



PARATUS

Paratus Namibia Holdings Ltd

[Incorporated in the Republic of Namibia]
[Registration number 2017/0558]
["Paratus Holdings" or "the group"]
[NSX Share code: PNH] [ISN code: NA 000A2DT042]
<https://invest.paratus.africa>

REVIEWED FINANCIAL RESULTS

For the year ended 30 June 2023

Group Revenue
N\$471.9 million
(2022: N\$404.9 million)



+17%

Group EBITDA
N\$163.0 million
(2022: N\$122.7million)



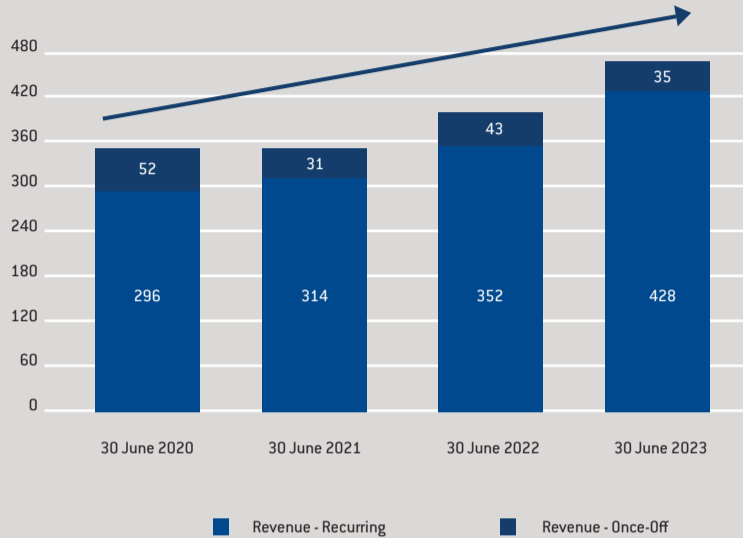
+32.8%

Group Operating profit
N\$83.7 million
(2022: N\$67.0million)

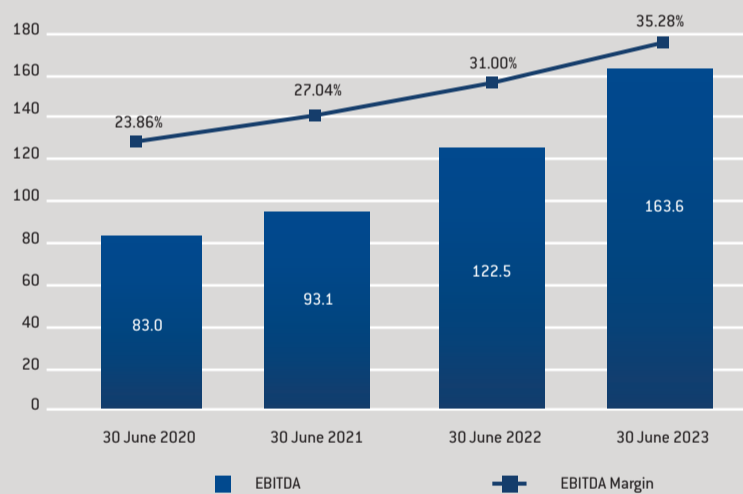


+24.9%

REVENUE - PARATUS NAMIBIA



EBITDA - PARATUS NAMIBIA



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2023

Note	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$	
Revenue	471 878 706	404 857 007*	
Cost of sales	(226 800 614)	(190 72 746)	
Gross Profit	245 078 092	214 130 261*	
Other operating income	1 114 088	871 390	
Other operating losses	(1 300 319)	(5 297)	
Net impairment losses on financial assets	(928 064)	(598 636)*	
Operating expenses	(160 220 275)	(147 358 196)*	
Operating profit	83 743 522	67 039 523*	
Interest received	36 334	7 696	
Finance cost	(52 790 440)	(22 487 003)*	
Revaluation loss on land and buildings	-	(4 730 000)*	
Profit before taxation	30 989 416	39 830 216	
Taxation	(11 360 980)	(18 097 366)*	
Profit for the year	19 628 436	21 732 850*	
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
After taxation losses on property revaluation	-	(1 985 600)	
Total comprehensive income for the year	19 628 436	19 747 250*	
Profit after taxation attributable to:			
Equity holders of the parent entity	2.2	18 825 653	21 321 410*
Non-controlling interests		802 782	411 440
Total comprehensive income for the year	19 628 436	21 732 850*	
Total comprehensive income attributable to:			
Equity holders of the parent entity		18 825 653	19 335 810*
Non-controlling interests		802 782	411 440
Total comprehensive income for the year	19 628 436	19 747 250*	

*Subsequent to the release of the reviewed prior year results, changes were made to some figures due to a restatement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2023

Notes	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$	
ASSETS			
Non-current assets			
Property, plant and equipment	2.3	993 867 043	614 606 160
Right-of-use assets		5 289 465	1 726 934
Intangible assets	2.4	288 666 541	291 266 200
		1 287 823 049	907 599 294
Current assets			
Inventories		24 005 607	27 306 515
Loans to related parties		-	6 460
Trade and other receivables		59 956 670	51 690 516
Investments at fair value		2 447 532	4 691 541
Current taxation receivable		1 982 481	1 972 681
Cash and cash equivalents		14 480 346	3 686 536
		102 872 636	89 354 249
TOTAL ASSETS		1 390 695 685	996 953 543
EQUITY AND LIABILITIES			
Share capital		500 674 703	500 674 703
Distributable reserves		58 739 986	49 658 960*
Non-controlling interest		1 365 197	562 414
		560 779 886	550 896 077
Non-current liabilities			
Borrowings	2.5	155 000 000	200 020 010
Lease liabilities		4 184 713	787 905
Contract liabilities	2.6	302 105 035	129 847 277*
Deferred taxation		44 294 781	34 135 333*
		505 584 529	364 790 525
Current liabilities			
Loans from related parties		-	23 460
Trade and other payables		114 243 263	41 802 722
Borrowings	2.5	176 187 447	597 354
Lease liabilities		1 232 208	1 266 989
Contract liabilities	2.6	21 602 588	10 060 720*
Current tax payable		9 996	143 069
Provisions		10 982 831	13 623 751
Bank overdraft		487	48 229
Dividends payable		72 450	13 700 647
		324 331 270	81 266 941
TOTAL EQUITY AND LIABILITIES		1 390 695 685	996 953 543

*Subsequent to the release of the reviewed prior year results, changes were made to some figures due to a restatement.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2023

	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$
CASH GENERATED FROM OPERATING ACTIVITIES		
Cash generated from operating activities	171 322 759	116 897 793*
Cash generated by operations	201 830 704	128 421 214
Interest paid	(29 199 733)	(10 971 193)*
Interest received	36 193	7 696
Tax paid	(1 344 405)	(559 925)
Net cash flows used in investing activities	(265 328 920)	(112 602 065)*
Net cash flows generated from/(used in) financing activities	118 789 477	(11 215 322)*
Net increase/decrease in cash and cash equivalents	(24 783 316)	(16 919 594)*
Cash and Cash equivalents at the beginning of the year	(10 014 111)	6 953 020
Effect of exchange rate on cash and cash equivalents	(289 346)	(47 537)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(14 479 859)	(10 014 111)

*Subsequent to the release of the reviewed prior year results, changes were made to some figures due to a restatement.

1. OTHER INFORMATION

	30 June 2023	30 June 2022
Total/weighted number of shares in issue	48 723 123	48 723 123
Net asset value per share (cents per share)	1 150.95	1 130.67
Listed market price per share (cents per share)	1 275.00	1 290.00
Premium to net asset value	10.8%	14.01%
Capital commitments (including approved but not contracted)	N\$137 800 000	N\$293 300 000
Dividends per share (cents)	20.00	20.00
EBITDA	N\$162 968 804	N\$122 748 039*
EBITDA margin %	34.5%	30.3%*
Net interest bearing debt / EBITDA (not more than 3.5x) ¹	1.96	1.69*
EBITDA interest cover (not less than 2.5x) ¹	5.46	11.14*

¹ these ratios show results excluding contract liabilities and the interest calculated thereon.

*Subsequent to the release of the reviewed prior year results, changes were made to some figures due to a restatement.

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The reviewed condensed consolidated financial statements for the year ending 30 June 2023, from which this information is derived, is prepared in accordance with the requirements of the NSX Listings Requirements for provisional reports and the requirements of the Companies Act of Namibia. This announcement is not itself reviewed. The Listings Requirements require provisional reports to be prepared according to the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and to also, as a minimum, contain the information required by IAS34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements, except for the adoption of new or revised accounting standards as set out in the annual condensed financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance since the last annual condensed financial statements.



REVIEWED FINANCIAL RESULTS

For the year ended 30 June 2023

2. NOTES TO THE FINANCIAL RESULTS (Continued)

2.2 Basic and Headline earnings per ordinary share

The basic earnings and headline earnings per share for the year ended 30 June 2023 are calculated as follows:

	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$
Earnings		
Profit for the year attributable to the equity holders of the parent	18 825 653	21 321 410*
Headline adjustments:		
After taxation loss / (profit) on sale of property, plant and equipment	13 675	3 913
Impairment on loans	(57 247)	-
Loss on revaluation of owner occupied property	-	4 730 000
Headline earnings	18 782 081	26 055 324*
Basic earnings per ordinary share (cents)	38.64	43.76*
Headline earnings per ordinary share (cents)	38.55	53.48*

*Subsequent to the release of the reviewed prior year results, changes were made to some figures due to a restatement.

2.3 Property, plant and equipment

	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$
Net book value at the beginning of the year	614 606 160	390 016 662
Capital expenditure	450 574 262	279 910 068
Revaluation on property	-	(7 650 000)
Disposals	(32 609)	(162 625)
Depreciation	(71 280 770)	(47 507 945)
Net book value at the end of the year	993 867 043	614 606 160

2.4 Intangible assets

	30 June 2023 Reviewed N\$	30 June 2022 Audited N\$
Net book value at the beginning of the year	291 266 200	296 488 834
Capital expenditure	4 160 721	2 027 836
Amortisation	(6 760 380)	(7 250 470)
Net book value at the end of the year	288 666 541	291 266 200

2.5 Borrowings

During September 2022 Paratus Holdings raised an additional N\$130 million through the Domestic Medium-Term Note Programme.

The N\$130 million raised consist of the following:

- N\$30 million in Senior Unsecured Floating Rate Notes maturing on 16 September 2025 and bearing interest at 270 basis points above the 3 Month ZAR JIBAR rate; and
- N\$100 million in Senior Unsecured Floating Rate Notes maturing on 16 September 2027 and bearing interest at 325 basis points above the 3 Month ZAR JIBAR rate.

Total finance cost repayments during the year on these borrowings amount to N\$29 181 644 (30 June 2022: N\$13 951 588). The finance cost that has accrued on these borrowings at year-end amounts to N\$1 167 296 (30 June 2022: N\$521 656). The current portion of borrowings include Senior Unsecured Floating Rate Notes due to mature during June 2024. Management has the intention of rolling over these notes, amounting to N\$175 million.

2.6 Contract liabilities

Contract liabilities consist of funds received in advance for various contracts. These contracts include the Indefeasible right-of-use ("IRU") of the Trans-Kalahari fiber route, Equiano Submarine Cable and Equiano spectrum. During the year finance cost amounting to N\$22 938 605 (30 June 2022: N\$11 472 429) pertain to these IRU contracts in aggregate.

3. DIRECTORS' COMMENTARY

3.1 The market and prospects

According to the Bank of Namibia Economic Outlook Report, Namibia's GDP growth is estimated to moderate downwards to 3.3% in 2023, from 4.6% in 2022 largely due to weaker global demand. The latest growth projection of 3.3% for 2023 represents a slight improvement from 3% published in the March 2023 Economic Outlook Report. Risks to domestic growth are predominantly in the form of monetary policy tightening globally and high cost of key import items.

External risks to the domestic economic outlook include weakening global economic activity, tighter global monetary policy, elevated crude oil prices and continued geopolitical tensions. Inflation revised downwards and is expected to average 5.6% in 2023.

For the financial year ending 30 June 2023 Paratus delivered continued revenue growth of 17% (2022:15%) against a backdrop of a continued weak local economy due to high interest rates and inflationary pressure. The double-digit revenue growth is mainly driven from the expansion of our fiber and LTE network across Namibia and the occupation of the new Data Center, which was inaugurated during the current financial year.

Paratus remains well placed to grow revenues due to extensive infrastructure investment during the financial year, which is driven by the continued demand for reliable internet.

The anticipated growth for the 2024 financial year is to be driven mostly by the ongoing occupancy of the Data Center and the utilization of the Equiano Submarine Cable Landing Station, which will provide the lowest latency connection between SA and Europe via the Paratus terrestrial fiber. There will also be a renewed focus to monetize the existing last mile fiber infrastructure to enhance the return on the infrastructure investments to date.

For the year ended 30 June 2023, Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia"), the operating entity, realised recurring revenue of N\$428.2 million (30 June 2022: N\$351.7 million) which represents a growth of 22%. Non-recurring revenue, which represents Local Area Network installations in the commercial office space and the sale of Telecommunication Equipment, amounts to N\$35.4 million (30 June 2022: N\$43.5 million). This represents a decline of 19%. The decline is mainly attributable to management's focus to grow recurring revenue as opposed to lower margin non-recurring revenue.

The net profit before taxation, for the operating entity, for the year ended 30 June 2023 amounts to N\$33 million (30 June 2022: N\$43.8 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$163.6 million (30 June 2022: N\$122.5 million). This represents decline of 24.7% and a growth of 33.5%, respectively.

The main contributor to the decline in profitability is the increase in non-cash depreciation charges emanating from new infrastructure completed during the year, and include the Data Center, Cable Landing Station, and the Equiano Submarine Cable Branch. The combined cost of this new infrastructure is N\$358 million.

The increase in interest rates combined with the new N\$130 million bond issued during September 2022 have resulted in additional finance cost of N\$18.4 million when compared with the 2022 financial year.

Included in finance cost is the impact of IFRS 15 (significant financing component) which relates to contracts with customers where services are delivered over an extended period in lieu of upfront cash or assets in kind settlement. The IFRS 15 financing component included in finance cost amounts to N\$22.9 million (2022: N\$11.5 million).

3.1 The market and prospects (Continued)

Over the same period the operating expenses increased by 8.6% due to the growth of the national network and the increase in distributions centres across Namibia. The recently completed Data Center which is not fully occupied also results in additional operating expenses.

Management considers EBITDA as an important operational performance measure, as it mirrors Paratus Namibia's ability to generate cash flows from operations. The disparity between profit after taxation and EBITDA stems mainly from the large depreciation charges recorded on infrastructure deployed.

The decline in the gross profit margin ("GP%") from 52.1% for the year ended 30 June 2022 to 51.4% for the year ended 30 June 2023 stems from the large depreciation charge emanating from the newly constructed Data Center, Equiano Submarine Branch and the Cable Landing Station which was Ready-For-Service on 12 January 2023. The depreciation charge on these assets amounts to N\$6.9 million, whilst the occupancy of the Data Center and utilisation of the Equiano Submarine Branch and Cable Landing Station were low at year-end.

The directors are of the opinion that the continued aggressive investment in infrastructure assets bodes well for both revenue growth and improved operating margins.

3.2 Capital projects

For the year ended 30 June 2023 Paratus Namibia has invested N\$450 million in infrastructure (30 June 2022: N\$282 million). This includes N\$185 million from the Equiano Submarine Branch, which was acquired in lieu of services on existing infrastructure. At 30 June 2023 an amount of N\$37.65 million reflected under current liabilities, pertain to a portion of the Equiano Submarine Branch acquisition price, which was not converted to services yet. Once the fiber route running between Buitepos and Lobatse in Botswana is completed, the remaining liability of N\$37.65 million will be converted to a service on this route and the liability will be settled over time. It is expected that the construction of this route will be completed by 30 November 2023 at a total cost of approximately N\$45 million. This route from Johannesburg running through Botswana and Namibia to the Equiano Submarine Cable in Swakopmund and onwards toward Europe will provide the shortest route with the lowest latency to Europe and is therefore of strategic importance to Paratus for future revenue growth.

Other highlights for the year include the remaining construction cost of N\$26 million to complete the Data Center, which brings the total construction cost to N\$135 million.

A total amount of N\$60 million was invested in the LTE network to expand the Paratus coverage in the larger towns throughout Namibia.

The construction of a 200km long-haul fiber between Karibib and Otjiwarongo was completed during February 2023 at a total cost of N\$11 million. The fiber is constructed to serve the growing demand for bandwidth in the North. The project will result in a cost saving, as the capacity is currently sourced from a third-party supplier. Furthermore, this will enable Paratus to improve the service quality of our customers along the route.

Paratus has also embarked with the roll-out of fiber and LTE in Lüderitz to cater for the increased activity emanating from the oil exploration activities in the area.

The investment in infrastructure bodes well for the group, as is evident from the improvement in the EBITDA margin, emanating from the cost savings realised by using own infrastructure, as well as adding customers to existing network infrastructure.

3.3 Events after the reporting period

The directors are not aware of any other material subsequent events after the reporting period.

3.4 Changes to the Board

Mr R R Graig was appointed as director to the Board and elected as chairman of the ESG committee. Mr G P J Duvenhage was appointed as an alternate director for Mr A Hall. In accordance with the Articles of Association, one third of non-executive directors are subject to retirement by rotation. Messrs J J Esterhuysen and S H Birch were subject to retirement at the Annual General Meeting, neither of whom made themselves available for re-election.

The Board would like to convey our thanks and appreciation to Messrs J J Esterhuysen and S H Birch for their invaluable contribution and dedication towards the establishment and successes of Paratus Namibia Holdings.

3.5 Contingent liabilities

As at the date of approval of the financial results, the Board was not aware of any contingent liabilities.

3.6 Dividends declared

During the 2023 financial year the Group has declared dividends to the ordinary shareholders amounting to N\$ 9 744 625 (30 June 2022: N\$9 744 625).

The directors declared a final dividend of 10 cents per ordinary share.

The salient dates of the dividend declared are as follows:

• Board declaration date:	19 September 2023
• Last date to trade cum dividend:	20 October 2023
• First day to trade ex dividend:	23 October 2023
• Record date:	27 October 2023
• Payment date:	10 November 2023

3.7 Appreciation

The Board would like to thank the management team and staff, service providers and our valued customers for their continued support and dedication. Finally, we would like to thank our shareholders for their support and association with Paratus Holdings.

By order of the Board

H B Gerdes - Chairman of the Board
22 September 2023

REGISTERED OFFICE

Paratus Namibia Holdings Limited
104 – 106 Nickel Street, Prosperita,
Windhoek, Namibia

TRANSFER SECRETARIES

Transfer Secretaries (Proprietary) Limited
4 Robert Mugabe Avenue, Windhoek
P O Box 2401, Windhoek, Namibia

COMPANY SECRETARY

Cronje Secretarial Services (Proprietary) Limited

DIRECTORS

H B Gerdes (Chairman) #, S I de Bruin ^, S L V Erasmus ^, M R Mostert #, J N N Shikongo #, A Hall ^, B R J Harmse ^, R R Graig #, R P K Mendelsohn+, G P J Duvenhage+
(#Independent, ^Executive, +Alternate)

SPONSOR

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