



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>

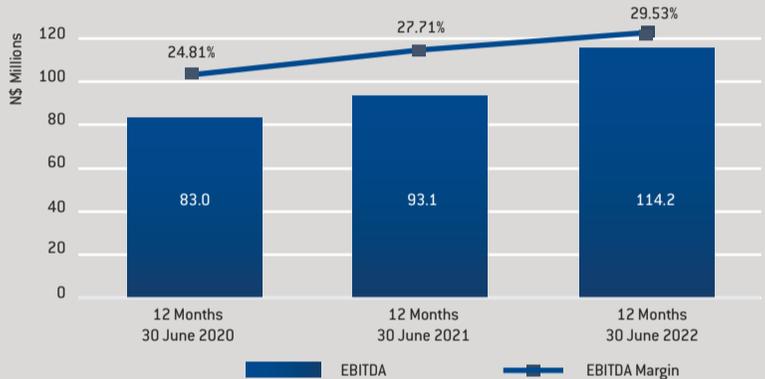
REVIEWED FINANCIAL RESULTS

For the year ended 30 June 2022

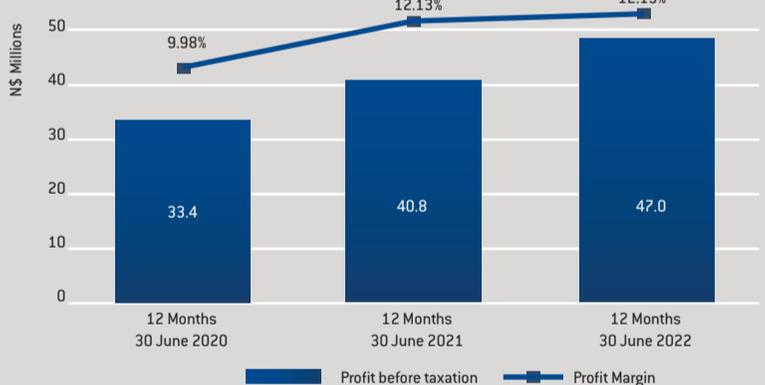
REVENUE - PARATUS NAMIBIA



EBITDA - PARATUS NAMIBIA



PROFIT BEFORE TAXATION - PARATUS NAMIBIA



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2022

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
Revenue	396 588 167	340 560 820
Cost of sales	(190 726 746)	(160 196 955)
Gross Profit	205 861 421	180 363 865
Other operating income	901 773	463 852
Other operating losses	(4 735 297)	(39 013)
Operating expenses	(147 987 214)	(132 432 069)
Operating profit	54 040 683	48 356 635
Interest received	7 696	56 539
Finance cost	(11 014 574)	(6 164 938)
Profit before taxation	43 033 805	42 248 236
Taxation	(17 347 586)	(13 272 005)
Profit for the year	25 686 219	28 976 231
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	23 700 619	28 976 231
Profit after taxation attributable to:		
Equity holders of the parent entity	2.2	25 274 779
Non-controlling interests		411 440
Total comprehensive income for the year	25 686 219	28 976 231
Total comprehensive income attributable to:		
Equity holders of the parent entity		23 289 179
Non-controlling interests		411 440
Total comprehensive income for the year	23 700 619	28 976 231

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2022

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
ASSETS		
Non-current assets		
Property, plant and equipment	2.3	614 606 160
Right-of-use assets		1 726 934
Intangible assets	2.4	291 266 200
		907 599 294
Current assets		
Finance lease receivables		-
Inventories		27 306 515
Loans to related parties		6 460
Trade and other receivables		51 690 516
Investments at fair value	2.5	4 691 541
Current taxation receivable		1 972 681
Cash and cash equivalents		3 686 536
		89 354 249
TOTAL ASSETS	996 953 543	921 931 791
EQUITY AND LIABILITIES		
Share capital		500 674 703
Non-distributable reserves		-
Distributable reserves		63 048 032
Non-controlling interest		562 415
		564 285 149
Non-current liabilities		
Loans from related parties		-
Borrowings	2.6	200 020 010
Lease liabilities		787 905
Contract liabilities		109 829 938
Deferred taxation		37 825 885
		348 463 738
Current liabilities		
Loans from related parties		23 460
Trade and other payables		41 802 723
Borrowings	2.6	597 354
Lease liabilities		1 266 989
Contract liabilities		12 998 434
Current tax payable		143 069
Provisions		13 623 751
Bank overdraft		13 700 647
Dividends payable		48 229
		84 204 656
TOTAL EQUITY AND LIABILITIES	996 953 543	921 931 791

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 30 June 2022

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operating activities	117 054 930	88 170 413
Cash generated by operations	128 421 214	95 186 318
Interest paid	(10 814 056)	(5 536 000)
Interest received	7 696	56 539
Tax paid	(559 924)	(1 536 444)
Net cash flows used in investing activities	(123 128 250)	(206 005 262)
Net cash flows (used) / generated in financing activities	(10 846 274)	105 352 058
Net decrease in cash and cash equivalents	(16 919 594)	(12 482 791)
Cash and cash equivalents at the beginning of the year	6 953 020	20 922 431
Effect of exchange rate on cash and cash equivalents	(47 537)	(1 486 620)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(10 014 111)	6 953 020

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2022

	Total share capital N\$	Distributable reserves N\$	Non-Distributable reserves N\$	Non-controlling interest N\$	Total N\$
Audited balance at 1 July 2020	486 911 828	28 382 990	1 985 600	-	517 280 418
Cross-holding shares disposed of during the year	13 762 875	-	-	-	13 762 875
Acquisition of Subsidiary	-	-	-	183 076	183 076
Dividends	-	(9 744 625)	-	-	(9 744 625)
Profit for the year	-	28 937 115	-	39 116	28 976 231
Other comprehensive income	-	-	-	-	-
Audited balance 30 June 2021	500 674 703	47 575 481	1 985 600	222 192	550 457 976
Adjustments:					
Adjustment: Subsidiary	-	(57 603)	-	(71 217)	(128 820)
Dividends	-	(9 744 625)	-	-	(9 744 625)
Profit for the year	-	25 274 779	-	411 440	25 686 219
Other comprehensive income	-	-	(1 985 600)	-	(1 985 600)
Reviewed balance 30 June 2022	500 674 703	63 048 032	-	562 415	564 285 149



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REVIEWED FINANCIAL RESULTS

For the year ended 30 June 2022 (Continued)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022 (Continued)

Notes	30 June 2022 Reviewed	30 June 2021 Audited
1. OTHER INFORMATION		
Number of shares in issue	2.2 48 723 123	48 723 123
Net asset value per share (cents per share)	1 158.15	1 129.77
Listed market price per share (cents per share)	1 290.00	1 200.00
Premium to net asset value	11.38%	6.22%
Capital commitments (including approved but not contracted)	N\$ 293 300 000	N\$ 318 800 000
Market capitalisation	N\$ 628 528 287	N\$ 584 677 476
Basic earnings per share (cents)	2.2 51.87	59.80
Headline earnings per share (cents)	2.2 61.59	57.86
Dividends per share (cents)	20.00	20.00
EBITDA	N\$ 109 748 726	N\$ 94 441 622
EBITDA margin %	27.67%	27.73%
Net interest bearing debt / EBITDA (not more than 3.5x)	1.90	0.38
EBITDA interest cover (not less than 2.5x)	9.96	15.32

2. NOTES TO THE FINANCIAL RESULTS

2.1 Basis of preparation

The reviewed condensed consolidated financial statements for the year ending 30 June 2022, 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.

2.2 Basic and headline earnings per ordinary share

	30 June 2022 Reviewed	30 June 2021 Audited
Shares in issue		
Total number of shares in issue	48 723 123	48 723 123
Weighted number of shares in issue	48 723 123	48 386 000

The basic earnings and headline earnings per share for the year ended 30 June 2022 are calculated as follows:

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
Earnings		
Profit for the year attributable to the equity holders		
of the parent	25 274 779	28 937 115
Headline adjustments:		
After taxation loss / (profit) on sale of property, plant and equipment	3 913	(57 745)
Profit on disposal of shares	-	(882 750)
Loss on revaluation of owner occupied property	4 730 000	-
Headline earnings	30 008 692	27 996 620
Basic earnings per ordinary share (cents)	51.87	59.80
Headline earnings per ordinary share (cents)	61.59	57.86

2.3 Property, plant and equipment

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
Net book value at the beginning of the year	390 016 662	254 244 407
Addition through business combination	-	381 213
Capital expenditure	279 751 793	174 023 381
Revaluation on property	(7 650 000)	-
Measurement adjustment	158 275	-
Disposals	(162 625)	(63 431)
Depreciation	(47 507 945)	(38 568 908)
Net book value at the end of the year	614 606 160	390 016 662

2.4 Intangible assets

	30 June 2022 Reviewed N\$	30 June 2021 Audited N\$
Net book value at the beginning of the year	296 488 834	297 156 674
Addition through business combination	-	1 881 668
Capital expenditure	2 027 835	4 086 289
Amortisation	(7 250 469)	(6 635 797)
Net book value at the end of the year	291 266 200	296 488 834

2.5 Investments at fair value

Investments at fair value amounting to N\$4,7 million (30 June 2021: N\$159,9 million) consist of investments in money market funds, which earned dividends of N\$3,6 million (30 June 2021: N\$4,050 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.

2.6 Borrowings

During May 2021 Paratus Holdings established an NSX approved N\$1 billion Domestic Medium-Term Note Programme pursuant to a Programme Memorandum. During June 2021 a first tranche of N\$200 million was raised through the Domestic Medium-Term Notes Programme.

The N\$200 million raised consist of the following:

- N\$175 million in Senior Unsecured Floating Rate Notes maturing on 18 June 2024 and bearing interest at 300 basis points above the 3 Month ZAR JIBAR rate; and
- N\$25 million in Senior Unsecured Floating Rate Notes maturing on 18 June 2026 and bearing interest at 325 basis points above the 3 Month ZAR JIBAR rate.

Total interest repayment during the year on these borrowings amount to N\$13 908 207. The interest that has accrued on these borrowings at year-end amounts to N\$521 656 (30 June 2021: N\$478 275).

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, mainly supported by strong performance from the mining industry. Real GDP growth is projected to increase to 3.2% in 2022 before moderating slightly to 2.9% in 2023. The projected improvement is also on account of anticipated better growth rates across all industries.

For the financial year ending 30 June 2022 Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia") delivered strong revenue growth of 15% against a backdrop of a weak local economy. The group remains well placed to grow revenues due to the continued demand for reliable Internet coupled with the ongoing rollout of last-mile infrastructure. The anticipated growth for the 2023 financial year is to be driven mostly by the expansion of our fiber and LTE network across Namibia and the occupation of the Data Centre, which was inaugurated on 4 August 2022.

For the financial year ended 30 June 2022, Paratus Namibia, the operating entity, realised recurring revenue of N\$343 million (30 June 2021: N\$305 million) which represents a growth of 13%. Non-recurring revenue, which represents Local Area Network installations and sale of Telecommunication Equipment, amounts to N\$43 million (30 June 2021: N\$30.8 million). This represents a growth of 41%. The growth is mainly attributable to a Local Area Network Installation from a new property development project.

The net profit before taxation, for Paratus Namibia, for the same period amounts to N\$ 47.0 million (30 June 2021: N\$40.8 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$114.2 million (30 June 2021: N\$94.4 million). This represents growth of 15.3% and 21%, respectively. The growth in profitability is mainly attributable to the overall revenue growth of 15% and the moderate increase of 10.2% in operating expenses, despite the growth of the national network and the increase in distributions centres across Namibia. The operating margins for the period under review is slightly lower than the previous reporting period and is mainly due to the lower margins realised from the higher non-recurring revenue.

For the 2023 financial year, a further N\$280 million investment into infrastructure was approved by the Board. This investment will mainly be earmarked for the following capex projects:

- Completion of the Data Center in Windhoek;
- Completion of the Equiano Cable Landing Station in Swakopmund, which landed on the Namibian coastline on 1 July 2022. The expected "Ready-For-Service" date is during first quarter of the 2023 calendar year;
- Fiber-to-the-X (FTTx) rollout; and
- Expansion of network infrastructure.

The capital expenditure is to be funded by a combination of own cash resources and the proceeds from the bond programme. An amount of N\$130 million is planned to be raised through the NSX approved bond programme during September 2022.

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 2022 Paratus Namibia has invested N\$282 million in infrastructure (30 June 2021: N\$178 million). Of this total investment, N\$128 million was invested in the National fiber network. An amount of N\$23 million was invested towards the LTE networks in Windhoek, the coastal towns, and the North of Namibia.

A total amount of N\$35.2 million was invested in the Cable Landing Station building in Swakopmund, which has now been completed and is ready for service.

To date, N\$110 million was invested in the Data Center. The total construction cost is budgeted at N\$123 million.

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 from the large depreciation charges recorded on infrastructure deployed.

3.3 Funding

For the period under review, Paratus Namibia have funded approximately 50% of the total capital investment from operational cash flows. 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.

3.4 Events after the reporting period

On 16 September 2022 a second tranche of N\$130 million was raised through the listed Domestic Medium-Term Note Programme. The second tranche of this programme was well received with bids totalling N\$363 million. Three-year notes to the value of N\$30 million was issued at an interest rate of 275 basis points above the 3 Month ZAR JIBAR rate. Five-year notes to the value of N\$100 million was issued at an interest rate of 325 basis points above the 3 Month ZAR JIBAR rate.

3.5 Changes to the Board

There have been no changes to the board of directors.

3.6 Contingent liabilities

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

3.7 Dividends declared

During the 2022 financial year the Group has declared dividends to the ordinary shareholders amounting to N\$ 9 744 625 (30 June 2021: 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: 20 September 2022
- Last date to trade cum dividend: 21 October 2022
- First day to trade ex dividend: 24 October 2022
- Record date: 28 October 2022
- Payment date: 11 November 2022

3.8 Appreciation

The Board would like to thank the management team, 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
23 September 2022

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 H Birch #, S I de Bruin ^, S L V Z Erasmus ^,
J J Esterhuysen *, M R Mostert #, J N N Shikongo #, A Hall ^, B R J Harmse ^
[*South African, #Independent, ^Executive]

SPONSOR

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SIMONIS STORM