



PARATUS

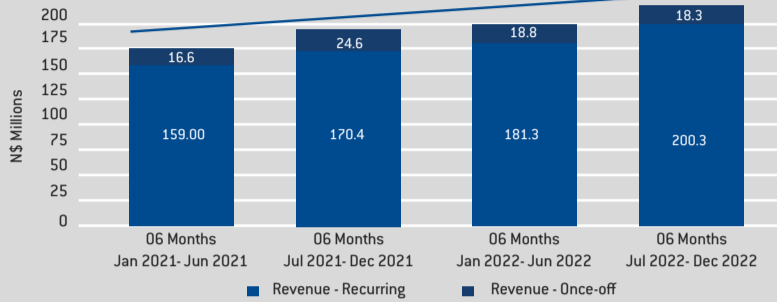
Paratus Namibia Holdings Ltd

[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>

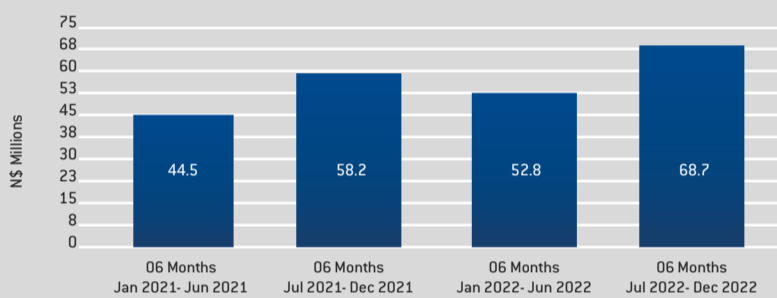
UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 31 December 2022

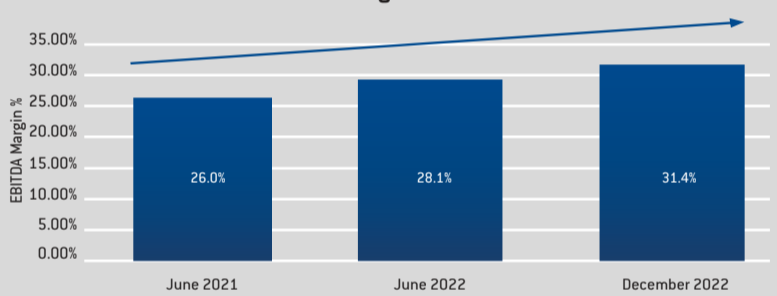
REVENUE - PARATUS NAMIBIA



EBITDA - PARATUS NAMIBIA



EBITDA Margin % - PARATUS NAMIBIA



CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION as at 31 December 2022

Notes	6 months	6 months	12 months	
	31 December 2022	31 December 2021	30 June 2022	
	Unaudited N\$	Reviewed N\$	Audited N\$	
ASSETS				
Non-current assets				
Property, plant and equipment	2.4	709 144 146	514 431 440	614 606 160
Right-of-use assets		1 562 792	1 542 863	1 726 934
Intangible assets	2.5	288 014 671	294 089 056	291 266 200
		998 721 609	810 063 359	907 599 294
Current assets				
Inventories		30 767 672	18 723 403	27 306 515
Loans to related parties		140 811	156 167	6 460
Trade and other receivables		57 967 605	47 212 101	51 690 516
Investments at fair value	2.6	36 308 344	56 520 553	4 691 541
Current taxation receivable		1 972 681	1 984 773	1 972 681
Cash and cash equivalents		2 094 400	10 728 667	3 686 536
		129 251 513	135 352 664	89 354 249
TOTAL ASSETS		1 127 973 122	945 389 023	996 953 543
EQUITY AND LIABILITIES				
Share capital				
Share capital		500 674 703	500 674 703	500 674 703
Non-distributable reserves				
Non-distributable reserves		-	1 985 600	-
Distributable reserves				
Distributable reserves		58 004 363	50 550 060*	49 658 960
Non-controlling interest				
Non-controlling interest		909 430	492 156	562 414
		559 588 496	553 702 519*	550 896 077
Non-current liabilities				
Borrowings		330 000 000	200 129 542*	200 020 010
Lease liabilities		775 284	783 369	787 905
Contract liabilities		129 009 625	131 176 069*	129 847 277
Deferred taxation		41 578 433	25 913 101*	34 135 333
		502 461 890	358 002 081*	364 790 525
Current liabilities				
Loans from related parties		-	22 001	23 460
Trade and other payables		33 425 218	20 690 534*	41 802 722
Borrowings		1 182 672	477 705*	597 354
Lease liabilities		998 626	1 182 820	1 266 989
Contract liabilities		11 933 989	5 193 736*	10 060 720
Current tax payable		74 625	147 062	143 069
Provisions		8 539 835	5 882 468	13 623 751
Dividends payable		60 163	46 475	48 229
Bank overdraft		10 806 156	41 623	13 700 647
		67 021 284	33 684 424*	81 266 941
TOTAL EQUITY AND LIABILITIES		1 127 973 122	945 389 023	996 953 543

* 31 December 2021 reviewed amounts restated

CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	6 months	6 months	12 months
	31 December 2022	31 December 2021	30 June 2022
	Unaudited N\$	Reviewed N\$	Audited N\$
Revenue	223 137 673	200 479 597*	404 857 007
Cost of sales	(105 392 518)	(94 993 763)	(190 726 746)
Gross Profit	117 745 155	105 485 834*	214 130 261
Other operating income	491 992	829 791*	871 390
Other operating gains	102 150	(18 717)	(5 297)
Movement in credit loss allowance	(531 518)	(2 495 363)*	(598 636)
Operating expenses	(76 796 272)	(64 884 631)*	(147 358 195)
Operating profit	41 011 507	38 916 914*	67 039 523
Interest received	7 945	5 639	7 696
Finance cost	(19 514 824)	(12 710 005)*	(22 487 003)
Revaluation loss on land and buildings	-	-	(4 730 000)
Profit before taxation	21 504 628	26 212 548*	39 830 216
Taxation	(7 939 899)	(8 531 168)*	(18 097 366)
Profit for the period	13 564 727	17 681 380*	21 732 850
Other comprehensive income:	-	-	(1 985 600)
Total comprehensive income for the period	13 564 727	17 681 380*	19 747 250
Total comprehensive income attributable to:			
Equity holders of the parent entity	13 217 716	17 340 199*	19 335 810
Non-controlling interests	347 014	341 181	411 440
Total comprehensive income for the year	13 564 730	17 681 380*	19 747 250

* 31 December 2021 reviewed amounts restated

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	31 December 2022	31 December 2021	30 June 2022
	Unaudited N\$	Reviewed N\$	Audited N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	31 529 709	51 281 037*	116 897 793
Cash generated by operations	43 815 248	58 329 025	128 421 214
Interest paid	(11 728 241)	(6 895 169)*	(10 971 193)
Interest received	7 945	5 639	7 696
Tax paid	(565 243)	(158 458)	(559 925)
CASH FLOWS USED IN INVESTING ACTIVITIES	(154 523 970)	(42 080 520)	(122 602 065)
CASH FLOWS GENERATED/(USED) IN FINANCING ACTIVITIES	124 377 540	(5 427 592)*	(11 215 322)
Net increase/decrease in cash and cash equivalents	1 383 279	3 772 925	(16 919 594)
Cash and Cash equivalents at the beginning of the year	(10 014 111)	6 953 020	6 953 020
Effect of exchange rate on cash and cash equivalents	(80 924)	(38 901)	(47 537)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(8 711 756)	10 687 044	(10 014 111)

* 31 December 2021 reviewed amounts restated

1. OTHER INFORMATION

Notes	31 December 2022	31 December 2021	30 June 2022	
	Unaudited	Reviewed	Audited	
Number of shares in issue	2.3	48 723 123	48 723 123	
Net asset value per share (cents per share)		1 148.51	1 136.43*	1 130.67
Listed market price per share (cents per share)		1 320.00	1 277.00	1 290.00
Premium to net asset value		14.93%	12.37%*	14.09%
Total return to shareholders		3.10%	-0.23%	9.17%
Capital commitments (including approved but not contracted)		N\$124 000 000	N\$167 900 000	N\$293 300 000
Market capitalisation		N\$643 145 224	N\$622 194 281	N\$628 528 287
Basic earnings per share (cents)	2.3	27.13	35.59*	43.76
Headline earnings per share (cents)	2.3	26.92	35.59*	53.48
Dividends per share (cents)		10.00	10.00	20.00
EBITDA		N\$68 804 031	N\$59 321 994*	N\$106 545 136
EBITDA margin %		30.83%	29.59%*	26.32%
EBITDA per share (cents)		141.21	121.75*	218.67
Net interest bearing debt / EBITDA (not more than 3.5x)		2.22	1.13*	0.98
EBITDA interest cover (not less than 2.5x)		3.53	4.67*	4.74

* 31 December 2021 reviewed amounts restated

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The unaudited interim financial results are prepared according to the requirements of the Namibian Stock Exchange (NSX) listings requirements for interim reports and the Companies Act of Namibia, 28 of 2004. The listings requirements require interim reports to be prepared according to the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS). They also require, at a minimum, the information required by the International Accounting Standards (IAS) 34 Interim Financial Reporting. IFRS accounting policies and methods of computation were applied in preparing these consolidated financial statements.

This is consistent with those applied in the previous consolidated Annual Financial Statements.

The content of this announcement has not been audited or reviewed. The directors take responsibility for the announcement's preparation.

2.2 Restatement

For the 30 June 2022 financial year, the Group identified that the significant financing component of the Botswana Fiber Network contract with a 20-year duration was not previously accounted for in line with IFRS 15. The contractual cashflows were received upfront and the performance obligation is satisfied over a 20-year period resulted in a significant financing component. The correction was performed, and the comparatives have been restated to reflect this adjustment. Certain items of cash flows were reclassified during the 30 June 2022 financial year, in accordance with the disclosure requirements of IAS7. In the 30 June 2022 financial year bad debts recovered and the movement in the credit loss allowance were incorrectly presented as part of other operating income and operating expenses line items. During the 30 June 2022 financial year, the Group corrected the presentation by presenting the movement in the credit loss allowance and bad debts recovered as a single line item on the statement of profit or loss and other comprehensive income, as required. The impact of these adjustment is reflected in the annual financial statements of the 30 June 2022 financial year and gave rise to adjustments in the 31 December 2021 comparative.



PARATUS

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UNAUDITED INTERIM FINANCIAL RESULTS

For the six months ended 31 December 2022

(Continued)

2.3 Basic and headline earnings per ordinary share

	31 December 2022	31 December 2021	30 June 2022
	Unaudited	Reviewed	Audited
Shares in issue			
Total and weighted number of shares in issue	48 723 123	48 723 123	48 723 123
The basic earnings and headline earnings per share are calculated as follows:			
Earnings			
Profit for the period attributable to the equity holders of the parent	N\$13 217 716	N\$17 340 199*	N\$21 321 410
Headline adjustments:			
After taxation loss / (profit) on sale of property, plant and equipment	(N\$99 124)	N\$2 575	N\$3 913
Loss on revaluation of owner occupied property	-	-	N\$4 730 000
Headline earnings	N\$13 118 592	N\$17 342 774*	N\$26 055 323
Basic earnings per ordinary share (cents)	27.13	35.59*	43.76
Headline earnings per ordinary share (cents)	26.92	35.59*	53.48
* 31 December 2021 reviewed amounts restated			

2.4 Property, plant and equipment

	31 December 2022	31 December 2021	30 June 2022
	Unaudited N\$	Reviewed N\$	Audited N\$
Net book value at the beginning of the period	614 606 160	390 016 662	390 016 662
Capital expenditure	123 937 302	146 556 856	279 910 068
Revaluation	-	-	(7 650 000)
Measurement adjustment	-	158 275	-
Disposals	(7 163)	(148 829)	(162 625)
Depreciation	(29 392 153)	(22 151 524)	(47 507 945)
Net book value at the end of the period	709 144 146	514 431 440	614 606 160

2.5 Intangible assets

	31 December 2022	31 December 2021	30 June 2022
	Unaudited N\$	Reviewed N\$	Audited N\$
Net book value at the beginning of the period	291 266 200	296 488 834	296 488 834
Measurement adjustment on goodwill	-	19 242	19 242
Capital expenditure	254 944	1 178 471	2 008 594
Amortisation	(3 506 473)	(3 597 491)	(7 250 470)
Net book value at the end of the period	288 014 671	294 089 056	291 266 200

2.6 Investments at fair value

Investments at fair value amounting to N\$36.3 million (31 December 2021: N\$56.5 million; 30 June 2022: N\$4.7 million) consist of investments in money market funds, which earned dividends of N\$1.3 million (31 December 2021: N\$2.4 million; 30 June 2022: N\$3.6 million). The dividends received are included under revenue.

Investments at fair value are short term in nature and classified as level 2 financial instruments. Level 2 financial instruments are valued at prices relative to prices in the market.

3. DIRECTORS' COMMENTARY

3.1 The market and prospects

According to the Bank of Namibia Economic Outlook Report, Namibia's GDP growth is projected to improve in 2022, but to moderate downwards in 2023. Real GDP growth is estimated to increase to 4.1% in 2022 from a growth of 2.7% in 2021. The growth is mainly on account of growth from diamond mining based on higher production volumes. Going forward growth is expected to slow down to 3.0% in 2023. Inflationary pressures coupled with the high interest rate cycle will continue to curb household spending. The recent Namibian budget revision and forecast update is very positive and bodes well for the country going forward.

For the period ended 31 December 2022 Paratus delivered strong overall revenue growth of 12% against a backdrop of a weak economy. Paratus remains well placed to grow revenues due to the ongoing infrastructure expansion. This expansion is mainly funded from the N\$130 million raised during September 2022 through the Domestic Medium-Term Note Programme. The double-digit revenue growth for the period ended 31 December 2022 is mainly driven from the expansion of our fiber and LTE network across Namibia and the occupation of the Data Center, which was inaugurated during August 2022.

For the period ended 31 December 2022, Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia"), the operating entity, realised recurring revenue of N\$200.3 million (31 December 2021: N\$170.4 million) which represents a growth of 17.6%. Non-recurring revenue, which represents Local Area Network installations in the commercial office space and the sale of Telecommunication Equipment, amounts to N\$18.3 million (31 December 2021: N\$24.6 million). This represents a decline of 25.7%. The decline is mainly attributable to management's focus to grow recurring revenue as opposed to lower margin non-recurring revenue. The installation teams are now focused on network maintenance and the on-boarding of new customers.

The net profit before taxation, for the operating entity, for the same period amounts to N\$ 22.2 million (31 December 2021: N\$24.8 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$68.7 million (December 2021: N\$58.2 million). This represents decline of 10.5% and a growth of 18.0% respectively.

The decline in profitability is mainly attributable to the 51% increase in finance charges from N\$13.1 million in the comparative period to N\$19.8 million in the current period. This emanates mainly from the additional N\$130 million bond issued during Sept 2022 and the recent interest rate hikes.

Over the same period the operating expenses increased by 14% 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. The operating margins for the period under review is in line with that of the previous reporting period.

Management considers EBITDA as an important operational performance measure and it is a reflection of the operation's ability to generate cash flows. The disparity between profit after taxation and EBITDA stems mainly from the large non-cash depreciation charge recorded on infrastructure deployed. The EBITDA margin % of the Group improved from 29.6% (31 December 2021) to 30.8% for the period ended 31 December 2022 and is mainly due to infrastructure deployed to service the growing customer base.

3.1 The market and prospects (Continued)

Cash generated from operating activities is N\$31.5 million for the period ended 31 December 2022 (31 December 2021: N\$51.3million). The reduction is mainly due to additional finance charges emanating from the N\$130 million bond issuance during September 2022 for the construction of the Data Center coupled with the recent interest rate hikes. The prior year cash flow includes pre-paid revenue of N\$26 million for an Infeasible Right of Use sold to a customer.

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 period ended 31 December 2022 Paratus Namibia has invested N\$123 million in property, plant and equipment (31 December 2021: N\$147.7 million). Of this total investment, N\$22 million was invested towards the completion of the Data Center and the remainder was mainly invested towards the expansion of the Paratus telecommunications network.

The Equiano submarine cable landed on Namibian shores on the 1st of July 2022. It has gone through rigorous testing and the expected go-live date is end of April 2023. The cable landing holds huge potential for our company, customers and the country. The cable will offer 20 x more capacity than the current WACS cable and offer the country much needed redundancy. With Paratus's Pan-African network footprint, the cable will also offer us the opportunity to export capacity to neighbouring countries.

During this period the construction of a 200km long-haul fiber between Karibib and Otjiwarongo commenced and 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 non-executive director to the Board and elected as chairman of the ESG committee. In accordance with the Articles of Association, one third of non-executive directors are subject to retirement by rotation. Messrs J J Esterhuyse 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 Esterhuyse and S H Birch for their invaluable contribution and dedication towards the establishment and successes achieved since listing.

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

The directors declared an interim dividend of 10 cents per ordinary share (31 December 2021: 10 cents per ordinary share).

The interim dividend payment of 10 cents per ordinary share is maintained at the same level to preserve cash flows for the purpose of infrastructure deployment, which should bode well for future profit growth.

The salient dates of the dividend declared are as follows:

• Board declaration date:	22 March 2023
• Last date to trade cum dividend:	14 April 2023
• First day to trade ex dividend:	17 April 2023
• Record date:	21 April 2023
• Payment date:	19 May 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
24 March 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 #
(#Independent, ^Executive)

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