND | 5 461 236 | | 5 461 236 | 0.35 |
| CITICLIENT NOMINEES NO 8 NY GW | 5 343 021 | | 5 343 021 | 0.34 |
| SEAFWELL INVESTMENTS CC | 5 006 088 | | 5 006 088 | 0.32 |
| **GRAND TOTAL** | **804 966 990** | **696 862 606** | **1 501 829 596** | **95.71%** |

* Total issued shares as at 31 August 2021 - 1 616 038 581
* Treasury shares as at 31 August 2021 - 46 520 138
* Shares calculated net of treasury shares as at 31 August 2021 - 1 569 518 443

## LARGE SHAREHOLDERS (AS AT 31 AUGUST 2022)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN QUINTON | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.95% |
| PROTEA ASSET MANAGEMENT LLC | 338 951 226 | | | |
| - MIT | | 126 412 518 | 126 412 518 | 8.05% |
| - UNIVERSITY NOTRE DAME | | 120 604 762 | 120 604 762 | 7.68% |
| - SEQUOIA HERITAGE | | 64 476 948 | 64 476 948 | 4.11% |
| - RISKOWITZ VALUE FUND | | 27 456 998 | 27 456 998 | 1.75% |
| GERMINATE SL LTD | 85 416 666 | | 85 416 666 | 5.44% |
| CONSTANTIA INSURANCE COMPANY LTD | 44 856 616 | | 44 856 616 | 2.86% |
| MIDBROOK LANE (PTY) LTD | 6 205 000 | | 6 205 000 | 0.40% |
| GOVERNMENT EMPLOYEES PENSION FUND | 5 461 236 | | 5 461 236 | 0.35% |
| CITICLIENT NOMINEES NO 8 NY GW | 5 275 621 | | 5 275 621 | 0.34% |
| **GRAND TOTAL** | **793 303 819** | **696 862 606** | **1 490 166 425** | **94.91%** |

* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

## THE RESTATEMENT EFFECT ON LARGE SHAREHOLDERS (SUBSEQUENT TO THE REPORTING PERIOD) IN PROCESS TO BE IMPLEMENTED

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.54% |
| PROTEA ASSET MANAGEMENT LLC | 338 951 226 | | 338 951 226 | 36.01% |
| - UNIVERSITY NOTRE DAME | | 120 604 762 | | |
| - RISKOWITZ VALUE FUND | | 218 246 464 | | |
| GERMINATE SL LTD | 85 416 666 | | 85 416 666 | 9.07% |
| CONSTANTIA INSURANCE COMPANY LTD | 44 856 616 | | 44 856 616 | 4.77% |
| MIDBROOK LANE (PTY) LTD | 6 205 000 | | 6 205 000 | 0.66% |
| GOVERNMENT EMPLOYEES PENSION FUND | 5 461 236 | | 5 461 236 | 0.58% |
| CITICLIENT NOMINEES NO 8 NY GW | 5 275 621 | | 5 275 621 | 0.56% |
| **GRAND TOTAL** | **598 146 365** | **260 220 060** | **858 366 425** | **91.20%** |

* Total issued shares after restatement implementation - 987 238 581
* Treasury shares after restatement implementation - 46 000 138
* Shares calculated net of treasury shares after restatement implementation - 941 238 443

# SHAREHOLDERS' INFORMATION
(CONTINUED)

### DIRECTORS' INTEREST (AS AT 31 AUGUST 2021)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| ABRAHAMS, FLOORS JACOBUS | 2 451 518 | | 2 451 518 | 0.16% |
| BRAND, ANNETTE | 60 476 | | 60 476 | 0.00% |
| CALITZ, ILANA | 165 462 | | 165 462 | 0.01% |
| ERASMUS, MARCO | 1 225 926 | | 1 225 926 | 0.08% |
| GEYSER, WINTON JOHN | 124 415 | | 124 415 | 0.01% |
| HEATHCOTE, RAYMOND | 1 354 802 | | 1 354 802 | 0.09% |
| JANSE VAN RENSBURG, ELMARIE | 1 852 546 | | 1 852 546 | 0.12% |
| JOUBERT, JAN SEBASTIAN CILLIERS | 1 915 602 | | 1 915 602 | 0.12% |
| KAMARA, IBRAHIM SORIE | - | 85 416 666 | 85 416 666 | 5.44% |
| LAMBERT, ADRIANA | 164 771 | | 164 771 | 0.01% |
| SLABBERT, THOMAS JOHAN (RESIGNED) | 22 759 | | 22 759 | 0.00% |
| TALJAARD, RENIER JACOBUS | 50 151 | | 50 151 | 0.00% |
| VAN DEN HEEVER, JANENE | 76 515 | | 76 515 | 0.00% |
| VAN ROOYEN, QUINTON | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.97% |
| WELDON, LANA (RESIGNED) | - | 25 400 | 25 400 | 0.00% |
| **GRAND TOTAL** | **316 602 397** | **782 304 672** | **1 098 907 069** | **70.01%** |

* Total issued shares as at 31 August 2021 - 1 616 038 581
* Treasury shares as at 31 August 2021 - 46 520 138
* Shares calculated net of treasury shares as at 31 August 2021 - 1 569 518 443

### DIRECTORS' INTEREST (AS AT 31 AUGUST 2022)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| ABRAHAMS, FLOORS JACOBUS | 2 451 518 | | 2 451 518 | 0.16% |
| BRAND, ANNETTE | 60 476 | | 60 476 | 0.00% |
| CALITZ, ILANA | 165 462 | | 165 462 | 0.01% |
| ERASMUS, MARCO (RESIGNED) | 1 325 926 | | 1 325 926 | 0.08% |
| GEYSER, WINTON JOHN | 124 415 | | 124 415 | 0.01% |
| HEATHCOTE, RAYMOND | 1 354 802 | | 1 354 802 | 0.09% |
| JANSE VAN RENSBURG, ELMARIE | 1 952 546 | | 1 952 546 | 0.12% |
| JOUBERT, JAN SEBASTIAN CILLIERS | 1 915 602 | | 1 915 602 | 0.12% |
| KAMARA, IBRAHIM SORIE | - | 85 416 666 | 85 416 666 | 5.44% |
| LAMBERT, ADRIANA | 46 887 | | 46 887 | 0.00% |
| SIMILO, STANLEY BENJAMIN | 10 000 | | 10 000 | 0.00% |
| TALJAARD, RENIER JACOBUS | 50 151 | | 50 151 | 0.00% |
| VAN DEN HEEVER, JANENE | 119 915 | | 119 915 | 0.01% |
| VAN ROOYEN, QUINTON | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.95% |
| **GRAND TOTAL** | **316 715 154** | **782 279 272** | **1 098 994 426** | **70.00%** |

* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

Refer to note 43 for material changes to directors' interest subsequent to the reporting period.

### THE RESTATEMENT EFFECT ON DIRECTORS' INTEREST (SUBSEQUENT TO THE REPORTING PERIOD) IN PROCESS TO BE IMPLEMENTED

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| ABRAHAMS, FLOORS JACOBUS | 2 451 518 | | 2 451 518 | 0.26% |
| BRAND, ANNETTE | 60 476 | | 60 476 | 0.01% |
| CALITZ, ILANA | 165 462 | | 165 462 | 0.02% |
| ERASMUS, MARCO | 1 325 926 | | 1 325 926 | 0.14% |
| GEYSER, WINTON JOHN | 124 415 | | 124 415 | 0.01% |
| HEATHCOTE, RAYMOND | 1 354 802 | | 1 354 802 | 0.14% |
| JANSE VAN RENSBURG, ELMARIE | 1 952 546 | | 1 952 546 | 0.20% |
| JOUBERT, JAN SEBASTIAN CILLIERS | 1 915 602 | | 1 915 602 | 0.20% |
| KAMARA, IBRAHIM SORIE | - | 85 416 666 | 85 416 666 | 9.07% |
| LAMBERT, ADRIANA | 46 887 | | 46 887 | 0.00% |
| SIMILO, STANLEY BENJAMIN | 10 000 | | 10 000 | 0.00% |
| TALJAARD, RENIER JACOBUS | 50 151 | | 50 151 | 0.01% |
| VAN DEN HEEVER, JANENE | 119 915 | | 119 915 | 0.01% |
| VAN ROOYEN, QUINTON | 111 980 000 | 260 220 060 | 372 200 060 | 39.54% |
| **GRAND TOTAL** | **119 605 154** | **345 636 726** | **465 241 880** | **49.43%** |

* Total issued shares after restatement implementation - 987 238 581
* Treasury shares after restatement implementation - 46 000 138
* Shares calculated net of treasury shares after restatement implementation - 941 238 443

# NOTICE OF ANNUAL GENERAL MEETING

**TRUSTCO GROUP HOLDINGS LIMITED**
Incorporated in the Republic of Namibia
(Registration number 2003/058)
Registered as an external company in South Africa
(External registration number 2009/002634/10)
JSE share code: TTO
NSX share code: TUC
OTCQX share code: TSCHY
ISIN Number: NA000A0RF067

**BUSINESS AT HAND**

**IMPORTANT DATES**

| SHAREHOLDERS ARE ADVISED OF THE FOLLOWING DATES: | 2022/2023 |
|---|---|
| RECORD DATE TO RECEIVE NOTICE OF AGM | FRIDAY, 17 FEB 2023 |
| POSTING OF NOTICE | WEDNESDAY, 1 MAR 2023 |
| LAST DATE TO TRADE TO BE ELIGIBLE TO VOTE | MONDAY, 20 MARCH 2023 |
| RECORD DATE TO BE ELIGIBLE TO VOTE | FRIDAY, 24 MARCH 2023 |
| LAST DATE FOR LODGING FORMS OF PROXY | TUESDAY, 28 MARCH 2023 |
| ANNUAL GENERAL MEETING | THURSDAY, 30 MARCH 2023 |

Notice is hereby given that the annual general meeting (AGM) of shareholders of Trustco Group Holdings Limited (the company) in respect of the financial year ended 31 August 2022 will be held at Trustco House, 2 Keller street, Windhoek, Namibia and conducted by way of and will be accessible to shareholders through electronic communication on 30 March 2023 at 12h00 (Namibian time), to deal with such business as may lawfully be dealt with at the AGM and to consider and if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Namibian Companies Act as amended (the Companies Act), read with the Listings Requirements (LR) of the JSE Limited (JSE) and the Namibian Stock Exchange (NSX) as required and the provisions of the company's articles of association.

The quorum requirement for the ordinary and special resolutions set out below is sufficient persons being present to exercise, in aggregate, at least 25% (twenty five percent) of all voting rights that are entitled to vote on the resolutions, provided that at least three shareholders of the company are present in person or by proxy at the AGM.

Save for the special resolutions and ordinary resolutions number 7 and 8 which must be passed by at least 75% (seventy five percent) of the voting rights exercised as determined in the JSE LR, the percentage of voting rights required to pass any of the remaining ordinary resolutions are more than 50% (fifty percent) of the voting rights exercised on any such ordinary resolution.

The integrated annual report (IAR) is available at **www.tgh.na**

**PRESENTATIONS**
Any presentations made at the meeting will be available at **www.tgh.na**

**AGENDA (ORDINARY DIVIDEND)**
To note that no dividend (interim or final) will be declared by the board of directors for the financial year ended 31 August 2022.

**RESOLUTIONS**

**1. ORDINARY RESOLUTION NUMBER 1**
PRESENTATION AND ADOPTION OF ANNUAL FINANCIAL STATEMENTS (AFS) AND REPORTS.

To receive, consider and adopt the AFS of the group for the financial period ended 31 August 2022, together with the independent auditors' reports thereon. The audited AFS, together with the reports, are contained in the company's IAR.

**2. ORDINARY RESOLUTION NUMBER 2**
THE DETERMINATION OF THE MAXIMUM NUMBER OF DIRECTORS AND THE RE-ELECTION OF NON-EXECUTIVE DIRECTORS OF THE COMPANY.

The company's articles of association determine that the maximum number of directors shall be decided at every AGM.

Further to re-elect by separate resolutions, non-executive directors of the company who retire by rotation in accordance with the provisions of the JSE LR, the Companies Act and the articles of association of the company.

No non-executive directors were appointed since the previous AGM.

2.1 ORDINARY RESOLUTION NUMBER 2.1

Resolved that the company may appoint a maximum number of up to twelve directors and shall not have less than five directors.

2.2 ORDINARY RESOLUTION NUMBER 2.2

Resolved to approve that the following non-executive directors of the company retires by rotation and being eligible, makes himself available for re-election.

**MR WINTON GEYSER**
Mr Geyser is a member of the South African Institute of Chartered Accountants. He completed his articles with the audit firm Deloitte Haskins & Sells (now Deloitte) and later joined their financial management services division. Since then he has performed accounting, taxation and consultancy work and has held various senior positions, such as the general manager finance at Agra (Co-op) Ltd and the financial director of M Pupkewitz & Sons. Mr Geyser currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships of Namibian companies.

2.3 ORDINARY RESOLUTION NUMBER 2.3

Resolved to approve that the following non-executive directors of the company retires by rotation and being eligible, makes himself available for re-election.

**MR RENIER TALJAARD**
Mr Taljaard has vast experience, of more than 33 years, in both the short- and long-term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006. Mr Taljaard was appointed to the board of Trustco as independent non-executive director in 2012 and thereafter to various portfolio entities of Trustco.

# NOTICE OF ANNUAL GENERAL MEETING

## (CONTINUED)

**3. ORDINARY RESOLUTION NUMBER 3**
RE-APPOINTMENT OF EXTERNAL AUDITORS.

Resolved on recommendation of the ARC to appoint Nexia SAB&T and the auditing partner, Mr. Johandré Engelbrecht at Nexia SAB&T, as the group independent external auditor for the ensuing year.

Further, that the terms of engagement and fees of the external auditors be determined by the ARC of the company.

**4. ORDINARY RESOLUTION NUMBER 4**
APPOINTMENT AND RE-APPOINTMENT OF THE MEMBERS OF THE ARC.

4.1 ORDINARY RESOLUTION NUMBER 4.1

Resolved to approve that the following non-executive director of the company be re-appointed as chairman to the ARC

**MR WINTON GEYSER**

Mr Geyser is a member of the South African Institute of Chartered Accountants. He completed his articles with the audit firm Deloitte Haskins & Sells (now Deloitte) and later joined their financial management services division. Since then he has performed accounting, taxation and consultancy work and has held various senior positions, such as the general manager finance at Agra (Co-op) Ltd and the financial director of M Pupkewitz & Sons. Mr Geyser currently holds the position of group managing director of Epic Holdings (Pty) Ltd and various other directorships of Namibian companies.

4.2 ORDINARY RESOLUTION NUMBER 4.2

Resolved to approve that the following non-executive director of the company be appointed as member to the ARC.

**MR RENIER TALJAARD**

Mr Taljaard has vast experience, of more than 33 years, in both the short- and long-term insurance industries. After completing his FCII studies, Mr Taljaard was admitted as a fellow member of the Insurance Institute of South Africa and Namibia. He held various senior positions within the industry including managing director at Swabou Insurance, Nasria, Harvest Reinsurance Company, Trustco Insurance Ltd and Trustco Life Ltd. He served on the board of Trustco Insurance Ltd from 2000 to 2006. Mr Taljaard was appointed to the board of Trustco as independent non-executive director in 2012 and thereafter to various portfolio entities of Trustco.

4.3 ORDINARY RESOLUTION NUMBER 4.3

Resolved to approve that the following non-executive director of the portfolio entities of the group be appointed as member to the group ARC.

**MR TOM NEWTON**

Mr Newton is a Namibian citizen and a member of the Institute of Chartered Accountants in Namibia, Public Accountants and Auditors Board and SAICA. Mr Newton obtained a B.Com and Bachelor of Accounting at the University of the Witwatersrand, South Africa. Mr Newton was managing partner at Grant Thornton Neuhaus up to his retirement date. He is chairman and independent non-executive director of Trustco Bank Namibia Ltd. He also acts as trustee on various investment trusts globally. He offers consulting services on all aspects of business, acquisition, taxation and general advice.

**5. ORDINARY RESOLUTION NUMBER 5**
NON-BINDING ADVISORY ENDORSEMENT OF THE GROUP'S REMUNERATION POLICY AND IMPLEMENTATION REPORT.

5.1 ORDINARY RESOLUTION NUMBER 5.1

The King IV recommends and the JSE LR require that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary resolution number 5.1 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements. However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% or more is recorded against the remuneration policy, to ascertain with best reasonable effort the reasons for the dissenting votes and to address legitimate and reasonable objections which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the company to communicate their concerns to the company secretary, Komada Holdings (Pty) Ltd, within a reasonable period after the AGM.

The board will take the outcome of the vote and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company's remuneration policy.

Non-binding advisory endorsement of the company's remuneration policy.

Resolved to approve, through a non-binding advisory vote, the company's remuneration report and remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of the board committees). Refer to pages 54 to 69 of the remuneration report of this IAR.

5.2 ORDINARY RESOLUTION NUMBER 5.2

King IV recommends and the JSE LR require that the implementation of a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the company's remuneration policy. Ordinary resolution number 5.2 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences on the existing remuneration arrangements.

However, the board will engage with dissenting shareholders in good faith in the event that a vote of 25% (twenty five percent) or more is recorded against the remuneration implementation report, to ascertain with best reasonable effort the reasons for the dissenting votes and to address legitimate and reasonable objections which may include amending the implementation report or clarifying or adjusting remuneration governance and/or processes. Dissenting shareholders are also invited to engage with the company and communicate their concerns to the company secretary, Komada Holdings (Pty) Ltd, within a reasonable period after the after the AGM. The board will take the outcome of the vote and any subsequent engagement with dissenting shareholders, into consideration when considering amendments to the company's remuneration implementation report.

Non-binding advisory endorsement of the company's remuneration implementation report.

# NOTICE OF ANNUAL GENERAL MEETING

## (CONTINUED)

Resolved to approve, through a non-binding advisory vote, the company's remuneration implementation report. Refer to pages 54 to 69 of the remuneration implementation report of this IAR.

6. **SPECIAL RESOLUTION NUMBER 1**
   REMUNERATION OF NON-EXECUTIVE DIRECTORS.

The remco recommended and the board approved that the non-executive directors' fees remain unchanged.

6.1 SPECIAL RESOLUTION 6.1
Resolved to approve the unchanged non-executive directors' fees for the period 1 September 2022 to 31 August 2023.

**PROPOSED FEES FOR THE PERIOD FROM 1 SEPTEMBER 2022 TO 31 AUGUST 2023**

| BOARD AND BOARD COMMITTEE | FEE | CHAIRMAN | MEMBER |
|---|---|---|---|
| BOARD | ANNUAL FEE | 500 000 | 250 000 |
| ARC AND INVESTMENT COMMITTEES | ANNUAL FEE | 250 000 | 200 000 |
| REMCO AND NOMCO AND SOCIAL & ETHICS | ANNUAL FEE | 50 000 | 50 000 |
| INVESTMENTS ENTITIES BOARDS | ANNUAL FEE | 150 000 | 150 000 |
| OUT OF OFFICE FEES | FEE PER DAY | 10 000 | 10 000 |
| PORTFOLIO DIRECTORS (NOT APPOINTED AS DIRECTOR OF TRUSTCO) | ANNUAL FEE | 300 000 | 300 000 |

7. **ORDINARY RESOLUTION NUMBER 6**
   APPROVAL FOR THE CONTROL OF THE AUTHORISED BUT UNISSUED SHARES.

Resolved that the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares or to issue any options in respect of, or instruments that are convertible into such shares, to such person/s on such terms and conditions and at such times as the directors may from time to time determine and at their discretion deem fit, subject to the provisions of the Companies Act, the articles of association of the company and the JSE LR, when applicable.

This general authority will be valid until the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given.



8. **ORDINARY RESOLUTION NUMBER 7**
   GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED ORDINARY SHARES.

Resolved that the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and /or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, subject to the provisions of the Companies Act, the memorandum and articles of association of the company and the JSE and NSX LR, as amended from time to time.

- The general authority be valid until the company's next AGM provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this ordinary resolution (whichever period is shorter).
- The allotment and issue of the shares must be made to public shareholders as defined in the JSE LR and not to related parties, save as provided for in the LR that related parties may participate in a general issue for cash through a book build process and provided that:
  - approval is specifically received at the AGM (expressly affording Trustco the ability to allow related parties to participate in a general issue for cash through bookbuild process);
  - related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be out of book and not be allocated shares; and
  - equity securities must be allocated equitably in the book through bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the book build.
- The shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue.
- The general issue of shares for cash under this authority may not exceed 30% (thirty percent) of the company's listed equity securities as at the date of this notice of AGM (net of treasury shares) being 471 011 533 shares.
- Any securities issued in terms of this general authority must be deducted from the initial number of securities available under this resolution.
- In the event of a sub-division or consolidation of issued securities during the period of this general authority, the general authority must be adjusted accordingly to represent the same allocation ratio.
- The maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the company's shares have not traded in such 30 (thirty) business day period.
- Once the company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of the issue that may be required in such regard in terms of the JSE LR which may be applicable from time to time.
- In terms of the JSE LR, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the meeting is required to give effect to this resolution.

9. **ORDINARY RESOLUTION NUMBER 8**
   APPROVAL TO ISSUE OPTIONS OR CONVERTIBLE INSTRUMENTS FOR CASH.

Resolved that, in terms of paragraph 5.53(a)(ii)of the JSE LR, the directors be and are hereby authorised, by way of a general authority, to allot and issue any options in respect of, or instruments that are convertible into, any of the authorised but unissued ordinary shares in the capital of the company for cash, as and when they at their discretion deem fit, subject to the Companies Act, the memorandum and articles of association of the company and the JSE LR, when applicable, provided that:

- The options or convertible instruments must be convertible into a class of share already in issue.
- The options or convertible instruments must be issued to public shareholders as defined in the JSE LR and not to related parties.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

- The number of shares into which the options or convertible instruments may be exercised or converted into shall not, in the aggregate in any one financial year, exceed 15% of the company's relevant number of shares as at the date of this notice of AGM (net of treasury shares) being 235 505 766 shares.
- This general authority will be valid until the earlier of the company's next AGM or the expiry of a period of 15 (fifteen) months from the date that this authority is given.
- If shares are issued representing, on a cumulative basis, 5% (five percent) or more of the number of shares in issue prior to that issue as a result of the exercise of options or conversion of securities issued under this general authority, an announcement containing the full details of such issue shall be published on SENS.
- In determining the strike or conversion price at which an option or convertible security may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the options or convertible instruments. The JSE will be consulted for a ruling if the company's shares have not traded in such 30 (thirty) business day period.
- If the strike or conversion price of the options or convertible instruments is at a discount that exceeds the maximum discount contemplated in paragraph 5.52(d) of the JSE LR, then the grant or issue may only proceed if the directors have obtained a fairness opinion, in accordance with Schedule 5 of the JSE LR, from an independent expert acceptable to the JSE confirming that the grant or issue is fair insofar as the shareholders of the company are concerned.
- In terms of the JSE LR, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at general meeting is required to give effect to resolution.

**10. SPECIAL RESOLUTION NUMBER 2**
GENERAL AUTHORITY TO REPURCHASE SHARES.

Resolved that, subject to compliance with the memorandum and articles of association of the company and its subsidiaries, section 89 of the Companies Act, the JSE LR and the requirements of any other stock exchange the company is listed on, the directors of the company are hereby authorised (at their discretion and whilst the prevailing share price does not reflect the intrinsic value of the group) to acquire on behalf of the company or any of its subsidiaries, by repurchase, on the JSE or any other stock exchange, ordinary shares issued by the company provided that:

- The repurchase of securities must be effected through the order book operated by the JSE trading system or any other exchange and done without any prior understanding or arrangement between the company and the counter party.
- Authorisation thereto must be given by the company's and its subsidiaries' memorandum and articles of association.
- This general authority will be valid only until the company's next AGM, provided that it does not extend beyond fifteen months from the date of the passing of this special resolution.



- The number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this general resolution being 314 007 688 shares or 10% (ten percent) of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company.
- In determining the price at which the company's ordinary shares are repurchased by the company or its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be repurchased will be 10% (ten percent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the five trading days immediately preceding the date of the repurchase of such ordinary shares by the company or its subsidiaries.
- Neither the company nor its subsidiaries will repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE LR, unless a repurchase programme is in place in terms of which the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the JSE in writing prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently, of and uninfluenced by the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE.
- When the company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be published on SENS and in the financial press.
- At any point in time the company will appoint only one agent to effect any repurchase(s) on its behalf.
- The board will have acknowledged by resolution that the company will satisfy the solvency and liquidity test immediately after the repurchase and that since the test was done there have been no material changes to the financial position of the company and the group.

The directors of the company undertake that they will not effect a general repurchase of shares as contemplated above, unless the following conditions are met:

1. The company and the group are in a position to repay their debt in the ordinary course of business for a period of 12 (twelve) months after the date of the repurchase.
2. The company's and the group's assets will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of the repurchase. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited AFS, which comply with the Companies Act.
3. The share capital and reserves of the company and the group are adequate for a period of 12 (twelve) months following the date of the repurchase.
4. The available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the repurchase.

# NOTICE OF ANNUAL GENERAL MEETING

## (CONTINUED)

11. **ORDINARY RESOLUTION NUMBER 10**
    APPROVAL OF THE INVESTMENT POLICY.

Resolved to approve the investment policy. The policy outlines the investment principles to be adhered to. The Investment Policy is available on the company website, at **http://www.tgh.na/downloads/.**

12. **ORDINARY RESOLUTION NUMBER 9**
    APPROVAL FOR DIRECTORS' AUTHORITY TO SIGN DOCUMENTS.

The adoption of the resolutions no 1 - 11 will authorise any director of the company to execute all documents and do all such further acts and things as he/she may in his/her discretion considers appropriate to implement and give effect to the resolutions mentioned above.

Resolved that each director of Trustco be and is individually authorised to sign all such documents and do all such other things as may be necessary for or incidental to the implementation of the resolutions mentioned above, passed at the AGM.

### MATERIAL CHANGE

The restatement of the AFS had a material effect and significant changes in the affairs and financial position of Trustco from 31 August 2022 to the date of this notice. The contents and effects thereof have been properly outlined in the financial statements.

**VOTING FOR SPECIAL RESOLUTION**

The percentage voting rights required for a special resolution to be adopted is at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Disclosure in terms of section 11.26 of the JSE LR

The following additional information is provided in terms of paragraph 11.26 the JSE LR for purposes of the special resolution:

- There were no changes in the authorised share capital of the company during the period under review.
- The company has 883 961 419 unissued securities (as at 31 August 2022).
- Subsequent to the reporting date the shares in issue and in unissued securities would change in accordance with the restatement.
- The company does not have a share incentive scheme.
- The company sold 520 000 shares during the financial year under review.

The full note on share capital is set out in the annual financial statements and contained in the integrated report.

### DIRECTORS' INTEREST

Details of the beneficial direct and indirect interests of directors in the shares of the company are set out below:

| 31 AUGUST 2021 NAMES | DIRECT | INDIRECT | TOTAL 31 AUG '21 | SHAREHOLDING % |
|---|---|---|---|---|
| **EXECUTIVE DIRECTORS** | | | | |
| Q VAN ROOYEN | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.95 |
| FJ ABRAHAMS | 2 451 518 | - | 2 451 518 | 0.16 |
| **NON-EXECUTIVE DIRECTORS** | | | | |
| W GEYSER | 124 415 | - | 124 415 | 0.01 |
| R HEATHCOTE | 1 354 802 | - | 1 354 802 | 0.09 |
| R TALJAARD | 50 151 | - | 50 151 | 0.00 |
| L WELDON (RESIGNED 25 MAR 2020) | - | 25 400 | 25 400 | 0.00 |
| K VAN NIEKERK (RESIGNED 25 MAR 2020) | - | - | - | 0.00 |
| J VAN DER HEEVER (APPOINTED 1 NOV 2021) | 76 515 | - | 76 515 | 0.00 |
| R MARNEY (APPOINTED 25 MAR 2021) | - | - | - | 0.00 |

| 31 AUGUST 2022 NAMES | DIRECT | INDIRECT | TOTAL 31 AUG '22 | SHAREHOLDING % |
|---|---|---|---|---|
| **EXECUTIVE DIRECTORS** | | | | |
| Q VAN ROOYEN | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.95 |
| FJ ABRAHAMS | 2 451 518 | - | 2 451 518 | 0.16 |
| **NON-EXECUTIVE DIRECTORS** | | | | |
| W GEYSER | 124 415 | - | 124 415 | 0.01 |
| R HEATHCOTE | 1 354 802 | - | 1 354 802 | 0.09 |
| R TALJAARD | 50 151 | - | 50 151 | 0.00 |
| J VAN DER HEEVER (APPOINTED 1 NOV 2021) | 76 515 | - | 76 515 | 0.00 |
| R MARNEY (RESIGNED 5 AUG 2022) | - | - | - | 0.00 |

The percentage of shareholding is net of treasury shares
* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

**MATERIAL CHANGES**

Subsequent to the reporting date and the publishing of this report, material change in the directors' interest is in the process of being effected (Refer to pages 230-231).

# NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

### LARGE SHAREHOLDERS (AS AT 31 AUGUST 2022)

| NAME | DIRECT SHAREHOLDING | INDIRECT SHAREHOLDING | TOTAL SHAREHOLDING | TOTAL SHAREHOLDING % |
|---|---|---|---|---|
| VAN ROOYEN QUINTON | 307 137 454 | 696 862 606 | 1 004 000 060 | 63.95% |
| PROTEA ASSET MANAGEMENT LLC | 338 951 226 | | | |
| - MIT | | 126 412 518 | 126 412 518 | 8.05% |
| - UNIVERSITY NOTRE DAME | | 120 604 762 | 120 604 762 | 7.68% |
| - SEQUOIA HERITAGE | | 64 476 948 | 64 476 948 | 4.11% |
| - RISKOWITZ VALUE FUND | | 27 456 998 | 27 456 998 | 1.75% |
| GERMINATE SL LTD | 85 416 666 | | 85 416 666 | 5.44% |
| CONSTANTIA INSURANCE COMPANY LTD | 44 856 616 | | 44 856 616 | 2.86% |
| MIDBROOK LANE (PTY) LTD | 6 205 000 | | 6 205 000 | 0.40% |
| GOVERNMENT EMPLOYEES PENSION FUND PUBLIC INVESTMENT | 5 461 236 | | 5 461 236 | 0.35% |
| CITICLIENT NOMINEES NO 8 NY GW | 5 275 621 | | 5 275 621 | 0.34% |
| **GRAND TOTAL** | **793 303 819** | **696 862 606** | **1 490 166 425** | **94.91%** |

* Total issued shares at 31 Aug 2022 - 1 616 038 581
* Treasury shares at 31 Aug 2022 - 46 000 138
* Shares calculated net of treasury shares at 31 Aug 2022 - 1 570 038 443

### MATERIAL CHANGES

Subsequent to the reporting date and the publishing of this report, material change in the large shareholders is in the process of being effected (Refer to pages 228-229).

### DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear in this integrated report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolutions and certify that to the best of their knowledge and belief there are no facts in relation to special resolutions that have been omitted which would make any statement in relation to special resolutions false or misleading and that all reasonable enquiries to ascertain such facts have been made and that special resolutions, together with this notice, contain all information required by law and the JSE LR in relation to special resolutions.

### VOTING AND PROXIES

A member entitled to attend and vote at the AGM is entitled to appoint a proxy/ proxies to attend, speak and on a poll, vote in his/her stead. A proxy need not to be a member of the company. A form of proxy is attached for the convenience of any certified shareholder and "own name" registered dematerialised shareholder who cannot attend the AGM, but wishes to be represented thereat.

Voting will be performed by way of a poll, so that each shareholder present or represented by way of proxy will be entitled to vote the number of shares held or represented by him or her. Equity securities held by a share trust or scheme will not have their voting at the AGM considered for the purposes of resolutions proposed in terms of the JSE LR.

Shares held as treasury shares are not entitled to vote.

### ELECTRONIC PARTICIPATION IN THE AGM

Shareholders or their proxy(ies) may participate in the AGM by way of electronic participation. Should any shareholder, representative, or proxy for a shareholder wish to participate in the AGM via electronic communication, that person must apply in writing to the company secretary, as detailed in Annexure A to this notice of AGM and by delivering the application form set out thereafter at least seven (7) business days prior to the AGM to arrange for shareholders (or representative or proxy) to provide reasonable satisfactory identification to the company secretary to provide the shareholder (or representative or proxy) with details on how to access the AGM by means of electronic participation. This will also be announced *via* SENS

By order of the board
**KOMADA HOLDINGS (PTY) LTD**
**COMPANY SECRETARY**
28 FEBRUARY 2023

# ANNEXURE A

### ELECTRONIC PARTICIPATION AT THE AGM

1. A shareholder, representative, or proxy for a shareholder who wishes to participate in the AGM *via* electronic communication (participant), should apply in writing to the group's company secretary, by posting the application or *via* email, as per the contact details provided below, at least seven (7) business days prior to the AGM to arrange for shareholder (or representative or proxy) to provide reasonable satisfactory identification to the company secretary with details on how to access the AGM by means of electronic participation.

komada@tgh.na
Trustco House
2 Keller Street
Windhoek
Namibia

2. Participants must note that they will not be able to vote during the AGM. Such Participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the voting instructions contained in this notice of the AGM, i.e. to the extent applicable:

i. Complete the form of proxy; or
ii. Contact their CSDP.

3. Important notice

3.1 Each participant will be contacted between 22 March to 29 March 2023 *via* email and/or SMS with a code to allow them to dial in.
3.2 The cost of the participant's electronic communication will be for his/ her own expense and will be billed separately by his/her own service provider.
3.3 The cut-off time to participate in the meeting will be 29 March 2023 at 12h00. No late dial-in will be accommodated.

### TERMS AND CONDITIONS FOR PARTICIPATION AT THE AGM VIA ELECTRONIC COMMUNICATION

- The cost of dialling-in using electronic communication to participate in the AGM is for the expense of the participant and will be billed separately by the participant's own service provider.
- The participant acknowledges the electronic communication provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic communication, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the electronic communication or any defect in it or from total or partial failure of the electronic communication and connections linking the electronic communication to the AGM.
- The application will only be deemed successful if this application form has been completed and fully signed by the participant.

Shareholder name:

Signature:

Date:

### THE APPLICATION FORM

FULL NAME OF THE SHAREHOLDER, AS PRESENTED ON THE SHARE REGISTER

ID NUMBER

EMAIL ADDRESS

CELL NUMBER

TELEPHONE NUMBER

NAME OF CSDP OR STOCKBROKER
*(IF SHARES ARE HELD IN DEMATERIALISED FORMAT)*

CONTACT NUMBER OF CSDP/STOCKBROKER

CONTACT PERSON OF CSDP/STOCKBROKER

NUMBER OF SHARE CERTIFICATES (IF APPLICABLE)

SIGNATURE

DATE

# FORM OF PROXY

**Trustco Group Holdings Limited (Incorporated in the Republic of Namibia and registered as an external company in South Africa) Registration number 2003/058 External Registration number: 2009/002634/10 JSE share code: TTO: NSX share code: TUC ('Trustco Group Holdings Limited' or 'the company') ISIN number: NA000A0RF067**

This form of proxy is for use by certificated ordinary shareholders and "own name" dematerialised ordinary shareholders of the company only at the AGM of the company's shareholders to be held at Trustco House, 2 Keller Street, Windhoek on 30 March 2023 at 12h00 (the annual general meeting or the AGM).

Dematerialised shareholders, other than "own name" dematerialised shareholders, who wish to attend the AGM must instruct their CSDP or broker to issue them with the necessary authority to attend. Should dematerialised shareholders, other than "own name" dematerialised shareholders, be unable to attend the AGM in person, but wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

Shareholders who have dematerialised their shares, other than "own name" dematerialised shareholders, must inform their CSDP or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary letter of representations to attend or provide their CSDP or broker with their voting instruction should they not wish to attend the company's AGM in person. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We ____________________________________________

Being member/s of Trustco Group Holdings Limited and holding shares entitled me/us to,
__________________ votes (1 vote per share) do hereby appoint:

__________________ of ______________________________ or failing him/her

__________________ of ______________________________ or failing him/her

the chairman of the AGM as my proxy to vote for me/us on my/our behalf at the AGM.

Signed at ________________________ on this __________________ day of
__________________ 2023.

Address: ____________________________________________

Signature: ____________________________________________

Mark with an X whichever is appropriate. Unless otherwise directed, the proxy will vote or abstain as he/she deems fit in respect of the member's total holdings. A member entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and on a poll, vote in his/her stead. A proxy need not to be a member of the company. Shareholders complete and return the form to the Transfer Secretaries (Pty) Ltd, at 4 Robert Mugabe Avenue or Computershare Investor Services (Pty) Ltd Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, by 28 March 2023 at 12h00.



| GENERAL RESOLUTIONS (ORDINARY AND SPECIAL) | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| 1. Approval of AFS and reports for financial year ended 31 August 2022 | ☐ | ☐ | ☐ |
| 2. 2.1 To resolve that the company may appoint a maximum number of 12 directors | ☐ | ☐ | ☐ |
| 2.2 To re-appoint Mr Winton Geyser as a non-executive director | ☐ | ☐ | ☐ |
| 2.3 To appoint Mr. Renier Taljaard as a non-executive director | ☐ | ☐ | ☐ |
| 3. To appoint Nexia SAB&T as independent group external auditors and Mr Johandré Engelbrecht as the auditing partner | ☐ | ☐ | ☐ |
| 4. 4.1 To re-appoint Mr. W Geyser as chairman of the ARC | ☐ | ☐ | ☐ |
| 4.2 To appoint Mr. R Taljaard as member of the ARC | ☐ | ☐ | ☐ |
| 4.3 To re-appoint Mr. T Newton as member of the ARC | ☐ | ☐ | ☐ |
| 5. 5.1 Non-binding advisory endorsement of the company's remuneration policy | ☐ | ☐ | ☐ |
| 5.2 Non-binding advisory endorsement of the company's remuneration implementation report | ☐ | ☐ | ☐ |
| 6. To approve the remuneration of non-executive directors for the period 1 September 2022 to 31 August 2023 | ☐ | ☐ | ☐ |
| 7. To approve the control of authorised but unissued ordinary shares | ☐ | ☐ | ☐ |
| 8. To approve the general authority to issue shares for cash | ☐ | ☐ | ☐ |
| 9. To approve the issue of options or convertible instruments for cash | ☐ | ☐ | ☐ |
| 10. To approve the general authority to repurchase shares | ☐ | ☐ | ☐ |
| 11. To approve the investment policy | ☐ | ☐ | ☐ |
| 12. To approve director's authority to sign documents | ☐ | ☐ | ☐ |

Signed at ________________________ on this __________ day of __________ 2023.

Address: ________________________ Signature: ________________________

# FORM OF PROXY
(CONTINUED)

**NOTES**

1. All shareholders are entitled to attend, be represented and vote at the company's AGM. Each shareholder present in person or represented by proxy at the AGM shall on a poll at the AGM be entitled to vote, for each share held or represented.

2. Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than "own name" registered dematerialised shareholders and who wish to attend the AGM must request their CSDP or broker to issue them with a letter of representation. Alternatively, dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by timeframe stipulated.

3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". If a deletion is made such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and who is present at the company's AGM will be entitled to act as proxy to the exclusion of those names that follow.

4. A shareholder's instructions to the proxy as to whether to vote for, against or abstain from voting and in respect of the relevant number of shares to vote in such a manner, shall, in respect of the resolution, be indicated as follows:

a) by the insertion of an "X in the appropriate box provided to indicate whether to vote for, against, or abstain from voting. Such insertion, without the insertion of the relevant number of shares as contemplated in paragraph (b) below, shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the "X" in respect of all (and not some) of the shareholder's votes exercisable thereat.

b) by the insertion of the relevant number of shares held by the shareholder in the company to indicate the number of shares to be voted for, against or abstain from voting (which will indicate the number of votes exercisable by the proxy on behalf of the shareholder on a poll), in the appropriate box provided. Such an insertion, with or without the insertion of an "X", shall require the proxy to vote or abstain from voting at the company's AGM as indicated by the number so inserted in respect of such inserted number (and not a portion) of shares.

c) by failure to insert anything in the appropriate box, such failure will be deemed to authorise the chairman of the AGM, if he is the proxy, to vote in favour and any other proxy to vote or abstain from voting at the company's AGM as he/she deems fit in respect of all (or a portion) of the shareholder's votes exercisable thereat.

5. A shareholder is not obliged to use all the votes exercisable by the shareholders, but the total of the votes cast and in respect of which abstention is recorded, whether by the shareholder of the proxy, may not exceed the total of the votes exercisable by the shareholder.

6. A duly completed form of proxy must be lodged with or posted to the Transfer Secretaries who must receive the proxies for all shareholders, no later than 28 March 2023 by 12h00.

7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person at the exclusion of any proxy appointed in terms thereof.

8. Documentary evidence establishing the authority of a person signing this form of proxy, in a representative or other legal capacity, must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the AGM, as the case may be.

9. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

10. The chairman of the AGM may reject or accept any form of proxy, which is completed and/or received, other than in compliance with the notes.

11. In respect of joint holders, any such person may vote at the company's AGM in respect of such joint shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the company's AGM, the person whose name appears first in the register in respect of such shares or his proxy as the case may be, is alone entitled to vote in respect thereof.

12. Equity securities held by a share trust or scheme will not have their votes at the AGM meeting considered for the purposes of resolutions proposed in terms of the JSE LR.

13. Unlisted securities (if applicable) and shares held as treasury shares may not vote.

# 7 CHAPTER



# 7 ADMINISTRATION SECTION

# ADMINISTRATION SECTION

## DIRECTORATE OF KEY PORTFOLIO ENTITIES (AS AT 31 AUGUST 2022)

### LEGAL SHIELD HOLDINGS LTD

| | | | | |
|---|---|---|---|---|
| Mr Winton Geyser | Independent | Non-executive | Director and chairman | Namibian citizen |
| Mr Renier Taljaard | Independent | Non-executive | Director | Namibian citizen |
| Mrs Janene van den Heever | Independent | Non-executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |
| Dr Quinton van Rooyen | | Executive | Director | Namibian citizen |

### TRUSTCO LIFE LTD

| | | | | |
|---|---|---|---|---|
| Mr Renier Taljaard | Independent | Non-executive | Director and chairman | Namibian citizen |
| Mr Tom Newton | Independent | Non-executive | Director | Namibian citizen |
| Mr Stanley Similo | Independent | Non-executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |
| Ms Annette Brand | | Executive | Director | Namibian citizen |

### TRUSTCO INSURANCE LTD

| | | | | |
|---|---|---|---|---|
| Mr Renier Taljaard | Independent | Non-executive | Director and chairman | Namibian citizen |
| Mr Tom Newton | Independent | Non-executive | Director | Namibian citizen |
| Mr Stanley Similo | Independent | Non-executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |
| Ms Annette Brand | | Executive | Director | Namibian citizen |

### ELISENHEIM PROPERTY DEVELOPMENT COMPANY LTD

| | | | | |
|---|---|---|---|---|
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |

### TRUSTCO GROUP INTERNATIONAL (PTY) LTD

| | | | | |
|---|---|---|---|---|
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |

### TRUSTCO BANK NAMIBIA LTD

| | | | | |
|---|---|---|---|---|
| Mr Tom Newton | Independent | Non-executive | Director and chairman | Namibian citizen |
| Mr Stanley Similo | Independent | Non-executive | Director | Namibian citizen |
| Mr Winton Geyser | Independent | Non-executive | Director | Namibian citizen |
| Dr Quinton van Rooyen | | Executive | Director | Namibian citizen |

### TRUSTCO FINANCE (PTY) LTD

| | | | | |
|---|---|---|---|---|
| Mr Renier Taljaard | Independent | Non-executive | Director and chairman | Namibian citizen |
| Mr Tom Newton | Independent | Non-executive | Director | Namibian citizen |
| Mr Stanley Similo | Independent | Non-executive | Director | Namibian citizen |
| Mr Quinton Z van Rooyen | | Executive | Director | Namibian citizen |
| Ms Adriana Lambert | | Executive | Director | Namibian citizen |
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |

### TRUSTCO RESOURCES (PTY) LTD

| | | | | |
|---|---|---|---|---|
| Mr Richard Chetwode | Independent | Non-executive | Director and chairman | British citizen |
| Mr Winton Geyser | Independent | Non-executive | Director | Namibian citizen |
| Dr Quinton van Rooyen | | Executive | Director | Namibian citizen |
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |
| Mr Jan Joubert | | Executive | Director | Namibian citizen |

### MEYA MINING (MAURITIUS)

| | | | | |
|---|---|---|---|---|
| Mrs Madhvi Mohadeb | Independent | Non-executive | Resident Director | Mauritian citizen |
| Mr S K Auchoybur | Independent | Non-executive | Resident Director | Mauritian citizen |
| Mr S Parikh | Independent | Non-executive | Director | Belgium |
| Mr Ibrahim Kamara | | Executive | Director | Sierra Leonian citizen |
| Mr Jan Joubert | | Executive | Director | Namibian citizen |
| Mr Floors Abrahams | | Executive | Director | Namibian citizen |

## DIRECTORATE OF KEY SUBSIDIARIES (AS AT 31 AUGUST 2022)

### TRUSTCO ADMINISTRATIVE SUPPORT SERVICES (PTY) LTD

| | | | | |
|---|---|---|---|---|
| Ms E Janse van Rensburg | | Executive | Director | Namibian citizen |
| Ms T Claassen | | Executive | Director | Namibian citizen |

# ADMINISTRATION SECTION
(CONTINUED)

## FINANCIAL AND OTHER DEFINITIONS AND EXPLANATIONS

**A**

| | |
|---|---|
| ADR | American Depository Receipt |
| AFS | Annual financial statements |
| AGM | Annual general meeting of Trustco |
| AML | Anti money laundering |
| ARC | Audit and risk committee |

**B**

| | |
|---|---|
| Basel | Banking regulations set by the Basel commission on banking supervision |
| Basic earnings per | Earnings attributable to ordinary shareholders divided by the weighted average number of share (EPS) ordinary shares in issue |
| Board | The board of directors of TGH |
| BIC | Board investment committee |

**C**

| | |
|---|---|
| CAE | Chief Audit Executive |
| CAGR | Compounded annual growth rate |
| Capital adequacy ratio | Capital as a percentage of risk-weighted assets |
| CAR | Capital Adequacy Ratio |
| CEO | Chief Executive Officer |
| COLA | Cost Of Living Adjustment |
| Companies Act | The Namibian Companies Act, Act, 28 of 2004 |
| CSI | Corporate Social Investment |

**D**

| | |
|---|---|
| Dr | Doctor |

**E**

| | |
|---|---|
| ECL | Expected credit loss |
| Effective tax rate | Direct taxation as a percentage of income before taxation |
| Elisenheim or EPDC | The mixed-use development known as Elisenheim and registered in Elisenheim Property Development Company Ltd |
| ESMS | Environmental and social management system |

**F**

| | |
|---|---|
| FRSC | Financial Reporting Standards Council |
| FSV | Financial soundness valuation |
| FVTPL | Fair value through profit or loss |
| FLI | Forward-looking information |

**G**

| | |
|---|---|
| GM | A general meeting of shareholders called to approve a transaction |



**H**

| | |
|---|---|
| Headline earnings | Determined, in terms of the circular issued by the South African Institute of Chartered Accountants at the request of JSE, by excluding from reported earnings specific separately identifiable remeasurements net of related tax and non-controlling interests |
| Headline earnings per share | Headline earnings divided by the weighted average number of ordinary shares in issue |
| HEPS | Headline earnings per share |
| Herboths | Herboths Property Development (Pty) Ltd situated on the remainder of Farm Herboths No 485 |
| HR | Human resources |
| Huso | Huso Investments (Pty) Ltd |
| Huso transaction | The transaction approved by shareholders on 5 October 2015 as amended, which amendment was approved by shareholders on 13 June 2017, with regards to the acquisition by Trustco, through Trustco Resources of the entire shareholding in Huso of which Morse and NNDC are wholly owned subsidiaries |

**I**

| | |
|---|---|
| IASB | International Accounting Standards Board |
| IBOR | Interbank offered rate |
| IBNR | Incurred but not reported |
| ICT | Information and communication technology |
| ICT SSC | ICT strategy and steering committee |
| IFRIC | IFRS Interpretations Committee |
| IFRS | International Financial Reporting Standards |
| IOL | Institute for Open Learning (Pty) Ltd |
| IRBA | Independent Regulatory Board for Auditors |
| IRBA Codes | Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors |
| ISA | International Standards on Auditing |

**J**

| | |
|---|---|
| JSE | JSE Limited, a company duly registered and incorporated under the laws of South Africa, licenced as an exchange |

**K**

| | |
|---|---|
| King IV Report | The King Code of Corporate Governance IV (2016) |
| KPI | Key Performance Indicator |
| Komada | Komada Holdings (Pty) Ltd |

# ADMINISTRATION SECTION
(CONTINUED)

| | |
|---|---|
| **L** | |
| Lafrenz | Industrial development in Windhoek, owned by TGI |
| Legal Shield Holdings | Legal Shield Holdings Ltd and the holding company of the investments in insurance and real estate |
| LR | Listings Requirements |
| **M** | |
| MD | Managing director of Trustco |
| Meya | Meya Mining incorporated in Mauritius with registration number 141003C1/GBL |
| ML | Mining licence |
| Measurement period | Is any date on which any ratio is to be measured or a calculation made. Should any period be more or less than 12 (twelve) months, the numbers will be for comparison purposes only, be amended to a 12 (twelve) month period on a pro rata basis. The actual numbers for the period will be used for calculation of the management fee. |
| **N** | |
| NAD | Namibia dollar |
| NamCode | Corporate Governance Code of Namibia |
| NamRa | Namibia Revenue Agency |
| Net asset value | Equity attributable to ordinary shareholders |
| Net asset value per share | Net asset value divided by the number of ordinary shares in issue at year-end |
| Next | Next Capital Ltd |
| NNDC | Northern Namibia Development Company (Pty) Ltd |
| Nomco | Nomination committee |
| NSAP | Namibian Standard of Actuarial Practice |
| NSX | Namibian Stock Exchange |
| NTA | Namibia Tennis Association |
| **O** | |
| Ondangwa | Proposed mixed use land development in Ondangwa of which the Ombala development forms a part of (registered in the name of Northern Industrial Estates (Pty) Ltd) |
| OTCQX | The top tier of three marketplaces for the over-the-counter trading of stocks |
| **P** | |
| PA | Per annum |
| PD | Probability of default |
| PDF | Portable Document Format |
| PPE | Property, Plant and Equipment |
| Profit for the period | Income statement profit attributable to ordinary shareholders |



| | |
|---|---|
| **R** | |
| Reinsurance | Insurance or investment risk that is ceded to another insurer in return for premiums |
| Remco | Remuneration committee |
| Return on equity | Headline earnings as a percentage of monthly average ordinary shareholders' funds (expressed as percentage) |
| Risk appetite | An expression of the maximum level of residual risk that the group is prepared to accept in order to achieve its business objectives |
| Riskowitz Value Fund | Riskowitz Value Fund LP a New York based partnership registered in accordance with the laws of Delaware, USA |
| ROE | Return on equity |
| **S** | |
| SAICA | The South Africa Institute of Chartered Accountants |
| SAN | Namibian Society of Actuaries |
| SENS | Stock Exchange News Service |
| Shares in issue | Number of ordinary shares in issue as listed on the exchange |
| SGT | Sterling Global Trading Limited |
| SICR | Significant increase in credit risk |
| SL | Sierra Leone |
| SJSL | SJSL Investments |
| SPPI | Solely payments of principal and interest |
| SRK Consulting | Global mining industry experts tasked to complete the competent persons report for Meya Mining Ltd |
| SOTP | Sum of the parts analysis |
| **T** | |
| Trustco Construction | Trustco Construction Services (Pty) Ltd, |
| TGI | Trustco Group International (Pty) Ltd |
| TGH \| Trustco | Trustco Group Holdings Ltd |
| Trustco Bank | Trustco Bank Namibia Ltd |
| Trustco Capital | Trustco Capital (Pty) Ltd |
| Trustco Finance | Trustco Finance (Pty) Ltd |
| Trustco Fleet | Trustco Fleet Management Services (Pty) Ltd |
| Trustco Insurance | Trustco Insurance Ltd |
| Trustco Life | Trustco Life Ltd |
| Trustco Properties | Trustco Property Holdings (Pty) Ltd |
| Trustco Resources | Trustco Resources (Pty) Ltd |
| TTO | Trustco JSE share code |
| TUC | Trustco NSX share code |
| TSCHY | Trustco OTCQX share code |
| **U** | |
| USD | United States Dollar |
| UAE | United Arab Emirates |
| **V** | |
| VWAP | Volume Weighted Average Price |
| **W** | |
| Weighted average number | The weighted average number of ordinary shares in issue during the financial year as listed on the JSE |

## CORPORATE INFORMATION

**BUSINESS ADDRESS AND REGISTERED OFFICES**
**TRUSTCO GROUP HOLDINGS LTD**
Trustco House
2 Keller Street, Eros
Windhoek
Namibia

**POSTAL ADDRESS**
P O Box 11363
Windhoek
Namibia

**HEAD OFFICE SWITCH BOARD**
Tel: +264 61 275 4000
Fax: +264 61 275 4090
Web: www.tgh.na
E-Mail: info@tgh.na

**SOUTH AFRICAN OFFICE**
**CAPE TOWN**
303-305 Oakmond
Somerset Links Business Park
De Beers Avenue
Somerset West, 7130
Tel: +27 21 852 08

**TRUSTCO GROUP HOLDINGS LTD**
(Incorporated in the Republic of Namibia and registered as an external company in South Africa)
Company Registration Number: 2003/058
External Company Registration: Number 2009/002634/10
NSX Share Code: TUC
JSE Share Code: TTO
OTCQX Share Code: TSCHY
ISIN Number: NA000A0RF067

**COMPANY SECRETARY**
Komada Holdings (Pty) Ltd

**AUDITORS: SOUTH AFRICA**
Nexia SAB&T
50 Oxford Road
Parktown
Johannesburg, 2193
South Africa

**BANKERS: NAMIBIA**
Trustco Bank Namibia Ltd
Bank Windhoek Ltd
First National Bank of Namibia Ltd

**BANKERS: SOUTH AFRICA**
First National Bank South Africa Ltd

**JSE EQUITY SPONSOR**
Vunani Ltd through Vunani Corporate Finance
Vunani House, Vunani Office Park
151 Katherine Street, Sandown Sandton

**JSE DEBT SPONSOR**
Merchantec (Pty) Ltd (Merchantec Capital)
13th Floor
Illovo Point
68 Melville Road Illovo, Sandton
Po Box 41480, Craighall 2024

**EXECUTIVE DIRECTORS**
F J Abrahams
Dr Q van Rooyen

**NON-EXECUTIVE DIRECTORS**
W Geyser
R Taljaard
Adv R Heathcote Sc
J van den Heever

**FIND US ON**

**FEEDBACK**
We welcome the views of our stakeholders on the integrated annual report.

Kindly contact us at annualreport@tgh.na with your feedback