

Paratus Namibia Holdings Limited
(Incorporated in the Republic of Namibia)
(Registration number 2017/0558)
("PNH" or "the Group")
(NSX Share code: PNH) (ISIN code: NA 000A2DTQ42)
<https://invest.paratus.africa>

UNAUDITED INTERIM FINANCIAL RESULTS
For the six months ended 31 December 2023

CONDENSED CONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME
for the six months ended 31 December 2023

	NOTES	6 months 31 December 2023 Unaudited N\$	6 months 31 December 2022 Unaudited N\$	12 months 30 June 2023 Audited N\$
Revenue		281 096 574	223 137 673	471 878 706
Cost of sales		(138 146 570)	(105 392 518)	(226 800 614)
Gross Profit		142 950 004	117 745 155	245 078 092
Other operating income		323 905	491 992	1 114 088
Other operating gains / (losses)		7 200 162	102 150	(1 300 319)
Movement in credit loss allowance		(4 185 218)	(531 518)	(928 064)
Operating expenses		(80 168 620)	(76 796 271)	(160 220 275)
Operating profit		66 120 233	41 011 508	83 743 522
Interest received		22 639	7 945	36 334
Finance cost	2.5&2.6	(36 770 504)	(19 514 824)	(52 790 440)
Profit before taxation		29 372 368	21 504 629	30 989 416
Taxation		(10 779 659)	(7 939 899)	(11 360 980)
Profit for the period		18 592 709	13 564 730	19 628 436
Other comprehensive income		-	-	-
Total comprehensive income for the period		18 592 709	13 564 730	19 628 436
Total comprehensive income attributable to:				
Equity holders of the parent entity		18 445 466	13 217 716	18 825 653
Non-controlling interests		147 243	347 014	802 783
		18 592 709	13 564 730	19 628 436

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	31 December 2023 Unaudited N\$	31 December 2022 Unaudited N\$	30 June 2023 Audited N\$
ASSETS				
Non-current assets				
Property, plant and equipment	2.3	1 019 180 012	709 144 146	993 867 043
Right-of-use assets		4 548 249	1 562 792	5 289 465
Intangible assets	2.4	285 653 736	288 014 671	288 666 541
		1 309 381 997	998 721 609	1 287 823 049

Current assets								
Inventories		30 468 651		30 767 672		24 005 607		
Loans to related parties		-		140 811		-		
Trade and other receivables		62 989 808		57 967 605		62 619 749		
Investments at fair value		147 934		36 308 344		2 447 532		
Current taxation receivable		1 982 481		1 972 681		1 982 481		
Cash and cash equivalents		3 755 061		2 094 400		14 480 346		
		99 343 935		129 251 513		105 535 715		
TOTAL ASSETS		1 408 725 932		1 127 973 122		1 393 358 764		
EQUITY AND LIABILITIES								
Share Capital		500 674 703		500 674 703		500 674 703		
Distributable reserves		72 313 139		58 004 363		58 739 986		
Non-controlling interest		1 032 440		909 430		1 365 197		
		574 020 282		559 588 496		560 779 886		
Non-current liabilities								
Borrowings	2.5	155 000 000		330 000 000		155 000 000		
Lease liabilities		3 509 500		775 284		4 184 713		
Contract liabilities	2.6	297 016 391		129 009 625		302 105 035		
Deferred taxation		54 726 674		41 578 433		44 294 781		
		510 252 565		502 461 890		505 584 529		
Current liabilities								
Trade and other payables		84 502 344		33 425 218		116 906 342		
Borrowings	2.5	176 346 874		1 182 672		176 187 447		
Lease liabilities		1 334 444		998 626		1 232 208		
Contract liabilities	2.6	23 398 347		11 933 989		21 602 588		
Current tax payable		-		74 625		9 996		
Provisions		6 983 586		8 539 835		10 982 831		
Dividends payable		87 467		60 163		72 450		
Bank overdraft		31 800 023		10 806 156		487		
		324 453 085		67 021 284		326 994 349		
TOTAL EQUITY AND LIABILITIES		1 408 725 932		1 127 973 122		1 393 358 764		

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2023

	Total share capital reserves N\$	Distri- butable reserves N\$	Non- controlling interest N\$	Total N\$
Audited balance at 01 July 2022	500 674 703	49 658 958	562 414	550 896 075
Profit for the period	-	13 217 716	347 014	13 564 730
Dividends	-	(4 872 312)	-	(4 872 312)
Unaudited balance as at 31 December 2022	500 674 703	58 004 362	909 428	559 588 493
Profit for the period	-	5 607 937	455 769	6 063 706
Dividends	-	(4 872 313)	-	(4 872 313)
Audited balance as at 01 July 2023	500 674 703	58 739 986	1 365 197	560 779 886
Profit for the period	-	18 445 466	147 243	18 592 709

Dividends	-	(4 872 313)	(480 000)	(5 352 313)
Unaudited balance at 31 December 2023	500 674 703	72 313 139	1 032 440	574 020 282

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
for the six months ended 31 December 2023

	31 December 2023 Unaudited N\$	31 December 2022 Unaudited N\$	30 June 2023 Audited N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	36 632 375	31 529 709	171 322 759
Cash generated by operations	56 850 921	43 815 248	201 231 980
Interest paid	(19 883 423)	(11 728 241)	(29 199 733)
Interest received	22 639	7 945	36 193
Tax paid	(357 762)	(565 243)	(745 681)
Cash flows used in investing activities	(73 045 167)	(154 523 970)	(265 328 920)
Cash flows (used) / generated in financing activities	(5 930 421)	124 377 540	118 798 477
Net increase / (decrease) in cash and cash equivalents	(42 343 212)	1 383 279	24 783 316
Cash and Cash equivalents at the beginning of the year	14 479 859	(10 014 111)	(10 014 111)
Effect of exchange rate on cash and cash equivalents	(181 609)	(80 924)	(289 346)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(28 044 962)	(8 711 756)	14 479 859

1. OTHER INFORMATION

	Notes	31 December 2023 Unaudited	31 December 2022 Unaudited	30 June 2023 Audited
Number of shares in issue	2.2	48 723 123	48 723 123	48 723 123
Net asset value per share (cents per share)		1 176.01	1 148.51	1 151.00
Listed market price per share (cents per share)		1 200.00	1 320.00	1 275.00
Premium to net asset value		2.04%	14.9%	10.8%
Capital commitments (including approved but not contracted)		N\$41 120 000	N\$124 900 000	N\$137 800 000
Dividends per share (cents)		10.00	10.00	20.00
EBITDA		N\$120 098 707	N\$68 804 031	N\$162 968 804
EBITDA margin %		42.7%	30.8%	34.5%
Net interest-bearing Debt / EBITDA (not more than 3.5x) ¹	2.5	1.52	2.22	1.96
EBITDA interest cover (not less than 2.5x) ¹	2.5	5.99	3.53	5.46

¹ these covenant ratios, relating to the Senior Unsecured Floating Rate Notes described in more detail in note 2.5, shows results excluding contract liabilities and the interest calculated thereon.

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The Unaudited Interim Condensed Consolidated Financial Statements for the six months ended 31 December 2023 from which this information is derived, have been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting, the NSX Listing Requirements and the requirements of the Companies Act of Namibia. This results announcement is the responsibility of the directors, and have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), but is not itself reviewed or audited.

The principal accounting policies and methods of computation are consistent in all material aspects with those applied as at 30 June 2023. The estimates and judgements made in applying the accounting policies are consistent with those applied and disclosed in the Annual Financial Statements for the year ended 30 June 2023. There were no revised or new standards adopted in the current period that have a material effect on the Group's reported earnings, financial position or reserves, or a material impact on the accounting policies.

2.2. Basic and Headline earnings per ordinary share

	31 December 2023 Unaudited	31 December 2022 Unaudited	30 June 2023 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\$18 445 466	N\$13 217 716	N\$18 825 653
Headline adjustments:			
After taxation (profit) / loss on sale of property, plant and equipment	(N\$62 733)	(N\$99 124)	N\$13 675
Impairment on loans	-	-	(N\$57 247)
Headline earnings	N\$18 382 733	N\$13 118 592	N\$18 782 081
Basic earnings per ordinary share (cents)	37.86	27.13	38.64
Headline earnings per ordinary share (cents)	37.73	26.92	38.55

2.3 Property, plant and equipment

	31 December 2023 Unaudited N\$	31 December 2022 Unaudited N\$	30 June 2023 Audited N\$
Net book value at the beginning of the period	993 867 043	614 606 160	614 606 160
Capital expenditure	75 064 248	123 937 302	450 574 262
Disposals	-	(7 163)	(32 609)
Depreciation	(49 751 279)	(29 392 152)	(71 280 770)
Net book value at the end of the Period	1 019 180 012	709 144 146	993 867 043

2.4 Intangible assets

	31 December 2023 Unaudited N\$	31 December 2022 Unaudited N\$	30 June 2023 Audited N\$
Net book value at the beginning of the period	288 666 541	291 266 200	291 266 200
Capital expenditure	473 174	254 944	4 160 720
Amortisation	(3 485 979)	(3 506 473)	(6 760 379)
Net book value at the end of the Period	285 653 736	288 014 671	288 666 541

2.5 Borrowings

Borrowings pertain to Senior Unsecured Floating Rate Notes, issued under the NSX approved N\$1 billion Domestic Medium-Term Note Programme. Total finance cost incurred on these notes for the period amounts to N\$19 187 973 (31 December 2022: N\$11 932 552).

A portion of current borrowings, include Senior Unsecured Floating Rate Notes, amounting to N\$175 million, due to mature during June 2024. Management has the intention of refinancing these notes. Debt covenants pertaining to this Programme has not been breached. Refer to note 1 for more details in this regard.

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 Subsea Cable and Equiano spectrum. During the period finance cost amounting to N\$16 707 503 (31 December 2022: N\$7 177 772) pertain to these IRU contracts in aggregate.

2.7 Current liabilities

No cash outflow is expected for the following items included in current liabilities:

- Floating Rate Notes, amounting to N\$175 million, maturing during June 2024,
- Contract liabilities amounting to N\$23.4 million; and

- Service contract with Google resulting in an obligation of N\$36.6million, included in trade and other payables.

Directors' commentary

3.1 The market and prospects

Namibia has reported strong growth the last two years, at approximately 6.4% in 2022 and 5.6% in 2023. This growth has primarily been driven by the mining sector. The ongoing oil and gas exploration activities has also contributed to this growth. Inflationary pressures coupled with the high interest rate cycle will however continue to curb household spending, but overall factors currently weigh in favour of better growth for Namibia in the foreseeable future.

For the period ended 31 December 2023, the Group, delivered strong overall revenue growth of 26% against a backdrop of a weak economy. The strong revenue growth for the period is mainly driven from the expansion of our fiber, SKY-Fi and LTE networks across Namibia, capacity sales on the Equiano subsea cable and the occupation of the Data Center. Paratus remains well placed to grow revenues due to ongoing infrastructure expansion funded from operational cash flows.

For the period ended 31 December 2023, Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia"), the operating entity, realised recurring revenue of N\$249.8 million (31 December 2022: N\$200.3 million), which represents a growth of 24.7%. Non-recurring revenue, which mainly represents Local Area Network installations in the commercial office space and the sale of Telecommunication Equipment, amounts to N\$25.9 million (31 December 2022: N\$18.3 million. This represents a growth of 41.5% notwithstanding management's focus to grow recurring revenue as opposed to lower margin non-recurring revenue.

The net profit before taxation for Paratus Namibia, for the same period amounts to N\$ 32 million (31 December 2022: N\$22.2 million) and earnings before interest, taxation, depreciation, and amortisation ("EBITDA") amounts to N\$121.3 million (31 December 2022: N\$74.4 million). This represents a growth of 44% and 63%, respectively. The increase in profitability is attributable to the strong revenue growth and cost containment. The disparity between profit before taxation and EBITDA stems from the large depreciation charges recorded on infrastructure deployed.

Over the same period the operating expenses for Paratus Namibia, increased by 8% despite the growth of the national network and the increase in distributions centres across Namibia. The operating margin for the period is slightly lower at 51% (31 December 2022: 52%) due to additional depreciation charge emanating from the Data Center and the newly acquired Equiano branch.

3.2 Capital projects

For the period ended 31 December 2023 Paratus Namibia has invested N\$75 million in infrastructure (31 December 2022: N\$123 million). In line with the strategy for this financial year, the number of new sites and fiber in new areas were limited to focus on the sign-up of new customers on the existing infrastructure.

During this period, the majority of capital expenditure was towards capacity expansion and customer access of the current network. The outcome of this approach is reflected in the growth of recurring revenue.

For the period up to 31 December 2023, N\$17.3million was invested, in conjunction with Paratus Botswana, for the construction of the fiber line running through Botswana to link the Equiano subsea cable in Swakopmund to Johannesburg. The expected completion date is mid-March 2024, at an estimated total cost of USD2.55 million.

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 company is in the process to raise equity by way of a rights issue with a targeted raise of approximately N\$600 million. This is subject to approval at a general meeting scheduled to be held on 27 March 2024.

The directors are not aware of any other material subsequent events, not dealt with in this report.

3.4 Changes to the Board

In accordance with the Articles of Association, one third of non-executive directors are subject to retirement by rotation. Mr M R Mostert was subject to retirement at the Annual General Meeting and was not available for re-election.

The Board would like to convey our thanks and appreciation to Mr M R Mostert for his invaluable contribution and dedication towards the establishment and successes of Paratus Namibia Holdings Limited.

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

The directors declared an interim dividend of 10 cents per ordinary share (31 December 2022: 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: 08 March 2024
- Last date to trade cum dividend: 19 April 2024
- First day to trade ex dividend: 22 April 2024
- Last date to register (Record date): 26 April 2024

• Payment date:

17 May 2024

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 Namibia Holdings Limited.

By order of the Board

H B Gerdes - Chairman of the Board

08 March 2024

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 ^, 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

Simonis Storm Securities (Pty) Ltd
Member of the Namibian Stock Exchange
4 Koch Street, Klein Windhoek, Windhoek, Namibia