

Paratus Namibia Holdings Ltd

Registration number: 2017/0558

Country of registration: Namibia

Condensed Consolidated and Separate Financial
Statements for the year ended 30 June 2023



PARATUS

Paratus Namibia Holdings Ltd

Paratus Namibia Holdings Limited

(Registration number : 2017/0558)

Condensed consolidated and separate financial statements
for the year ended 30 June 2023

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Paratus Namibia Holdings Limited
(Registration number: 2017/0558)
Condensed consolidated and separate financial statements
for the year ended 30 June 2023

Financial performance overview

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 an 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).

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.

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.

Dividends

The total dividends declared and paid for the 2023 financial year amounts to N\$ 9 744 625 (2022:N\$9 744 625).

Paratus Namibia Holdings Limited

(Registration number: 2017/0558)

Condensed consolidated and separate financial statements
for the year ended 30 June 2023

Statement of responsibilities of the board of directors

The directors are responsible for the preparation, integrity and objectivity of the condensed consolidated and separate financial statements that fairly present the state of affairs of the group at the end of the period, the profit and cash flow for the period and other information contained in this report.

To enable the directors to meet these responsibilities:

- The board and management set standards and management implements systems of internal control, accounting and information systems aimed at providing reasonable assurance that assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- The board audit, risk and compliance committees of the group, together with the external auditors, play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the period under review.

The group consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis.

The condensed consolidated and separate financial statements presented on pages 6 to 24 have been prepared in accordance with the provisions of the Companies Act of Namibia, 28 of 2004 (Companies Act of Namibia) and comply with the International Accounting Standard, (IAS) 34 Interim Financial Reporting.

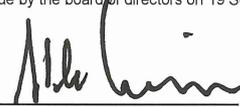
The directors are confident that the group will continue to operate as a going concern in the year ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on a going concern basis.

The condensed consolidated and separate financial statements have been reviewed by the independent auditing firm, PricewaterhouseCoopers, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the review were valid and appropriate. The independent auditor's review report is presented on pages 4 to 5.

The condensed consolidated and separate financial statements, set out on pages 6 to 24, were authorised and approved for issue by the board of directors on 19 September 2023 and are signed on their behalf:



A. Hall
Managing Director



S.I. de Bruin
Chief Financial Officer



INDEPENDENT AUDITOR'S REVIEW REPORT ON FINANCIAL STATEMENTS

To the Shareholders of Paratus Namibia Holdings Limited

We have reviewed the condensed consolidated and separate financial statements of Paratus Namibia Holdings Limited in the accompanying report, which comprise the condensed consolidated and separate statements of financial position as at 30 June 2023 and the related condensed consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Financial Statements

The directors are responsible for the preparation and presentation of these condensed financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the Companies Act of Namibia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated and separate financial statements of Paratus Namibia Holdings Limited for the year ended 30 June 2023 are not prepared, in all material respects,

PricewaterhouseCoopers, Registered Auditors
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in accordance with the International Financial Reporting Standard, (IAS) 34 *Interim Financial Reporting* and the requirements of the Companies Act of Namibia.

PricewaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans Hashagen
Partner
Windhoek
Date: 20 September 2023

Paratus Namibia Holdings Limited

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Condensed consolidated and separate financial statements
for the year ended 30 June 2023

Condensed Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

| Figures in Namibian Dollars | Notes | GROUP | | COMPANY | |
|--|-------------|--------------------------|-------------------------|--------------------------|-------------------------|
| | | Reviewed 30 June 2023 | Audited 30 June 2022 | Reviewed 30 June 2023 | Audited 30 June 2022 |
| Revenue | 25 | 471 878 706 | 404 857 007 | 11 013 565 | 10 007 257 |
| Cost of Sales | 26 | (226 800 614) | (190 726 746) | - | - |
| Gross profit | | 245 078 092 | 214 130 261 | 11 013 565 | 10 007 257 |
| Other operating income | 27 | 1 114 088 | 871 390 | - | - |
| Other operating losses | 28 | (1 300 319) | (5 297) | - | - |
| Net impairment losses on financial assets | | (928 064) | (598 636) | - | - |
| Operating expenses | 29 | (160 220 275) | (147 358 195) | (1 316 588) | (1 335 216) |
| Operating profit | | 83 743 522 | 67 039 523 | 9 696 977 | 8 672 041 |
| Investment income | | 36 334 | 7 696 | 29 181 785 | 13 951 588 |
| Finance costs | 10, 18 & 19 | (52 790 440) | (22 487 003) | (29 181 644) | (13 951 588) |
| Revaluation loss on land and buildings | | - | (4 730 000) | - | - |
| Profit before taxation | | 30 989 416 | 39 830 216 | 9 697 118 | 8 672 041 |
| Taxation | 30 | (11 360 980) | (18 097 366) | - | - |
| Profit after taxation | | 19 628 436 | 21 732 850 | 9 697 118 | 8 672 041 |
| Other comprehensive income | | - | (1 985 600) | - | - |
| Total comprehensive income | | 19 628 436 | 19 747 250 | 9 697 118 | 8 672 041 |
| Profit after taxation attributable to: | | | | | |
| Equity holders of the parent entity | | 18 825 653 | 21 321 410 | 9 697 118 | 8 672 041 |
| Non-controlling interests | | 802 783 | 411 440 | - | - |
| | | 19 628 436 | 21 732 850 | 9 697 118 | 8 672 041 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent entity | | 18 825 653 | 19 335 810 | 9 697 118 | 8 672 041 |
| Non-controlling interests | | 802 783 | 411 440 | - | - |
| | | 19 628 436 | 19 747 250 | 9 697 118 | 8 672 041 |
| Earnings before interest, taxation, depreciation and Amortisation (EBITDA) | | 162 968 804 | 122 748 039 | 9 696 977 | 8 672 041 |
| Net interest bearing debt / EBITDA (not be more than 3.5x) exclude contract liability | 31 | 1.96 | 1.69 | | |
| EBITDA to interest cover ratio (not be less than 2.5x) exclude contract liability interest | 31 | 5.46 | 11.14 | | |

The above Condensed Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023 should be read in conjunction with the accompanying notes.

Paratus Namibia Holdings Limited
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Condensed consolidated and separate financial statements
for the year ended 30 June 2023

Condensed Consolidated and Separate Statement of Financial Position as at 30 June 2023

| Figures in Namibian Dollars | Notes | GROUP | | COMPANY | |
|---------------------------------------|-------|--------------------------|-------------------------|--------------------------|-------------------------|
| | | Reviewed 30 June 2023 | Audited 30 June 2022 | Reviewed 30 June 2023 | Audited 30 June 2022 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 9 | 993 867 043 | 614 606 160 | - | - |
| Right-of-use asset | 10 | 5 289 465 | 1 726 934 | - | - |
| Intangible assets | 11 | 288 666 541 | 291 266 200 | - | - |
| Investment in subsidiaries | 12 | - | - | 279 557 322 | 279 557 322 |
| Loans to related parties | 13 | - | - | 375 699 206 | 416 687 071 |
| | | 1 287 823 049 | 907 599 294 | 655 256 528 | 696 244 393 |
| Current Assets | | | | | |
| Inventories | | 24 005 607 | 27 306 515 | - | - |
| Loans to related parties | 13 | - | 6 460 | 176 167 296 | 521 656 |
| Trade and other receivables | 14 | 62 619 749 | 51 690 516 | - | - |
| Investments at fair value | 15 | 2 447 532 | 4 691 541 | 31 620 | 4 668 455 |
| Current tax receivable | | 1 982 481 | 1 972 681 | - | - |
| Cash and cash equivalents | 16 | 14 480 346 | 3 686 536 | 132 478 | 218 039 |
| | | 105 535 715 | 89 354 249 | 176 331 394 | 5 408 150 |
| Total Assets | | 1 393 358 764 | 996 953 543 | 831 587 922 | 701 652 543 |
| EQUITY & LIABILITIES | | | | | |
| Equity | | | | | |
| Share capital | 17 | 487 231 | 487 231 | 487 231 | 487 231 |
| Share premium | 17 | 500 187 472 | 500 187 472 | 500 187 472 | 500 187 472 |
| Retained Income / (Accumulated Loss) | | 58 739 986 | 49 658 960 | (579 868) | (532 361) |
| Non-controlling interest | | 1 365 197 | 562 414 | - | - |
| | | 560 779 886 | 550 896 077 | 500 094 835 | 500 142 342 |
| Non-Current Liabilities | | | | | |
| Borrowings | 18 | 155 000 000 | 200 020 010 | 155 000 000 | 200 000 000 |
| Lease liabilities | 10 | 4 184 713 | 787 905 | - | - |
| Contract liabilities | 19 | 302 105 035 | 129 847 277 | - | - |
| Deferred tax | 20 | 44 294 781 | 34 135 333 | - | - |
| | | 505 584 529 | 364 790 525 | 155 000 000 | 200 000 000 |
| Current Liabilities | | | | | |
| Loans from related parties | 13 | - | 23 460 | - | - |
| Trade and other payables | 21 | 116 906 342 | 41 802 722 | 23 433 | 818 416 |
| Borrowings | 18 | 176 187 447 | 597 354 | 176 167 296 | 521 656 |
| Lease liability | 10 | 1 232 208 | 1 266 989 | - | - |
| Contract liabilities | 19 | 21 602 588 | 10 060 720 | - | - |
| Current tax payable | | 9 996 | 143 069 | - | - |
| Provisions | 22 | 10 982 831 | 13 623 751 | 229 908 | 121 900 |
| Dividends payable | 23 | 72 450 | 48 229 | 72 450 | 48 229 |
| Bank overdraft | 16 | 487 | 13 700 647 | - | - |
| | | 326 994 349 | 81 266 941 | 176 493 087 | 1 510 201 |
| Total Liabilities | | 832 578 878 | 446 057 466 | 331 493 087 | 201 510 201 |
| Total Equity & Liabilities | | 1 393 358 764 | 996 953 543 | 831 587 922 | 701 652 543 |

The above Condensed Consolidated and Separate Statement of Financial Position should be read in conjunction with the accompanying notes.

Paratus Namibia Holdings Limited
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Condensed Consolidated and Separate Statement of Cash Flows for the year ended 30 June 2023

| Figures in Namibian Dollars | Notes | GROUP | | COMPANY | |
|--|-------|----------------------|----------------------|----------------------|---------------------|
| | | Reviewed Jun-23 | Audited Jun-22 | Reviewed Jun-23 | Audited Jun-22 |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 24 | 201 830 563 | 128 421 214 | 2 646 836 | 22 962 633 |
| Interest Paid | | (29 199 733) | (10 971 193) | (29 181 644) | (13 946 773) |
| Interest Received | | 36 334 | 7 696 | 29 181 785 | 13 946 773 |
| Tax paid | | (1 344 405) | (559 925) | - | - |
| Net cash generated from operating activities | | 171 322 759 | 116 897 792 | 2 646 977 | 22 962 633 |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 9 | (265 337 558) | (279 751 793) | - | - |
| Proceeds on disposal of property, plant and equipment | | 12 499 | 156 870 | - | - |
| Acquisition of intangible assets | 11 | (4 160 721) | (2 008 592) | - | - |
| Finance lease receipts | | - | 4 088 | - | - |
| Deposits into money market funds and similar securities | 15 | (151 200 000) | (34 540 000) | - | - |
| Withdrawals from money market funds and similar securities | 15 | 155 350 400 | 193 340 400 | - | - |
| Funds advanced to subsidiary | | - | - | (134 650 000) | (23 100 000) |
| Funds advanced to related parties | | - | (19 409) | - | - |
| Proceeds from loans to related parties | | 6 460 | 216 372 | 11 637 865 | - |
| Net cash used in investing activities | | (265 328 920) | (122 602 064) | (123 012 135) | (23 100 000) |
| Cash flows from financing activities | | | | | |
| Repayment of borrowings | | (82 020) | (65 764) | - | - |
| Proceeds from borrowings | 18 | 130 000 000 | - | 130 000 000 | - |
| Payment on lease liabilities | 10 | (1 384 640) | (1 105 048) | - | - |
| Repayment of loans from related parties | | (23 460) | (309 813) | - | - |
| Dividends paid | | (9 720 403) | (9 734 697) | (9 720 403) | (9 734 697) |
| Net cash (used in) / generated from financing activities | | 118 789 477 | (11 215 322) | 120 279 597 | (9 734 697) |
| Decrease in cash equivalents | | 24 783 316 | (16 919 594) | (85 561) | (9 872 064) |
| Cash equivalents at beginning of the year | | (10 014 111) | 6 953 020 | 218 039 | 10 090 103 |
| Effect of exchange rates on cash and cash equivalents | | (289 346) | (47 537) | - | - |
| Cash equivalents at end of the year | 16 | 14 479 859 | (10 014 111) | 132 478 | 218 039 |

The above Condensed Consolidated and Separate Statement of Cash Flows should be read in conjunction with the accompanying notes.

Paratus Namibia Holdings Limited

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Condensed consolidated and Separate Statement of Changes in Equity for the year ended 30 June 2023

| | GROUP | | | | | | |
|--|----------------------|---------------|---------------------|---------------------|-------------------|---------------------------|--------------|
| | Stated share capital | Share premium | Total share capital | Revaluation reserve | Retained earnings | Non-controlling interests | Total equity |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Balance as at 01 July 2021 | 487 231 | 500 187 472 | 500 674 703 | 1 985 600 | 38 139 776 | 222 193 | 541 022 272 |
| Adjustments: | | | | | | | |
| Adjustment: Subsidiary | - | - | - | - | (57 603) | (71 217) | (128 820) |
| Adjusted balance as at 01 July 2021 | 487 231 | 500 187 472 | 500 674 703 | 1 985 600 | 38 082 173 | 150 976 | 540 893 452 |
| - Profit for the year | - | - | - | - | 21 321 410 | 411 440 | 21 732 850 |
| - Other comprehensive income | - | - | - | (1 985 600) | - | - | (1 985 600) |
| Total comprehensive income for the period | - | - | - | (1 985 600) | 21 321 410 | 411 440 | 19 747 250 |
| Dividends declared | - | - | - | - | (9 744 625) | - | (9 744 625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9 744 625) | - | (9 744 625) |
| Balance as at 01 July 2022 | 487 231 | 500 187 472 | 500 674 703 | - | 49 658 958 | 562 416 | 550 896 077 |
| - Profit for the year | - | - | - | - | 18 825 653 | 802 783 | 19 628 436 |
| - Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 18 825 653 | 802 783 | 19 628 436 |
| Dividends declared | - | - | - | - | (9 744 625) | - | (9 744 625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9 744 625) | - | (9 744 625) |
| Balance as at 30 June 2023 | 487 231 | 500 187 472 | 500 674 703 | - | 58 739 986 | 1 365 199 | 560 779 888 |
| Notes | 17 | 17 | 17 | | | | |

| | COMPANY | | | | | |
|--|----------------------|---------------|---------------------|---------------------|-------------------|--------------|
| | Stated share capital | Share premium | Total share capital | Revaluation reserve | Retained earnings | Total equity |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Balance as at 01 July 2021 | 487 231 | 500 187 472 | 500 674 703 | - | 540 223 | 501 214 926 |
| - Profit for the year | - | - | - | - | 8 672 041 | 8 672 041 |
| - Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | 8 672 041 | 8 672 041 |
| Dividends declared | - | - | - | - | (9 744 625) | (9 744 625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9 744 625) | (9 744 625) |
| Balance as at 01 July 2022 | 487 231 | 500 187 472 | 500 674 703 | - | (532 361) | 500 142 342 |
| - Profit for the year | - | - | - | - | 9 697 118 | 9 697 118 |
| - Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 9 697 118 | 9 697 118 |
| Dividends declared | - | - | - | - | (9 744 625) | (9 744 625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9 744 625) | (9 744 625) |
| Balance as at 30 June 2023 | 487 231 | 500 187 472 | 500 674 703 | - | (579 868) | 500 094 835 |
| Notes | 17 | 17 | 17 | | | |

The above Condensed consolidated and Separate Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Paratus Namibia Holdings Limited
(Registration number : 2017/0558)
Condensed consolidated and separate financial statements
for the year ended 30 June 2023

Notes the condensed consolidated and separate financial statements for the year ended 30 June 2023

1. General information

Nature of the business

Paratus Namibia Holdings Limited was incorporated in Namibia and is an investment holding company. Paratus Telecommunications (Proprietary) Limited, a wholly owned subsidiary of Paratus Namibia Holdings Limited, was incorporated in Namibia and operates in the information and communications technology industry.

Paratus Namibia Holdings Limited is listed on the Namibian Stock Exchange ("NSX").
Sector: Technology, Technology Hardware and Equipment, Telecommunications Equipment
Share code: PNH
ISIN: NA000A2DTQ42
Company registration number: 2017/0558

There have been no material changes to the nature of the company's business from the prior year.

2. Basis of presentation

The reviewed condensed consolidated and separate financial statements for the year ended 30 June 2023, is prepared in accordance with the requirements of the NSX Listings Requirements for provisional reports and the requirements of the Companies Act of Namibia. 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.

3. Accounting policies

The accounting policies applied in the preparation of the condensed consolidated and separate 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 condensed consolidated and separate 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 financial statements.

4. Standards and interpretations issued affecting amounts reported and disclosures in the current financial year

In the current year, the Group and Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|--|
| - Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 | 01 January 2022 | The impact of the amendments is not material |
| - Reference to the Conceptual Framework: Amendments to IFRS 3 | 01 January 2022 | The impact of the amendments is not material |
| - Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 | 01 January 2022 | The impact of the amendments is not material |
| - Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 | 01 January 2022 | The impact of the amendments is not material |
| - Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37 | 01 January 2022 | The impact of the amendments is not material |

5. Standards and interpretations not yet effective

The Group and Company have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group and Company's accounting years ending on or after 1 July 2023 or later periods:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|---|
| - Lease liability in a sale and leaseback | 01 January 2024 | Management is in the process of determining the impact. |
| - Initial application of IFRS 17 and IFRS 9 - Comparative information | 01 January 2023 | Management is in the process of determining the impact. |
| - Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 | 01 January 2023 | Management is in the process of determining the impact. |
| - Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2. | 01 January 2023 | Management is in the process of determining the impact. |
| - Definition of accounting estimates: Amendments to IAS 8 | 01 January 2023 | Management is in the process of determining the impact. |
| - Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 | 01 January 2023 | Management is in the process of determining the impact. |

6. Financial risk management and financial instruments

The group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The reviewed condensed consolidated and separate financial statements do not include all financial risk management information and disclosures required in the financial statements; they should be read in conjunction with the group's annual financial statements. There have been no significant changes in the risk management policies since the prior year-end.

7. Segmental reporting

The group discloses its operating segments according to the entity components regularly reviewed by the Executive Committee and in line with internal reporting provided to the chief operating decision-maker, identified as the Executive Committee of the group. The chief operating decision-maker, allocates resources to and assesses performance of the operating components of the entity. The group operates in the ICT industry, with its main operating segments being consumer business and enterprise business.

The group's assets and liabilities comprise all assets and liabilities that are employed by these segments in aggregate.

8. Income taxation expense

Income taxation expense is recognised based on a statutory income taxation rate of 32%.

The stand alone company, Paratus Namibia Holdings Limited, did not earn any taxable income for the year under review.

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9. Property, plant and equipment

| GROUP | 2023 | | | 2022 | | |
|--------------------------------|----------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | Cost / valuation | Accumulated depreciation | Carrying value | Cost / valuation | Accumulated depreciation | Carrying value |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | - | - | - | 14 280 005 | - | 14 280 005 |
| Data Center | 136 668 889 | (647 382) | 136 021 507 | - | - | - |
| Cable Landing station | 37 109 573 | (161 539) | 36 948 034 | - | - | - |
| Commercial buildings | 43 013 322 | - | 43 013 322 | 38 400 000 | - | 38 400 000 |
| Equiano Submarine Cable Branch | 185 236 700 | (6 174 557) | 179 062 143 | - | - | - |
| Fiber passive equipment | 58 300 667 | (15 170 547) | 43 130 120 | 52 836 255 | (7 232 855) | 45 603 400 |
| Fiber active equipment | 26 281 283 | (14 582 090) | 11 699 193 | 14 195 098 | (6 718 334) | 7 476 764 |
| Infrastructure | 455 481 459 | (51 618 476) | 403 862 983 | 335 847 450 | (25 454 884) | 310 392 566 |
| Core network assets | 127 559 511 | (42 330 726) | 85 228 785 | 73 422 962 | (32 633 678) | 40 789 284 |
| Equipment | 60 810 733 | (35 493 838) | 25 316 895 | 42 108 241 | (24 860 943) | 17 247 298 |
| Office equipment | 1 831 235 | (833 937) | 997 298 | 2 294 075 | (1 455 425) | 838 650 |
| Furniture & Fittings | 2 825 143 | (1 500 661) | 1 324 482 | 2 015 222 | (1 315 627) | 699 595 |
| Motor Vehicles | 8 273 387 | (5 109 380) | 3 164 007 | 5 751 813 | (2 674 388) | 3 077 425 |
| Capital Work in Progress | 24 098 274 | - | 24 098 274 | 135 801 173 | - | 135 801 173 |
| Total | 1 167 490 176 | (173 623 133) | 993 867 043 | 716 952 294 | (102 346 134) | 614 606 160 |

Reconciliation of property, plant and equipment - Group - 30 June 2023

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Closing Balance |
|--------------------------------|--------------------|--------------------|-----------------|---------------|---------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | 14 280 005 | - | - | (14 280 005) | - | - |
| Data Center | - | 26 652 670 | - | 110 016 219 | (647 382) | 136 021 507 |
| Cable Landing station | - | 977 673 | - | 36 131 900 | (161 539) | 36 948 034 |
| Commercial buildings | 38 400 000 | 643 322 | - | 3 970 000 | - | 43 013 322 |
| Equiano Submarine Cable Branch | - | 185 236 700 | - | - | (6 174 557) | 179 062 143 |
| Fiber passive equipment | 45 603 400 | 437 823 | - | - | (2 911 103) | 43 130 120 |
| Fiber active equipment | 7 476 764 | 8 371 437 | - | - | (4 149 008) | 11 699 193 |
| Infrastructure | 310 392 566 | 113 802 611 | (3 934) | - | (20 328 260) | 403 862 983 |
| Core network assets | 40 789 284 | 61 056 131 | - | 1 112 695 | (17 729 325) | 85 228 785 |
| Equipment | 17 247 298 | 26 130 879 | (10 896) | (1 112 695) | (16 937 691) | 25 316 895 |
| Office equipment | 838 650 | 455 036 | - | - | (296 388) | 997 298 |
| Furniture & Fittings | 699 595 | 1 232 428 | (17 779) | (36 941) | (552 821) | 1 324 482 |
| Motor Vehicles | 3 077 425 | 1 479 278 | - | - | (1 392 696) | 3 164 007 |
| Capital Work in Progress | 135 801 173 | 24 098 274 | - | (135 801 173) | - | 24 098 274 |
| Total | 614 606 160 | 450 574 262 | (32 609) | - | (71 280 770) | 993 867 043 |

Additions for the current year include N\$185 236 700 (USD11 000 000) from the Equiano Submarine Cable Branch, which was acquired in LIEU of services on existing infrastructure. This service contract resulted in a contract liability amounting to N\$151 557 300 (USD9 000 000) (refer note 19) and a portion which was not yet converted to services amounting to N\$33 679 400 (USD2 000 000). At 30 June 2023 the creditor amounted to N\$37 655 000 reflected under current liabilities, pertaining to the portion which was not converted to services yet (refer note 21).

Reconciliation of property, plant and equipment - Group - 30 June 2022

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Closing Balance |
|--------------------------|--------------------|--------------------|------------------|-----------|---------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | 14 280 005 | - | - | - | - | 14 280 005 |
| Commercial buildings | 46 050 000 | (7 650 000) | - | - | - | 38 400 000 |
| Fiber passive equipment | 48 496 542 | - | - | - | (2 893 142) | 45 603 400 |
| Fiber active equipment | 5 029 593 | 5 750 794 | - | - | (3 303 623) | 7 476 764 |
| Infrastructure | 203 029 041 | 122 028 334 | (144 544) | - | (14 520 265) | 310 392 566 |
| Core network assets | 25 818 990 | 26 474 965 | - | - | (11 504 671) | 40 789 284 |
| Equipment | 15 937 826 | 14 612 805 | (18 081) | - | (13 285 252) | 17 247 298 |
| Office equipment | 358 292 | 676 922 | - | - | (196 564) | 838 650 |
| Furniture & Fittings | 668 524 | 524 844 | - | - | (493 773) | 699 595 |
| Motor Vehicles | 2 840 641 | 1 547 439 | - | - | (1 310 655) | 3 077 425 |
| Capital Work in Progress | 27 507 208 | 108 293 965 | - | - | - | 135 801 173 |
| Total | 390 016 662 | 272 260 068 | (162 625) | - | (47 507 945) | 614 606 160 |

In the prior year additions / revaluations on property, plant and equipment include a prior year measurement adjustment amounting to N\$158 275, this amount was a non-cash flow addition.

Details of owner occupied land and buildings - Group

| | 30 Jun 2023 | 30 Jun 2022 |
|---|------------------|------------------|
| | N\$ | N\$ |
| Erf 232 (a portion of Erf 231), Prosperita | | |
| - Land at cost | 470 000 | 470 000 |
| - Improvements since acquisition | 1 768 628 | 1 125 306 |
| - Revaluations since acquisition | 6 994 694 | 6 994 694 |
| | 9 233 322 | 8 590 000 |

Property consists of Erf No.232 (a portion of Erf 231), Prosperita, in the Municipality of Windhoek, Registration Division", measuring 1,343 square metres. Held under Registered Deed of Transfer T0070/2008.

| | 30 Jun 2023 | 30 Jun 2022 |
|----------------------------------|-------------------|-------------------|
| | N\$ | N\$ |
| Erf no. 348, Prosperita | | |
| - Land at cost | 3 500 000 | 3 500 000 |
| - Improvements since acquisition | 18 876 499 | 18 876 499 |
| - Revaluations since acquisition | 11 403 501 | 11 403 501 |
| | 33 780 000 | 33 780 000 |

Property consists of Erf No. 348, Prosperita, in the Municipality of Windhoek, Registration Division "K", measuring 2,638 square metres. Registered under Deed of Transfer T5746/2008.

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9. Property, plant and equipment (continued)

Erf no. 10962 (a portion of erf no. 565) Swakopmund

| | 30 Jun 2023 | 30 Jun 2022 |
|----------------------------------|-------------------|----------------|
| | N\$ | N\$ |
| Land and building at cost | 30 761 262 | 955 000 |

Property consists of Erf no. 10962 (a portion of erf no. 565), in the municipality of Swakopmund, registration division "G", measuring 1,000 square meters. The cost of the land amounted to N\$1 069 600.

Portion 361 (apportion of portion 26) of the farm Brakwater no. 48

| | 30 Jun 2023 | 30 Jun 2022 |
|----------------------------------|--------------------|------------------|
| | N\$ | N\$ |
| Land and building at cost | 119 694 375 | 9 355 005 |

Property consists of Portion 361 (a portion of portion 26 of the farm Brakwater no. 48, in the Municipality of Windhoek, Registration Division "K", measuring 12,986 square metres. The cost of the land amounted to N\$9 355 005.

Details of valuations

Erf 232 and Erf 348 in Prosperita has been revalued. The effective date of the valuations was 26 April 2022. Revaluations were performed by an independent valuer, Mr. P.J.J. Wilders (valuation surveyor) of Pierewiet Property Valuations. Pierewiet Property Valuations are not connected to the company and have recent experience in location and category of the property being valued.

The valuation was based on open market value for existing use.

Property, plant and equipment are tangible assets which the group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land which is held at cost and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Revaluation techniques is determined by the independent valuers used and disclosed accordingly.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

| Item | Average useful life | Method |
|---|---------------------|----------------|
| Land | Indefinite life | Not applicable |
| Buildings - Data Center, Cable Landing Station and Commercial buildings | 40 years | Straight line |
| Equiano Submarine Cable Branch | 15 years | Straight line |
| Fiber (passive equipment) | 20 years | Straight line |
| Fiber (active equipment) | 5 years | Straight line |
| Infrastructure | 20 years | Straight line |
| Core network assets | 5 years | Straight line |
| Equipment | 3 to 5 years | Straight line |
| Office equipment | 5 years | Straight line |
| Furniture and fittings | 5 years | Straight line |
| Motor vehicles | 4 years | Straight line |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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10. Leases (company as a lessee)

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Right-of-use assets are classified separately and pertains to lease agreements on buildings only. The group leases various properties. Rental contracts are typically made for fixed periods of 3 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate. The incremental borrowing rate is estimated to be the Namibian prime rate at the lease commencement date for each lease.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by both parties.

Details pertaining to leasing arrangements, where the group is a lessee are presented below:

Right-of-use assets - Group

Reconciliation of right-of-use assets - 30 June 2023

| | Opening balance | Additions | Disposal / modifications | Remeasurement | Depreciation | Closing balance |
|------------------|------------------|------------------|-----------------------------|-----------------|--------------------|------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Buildings | 1 726 934 | 4 791 044 | - | (44 379) | (1 184 134) | 5 289 465 |

Reconciliation of right-of-use assets - 30 June 2022

| | Opening balance | Additions | Disposal / modifications | Remeasurement | Depreciation | Closing balance |
|------------------|------------------|----------------|-----------------------------|---------------|------------------|------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Buildings | 2 013 764 | 685 600 | (22 800) | - | (949 630) | 1 726 934 |

Depreciation recognised includes depreciation which has been expensed in the total depreciation charge in profit or loss. Right-of-use assets are depreciated over the term of the respective lease and is assessed on a regular basis.

At year-end all qualifying leases are reassessed and a lease modification is accounted for if necessary. No gain or loss on lease modification has been accounted for under other operating gains during the current year. (2022:N\$nil)

Other disclosures

| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
|--|--------------------|--------------------|
| Interest expense on lease liabilities | (173 101) | (157 137) |
| Expenses on short term leases included in operating expenses | (719 850) | (746 442) |
| Total cash flow from leases | (1 384 640) | (1 262 185) |

Lease liabilities - Group

Maturity analysis of lease liabilities are as follows:

| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
|-------------------------|--------------------|--------------------|
| Within one year | 1 629 087 | 1 383 146 |
| Two to five years | 4 777 545 | 899 154 |
| | 6 406 632 | 2 282 300 |
| | (989 711) | (227 406) |
| | 5 416 921 | 2 054 894 |
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Non-current liabilities | 4 184 713 | 787 905 |
| Current liabilities | 1 232 208 | 1 266 989 |
| | 5 416 921 | 2 054 894 |

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11. Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation year and the amortisation method for intangible assets are reviewed every year-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Average useful life | Method |
|--|---------------------|----------------|
| Paratus Brand | 6 Years | Straight line |
| Telecommunications License / Network Spectrum | Indefinite life | Not applicable |
| Free right of use (Fiber capacity - Botswana) | 18.17 years | Straight line |
| Computer software | 3 years | Straight line |
| Goodwill | Indefinite life | Not applicable |
| Customer base | 12 years | Straight line |
| Customer relationship - Botswana Fiber Network | 20 years | Straight line |

Reconciliation of intangible assets - group - 30 June 2023

| | Opening balance N\$ | Additions N\$ | Disposals N\$ | Depreciation N\$ | Closing Balance N\$ |
|--|------------------------|------------------|------------------|---------------------|------------------------|
| Paratus Brand | 9 692 900 | - | - | (2 769 400) | 6 923 500 |
| Telecommunications License / Network Spectrum | 241 408 500 | - | - | - | 241 408 500 |
| Free right of use (Fiber capacity - Botswana) | 21 732 110 | - | - | (1 387 156) | 20 344 954 |
| Computer software | 3 515 215 | 4 160 720 | - | (2 393 999) | 5 281 936 |
| Goodwill | 12 306 984 | - | - | - | 12 306 984 |
| Customer base | 64 329 | - | - | (64 329) | - |
| Customer relationship - Botswana Fiber Network | 2 546 162 | - | - | (145 495) | 2 400 667 |
| | 291 266 200 | 4 160 720 | - | (6 760 379) | 288 666 541 |

Reconciliation of intangible assets - group - 30 June 2022

| | Opening balance N\$ | Additions N\$ | Disposals N\$ | Depreciation N\$ | Closing Balance N\$ |
|--|------------------------|------------------|------------------|---------------------|------------------------|
| Paratus Brand | 12 462 300 | - | - | (2 769 400) | 9 692 900 |
| Telecommunications License / Network Spectrum | 241 408 500 | - | - | - | 241 408 500 |
| Free right of use (Fiber capacity - Botswana) | 23 119 266 | - | - | (1 387 156) | 21 732 110 |
| Computer software | 4 069 072 | 2 008 594 | - | (2 562 451) | 3 515 215 |
| Goodwill | 12 287 742 | 19 242 | - | - | 12 306 984 |
| Customer base | 450 297 | - | - | (385 968) | 64 329 |
| Customer relationship - Botswana Fiber Network | 2 691 657 | - | - | (145 495) | 2 546 162 |
| | 296 488 834 | 2 027 836 | - | (7 250 470) | 291 266 200 |

Intangible assets are amortised over their useful lives, except for the telecommunications license / network spectrum and goodwill which have indefinite useful lives. Intangible assets with indefinite useful lives are tested for impairment and all impairment losses are accounted for in profit or loss. At the end of the reporting period there were no indicators for impairment.

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12. Investment in subsidiaries

The following tables lists the entities controlled directly and indirectly by the group and company:

Company interest held directly by Paratus Namibia Holdings Limited

| Name of company | Carrying amounts 2023 N\$ | Carrying amounts 2022 N\$ | % voting power 2023 | % voting power 2022 | % holding 2023 | % holding 2022 |
|--|---------------------------------|---------------------------------|------------------------|------------------------|----------------|----------------|
| Paratus Telecommunications (Proprietary) Limited | 279 557 322 | 279 557 322 | 100% | 100% | 100% | 100% |

Group interests held indirectly - held by Paratus Telecommunications (Proprietary) Limited

| Name of company | Carrying amounts 2023 N\$ | Carrying amounts 2022 N\$ | % voting power 2023 | % voting power 2022 | % holding 2023 | % holding 2022 |
|--|---------------------------------|---------------------------------|------------------------|------------------------|----------------|----------------|
| Internet Technologies Namibia (Proprietary) Limited | 10 000 | 10 000 | 100% | 100% | 100% | 100% |
| Paratus Properties (Proprietary) Limited | 8 933 207 | 8 933 207 | 100% | 100% | 100% | 100% |
| Paratus Property Two (Proprietary) Limited | 14 498 004 | 14 498 004 | 100% | 100% | 100% | 100% |
| Paratus Voice Telecommunications (Proprietary) Limited | 100 | 100 | 100% | 100% | 100% | 100% |
| Bitstream Internet Solutions (Proprietary) Limited | 2 080 000 | 2 080 000 | 52% | 52% | 52% | 52% |

The carrying amounts of the subsidiaries are shown net of impairment losses.

13. Loans to related parties

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Loans to related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 220 699 206 | 216 687 071 |
| Interest will be charged at 0% per annum. There are no fixed terms of repayment, other than a 12 month notice period. The loan is a variable long-term loan for inter alia the following: | | | | |
| • A share buy-back from PNH; | | | | |
| • Cash contributions towards capital projects within the Company; | | | | |
| • Payments of expenses on behalf of the holding company; and | | | | |
| • Dividends payable to Paratus Namibia Holdings Limited to replenish reserves to enable dividend payments to the shareholders of Paratus Namibia Holdings Limited. | | | | |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 331 167 296 | 200 521 656 |
| The loan is a long-term loan for capital projects within the Group. Interest will be charged as per the Applicable Pricing Supplements for the respective Senior Unsecured Floating Rate Notes. Interest payments to be made to the note holders by Paratus Telecommunications (Proprietary) Limited on behalf of Paratus Namibia Holdings Limited. Repayment terms to be back-to-back with the Medium Term Note Programme's Applicable Pricing Supplement for the three years and five years notes issued by Paratus Namibia Holdings Limited, respectively. This loan is subject to a twelve month written notice period for repayment. | | | | |
| Misty Bay Investments One Hundred and Forty Close Corporation | - | (23 460) | - | - |
| This loan bears no interest and has no fixed repayment terms. | | | | |
| Synapse Business Solutions (Proprietary) Limited | - | 6 460 | - | - |
| This loan bears no interest and has no fixed repayment terms. | | | | |
| Non-current asset | - | - | 375 699 206 | 416 687 071 |
| Current assets | - | 6 460 | 176 167 296 | 521 656 |
| Non-current liabilities | - | (23 460) | - | - |
| | - | (17 000) | 551 866 502 | 417 208 727 |

14. Trade and other receivables

| | GROUP | | COMPANY | |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Financial instruments | | | | |
| Customer receivables | 56 540 044 | 26 427 232 | - | - |
| Expected credit losses | (4 636 002) | (3 707 939) | - | - |
| | 51 904 042 | 22 719 293 | - | - |
| Sundry debtors | 200 898 | 1 627 266 | - | - |
| Deposits | 680 482 | 664 332 | - | - |
| Non-financial instruments | | | | |
| Prepayments | 7 171 248 | 8 973 116 | - | - |
| VAT receivable | 2 663 079 | 17 706 509 | - | - |
| | 62 619 749 | 51 690 516 | - | - |

Customer receivables have been ceded to First National Bank of Namibia Limited as security for the overdraft facilities. (refer note 16)

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15. Investments at fair value

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Cirrus Capital Money Market Fund | 2 415 912 | 23 087 | - | - |
| Capricorn Corporate fund | 19 841 | 467 938 | 19 841 | 467 939 |
| Old Mutual Corporate Fund | 11 779 | 4 200 516 | 11 779 | 4 200 516 |
| | 2 447 532 | 4 691 541 | 31 620 | 4 668 455 |
| Details of Money market funds: | | | | |
| Cirrus Capital Money Market Fund | | | | |
| Opening balance | 23 087 | 132 044 684 | - | - |
| Withdrawals | (146 500 000) | (149 650 000) | - | - |
| Deposits | 147 000 000 | 15 000 000 | - | - |
| Dividends | 1 892 825 | 2 628 403 | - | - |
| | 2 415 912 | 23 087 | - | - |
| Capricorn Corporate fund | | | | |
| Opening balance | 467 938 | 10 002 675 | 467 938 | 10 002 675 |
| Withdrawals | (4 650 400) | (26 690 400) | (4 650 400) | (26 690 400) |
| Deposits | 4 200 000 | 17 000 000 | 4 200 000 | 17 000 000 |
| Dividends | 2 303 | 155 663 | 2 303 | 155 663 |
| | 19 841 | 467 938 | 19 841 | 467 938 |
| Old Mutual Corporate Fund | | | | |
| Opening balance | 4 200 516 | 17 808 922 | 4 200 516 | 17 808 922 |
| Withdrawals | (4 200 000) | (17 000 000) | (4 200 000) | (17 000 000) |
| Deposits | - | 2 540 000 | - | 2 540 000 |
| Dividends | 11 263 | 851 594 | 11 263 | 851 594 |
| | 11 779 | 4 200 516 | 11 779 | 4 200 516 |

Fair value hierarchy

Investments at fair value are classified as level 2 financial instruments.

Level 2 financial instruments are valued at prices relative to prices in the market.

No transfers of financial instruments have been made between fair value hierarchy levels during the year ended 30 June 2023 (30 June 2022: N\$Nil).

16. Cash and cash equivalents

| | GROUP | | COMPANY | |
|----------------|--------------------|---------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Cash on hand | 136 449 | 59 222 | - | - |
| Bank Balances | 14 343 897 | 3 627 313 | 132 478 | 218 039 |
| Bank overdraft | (487) | (13 700 647) | - | - |
| | 14 479 859 | (10 014 112) | 132 478 | 218 039 |

Cash and cash equivalents comprise of petty cash, cash balances and call deposits with maturities of three months or less from the acquisition date. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value.

Cash and cash equivalents are measured at amortised cost, which approximates its fair value. Interest earned on cash invested with financial institutions is recognised on an accrual basis using the effective interest method.

The group has sufficient borrowing capacity and undrawn financing facilities to sustain its cash flow requirements for the foreseeable future.

The bank overdraft facility with First National Bank of Namibia Limited, bears interest at the Namibian prime overdraft rate.

The above overdraft is secured as follows:

- Cession of debtors (refer note 14)

All excess cash not immediately required for operations is invested in money market funds to maximise returns (refer note 15).

Details of facilities available for future operating activities and commitments:

| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
|--------------------------------------|--------------------|--------------------|
| - Overdraft facility | 30 000 000 | 30 000 000 |
| - Contingent facility | 10 000 000 | 10 000 000 |
| - FOREX - forward exchange contracts | 1 000 000 | 1 000 000 |
| - Settlement facility | 160 000 | 160 000 |
| - Fleet | 200 000 | - |
| - First card facility | 300 000 | 300 000 |
| - Asset finance facility | 2 500 000 | 2 500 000 |

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was deemed to be immaterial.

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17. Share capital

Reconciliation of number of shares issued:

| | GROUP | | COMPANY | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 | 30 Jun 2022 | 30 Jun 2023 | 30 Jun 2022 |
| Reported as at 01 July | 48 723 123 | 48 723 123 | 48 723 123 | 48 723 123 |
| Issued | | | | |
| Ordinary shares at N\$0.01 | 487 231 | 487 231 | 487 231 | 487 231 |
| Share premium | 500 187 472 | 500 187 472 | 500 187 472 | 500 187 472 |
| | 500 674 703 | 500 674 703 | 500 674 703 | 500 674 703 |

18. Borrowings

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Held at amortised cost | | | | |
| Secured | | | | |
| Bank Windhoek Instalment Sales Agreement ¹ | 20 151 | 95 708 | - | - |
| Unsecured | | | | |
| Three-year Senior Unsecured Floating Rate Notes ² | 175 555 508 | 175 454 501 | 175 555 508 | 175 454 501 |
| Three-year Senior Unsecured Floating Rate Notes ³ | 30 117 565 | - | 30 117 565 | - |
| Five-year Senior Unsecured Floating Rate Notes ⁴ | 25 081 242 | 25 067 155 | 25 081 242 | 25 067 155 |
| Five-year Senior Unsecured Floating Rate Notes ⁵ | 100 412 981 | - | 100 412 981 | - |
| | 331 167 296 | 200 521 656 | 331 167 296 | 200 521 656 |
| Non-current liabilities | 155 000 000 | 200 020 010 | 155 000 000 | 200 000 000 |
| Current liabilities | 176 187 447 | 597 354 | 176 167 296 | 521 656 |
| | 331 187 447 | 200 617 364 | 331 167 296 | 200 521 656 |

¹ Bank Windhoek Instalment Sales Agreement are payable in monthly instalments, bears interest at prime linked interest rate per annum and is secured by assets with a carrying amount of N\$66 728 (30 June 2022: N\$172 087).

² The Three-year Unsecured Floating Rate Notes amounting to N\$175 million are due on 18 June 2024 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 300 basis points.

³ The Three-year Unsecured Floating Rate Notes amounting to N\$30 million are due on 16 September 2025 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 270 basis points.

⁴ The Five-year Unsecured Floating Rate Notes amounting to N\$25 million are due on 18 June 2026 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 325 basis points.

⁵ The Five-year Unsecured Floating Rate Notes amounting to N\$100 million are due on 16 September 2027 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 325 basis points.

The current portion of borrowings include Senior Unsecured Floating Rate Notes due to mature during June 2024. These notes, amounting to N\$ 175 million, will be rolled over at possible lower interest rates.

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Total interest expense for the year on the bonds: | 29 181 644 | 13 951 588 | 29 181 644 | 13 951 588 |

The Unsecured Floating Rate Notes are subject to the following covenant ratios:

| | GROUP | |
|---|-------------|-------------|
| | 30 Jun 2023 | 30 Jun 2022 |
| Net interest bearing debt / EBITDA multiple (not more than 3.5x) exclude contract liabilities | 1.96 | 1.69 |
| EBITDA interest cover multiple (not less than 2.5x) exclude contract liability interest | 5.46 | 11.14 |

19. Contract liabilities

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Indefeasible right of use - Trans Kalahari fiber route | 102 915 610 | 105 524 545 | - | - |
| Indefeasible right of use - Equiano | 152 087 210 | 26 931 667 | - | - |
| Indefeasible right of use - Equiano spectrum / capacity | 59 802 309 | - | - | - |
| Various other short term contract liabilities | 8 902 495 | 7 451 785 | - | - |
| | 323 707 623 | 139 907 997 | - | - |
| Contract liabilities - non-current | 302 105 035 | 129 847 277 | - | - |
| Contract liabilities - current | 21 602 588 | 10 060 720 | - | - |
| | 323 707 623 | 139 907 997 | - | - |
| | GROUP | | COMPANY | |
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Interest component : Indefeasible right of use - Trans Kalahari fiber route | 11 206 555 | 11 472 429 | - | - |
| Interest component : Indefeasible right of use - Equiano | 7 455 783 | - | - | - |
| Interest component :Indefeasible right of use - Equiano spectrum / capacity | 4 276 267 | - | - | - |
| | 22 938 605 | 11 472 429 | - | - |

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20. Deferred taxation

| | GROUP | | COMPANY | |
|---|------------------------|-------------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Deferred taxation liability | (44 294 781) | (34 135 333) | - | - |
| Reconciliation of deferred taxation assets / (liabilities) | | | | |
| At beginning of the year | (34 135 333) | (19 257 404) | - | - |
| Deductible temporary difference movement on property, plant and Taxable temporary difference movement on intangible assets | (65 457 217) 36 625 | (27 591 272) 523 781 | - | - |
| Deductible temporary difference movement on prepaid expense | (720 722) | (1 025 515) | - | - |
| Taxable / (Deductible) temporary difference movement on unrealised foreign exchange gains / losses | 1 394 663 | (167 911) | - | - |
| Taxable temporary difference movement on provisions | 448 693 | 313 104 | - | - |
| Taxable temporary difference movement on income received in advance | 21 596 351 | 7 033 833 | - | - |
| Deductible temporary difference movement on deposits by customers (Deductible) / Taxable temporary difference movement on right of use | 55 520 (1 140 010) | (2 126) 91 786 | - | - |
| Taxable / (Deductible) temporary difference movement on lease liability | 1 075 849 | (141 520) | - | - |
| Prior year adjustment in subsidiary - Bitstream Internet Sollutions (Pty) Ltd | - | 45 602 | - | - |
| Tax loss available for set-off against taxable future taxable income | 32 550 800 | 6 042 309 | - | - |
| | (44 294 781) | (34 135 333) | - | - |

21. Trade and other payables

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Financial instruments: | | | | |
| Trade payables | 97 916 062 | 33 499 978 | 23 433 | 705 462 |
| Leave pay accrual | 5 440 229 | 4 695 694 | - | - |
| Salary accrual | 3 452 602 | 3 329 944 | - | - |
| Deposits received | 224 729 | 51 229 | - | - |
| Non-financial instruments | | | | |
| VAT | 9 872 720 | 112 923 | - | - |
| Non-resident shareholders taxation payable | - | 112 954 | - | 112 954 |
| | 116 906 342 | 41 802 722 | 23 433 | 818 416 |
| Financial instruments and non-financial instrument components of trade and other payables | | | | |
| At amortised cost | 107 033 622 | 41 576 845 | 23 433 | 705 462 |
| Non-financial instruments | 9 872 720 | 225 877 | - | 112 954 |
| | 116 906 342 | 41 802 722 | 23 433 | 818 416 |

22. Provisions

| Reconciliation of group provisions - 30 June 2023 | Opening Balance | Additions | Utilised during the year | Closing Balance |
|---|-------------------|-------------------|-----------------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Provision: CRAN regulatory levv | 2 115 441 | - | (1 496 886) | 618 555 |
| Provision: Audit fees | 1 003 061 | 1 279 298 | (987 251) | 1 295 108 |
| Salary provision | 10 505 249 | 8 443 085 | (9 879 166) | 9 069 168 |
| | 13 623 751 | 9 722 383 | (12 363 303) | 10 982 831 |
| Reconciliation of group provisions - 30 June 2022 | | | | |
| Provision: CRAN regulatory levv | 1 866 934 | 248 507 | - | 2 115 441 |
| Provision: Audit fees | 469 050 | 1 079 119 | (545 108) | 1 003 061 |
| Salary provision | 6 524 751 | 12 117 377 | (8 136 879) | 10 505 249 |
| | 8 860 735 | 13 445 003 | (8 681 987) | 13 623 751 |

Every licensed telecommunications company in Namibia was subject to a universal service levy payable to Communications Regulatory Authority of Namibia (CRAN). In instances where a licensee held any combination of licenses, such licensee may calculate the levy based on its total annual turnover from the aggregate revenue generated from the combined licenses.

A provision for audit fees is created based on the expected fees to be paid for the services rendered for the current financial year-end.

Salary provisions include provision for bonuses to the amount of N\$8 226 455 (30 June 2021: N\$9 662 536) and provision for severance pay to the amount of 842 713 (30 June 2022: N\$842 713).

The amount recognised as a provision is the best estimate of the expenditure required to settle the recent obligation at the balance sheet date, that is, the amount that the company would rationally pay to settle the obligation at the balance sheet date.

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23. Dividends payable

| | GROUP | | COMPANY | |
|-------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Opening balance 01 July | 48 229 | 38 301 | 48 229 | 38 301 |
| Dividends declared | 9 744 625 | 9 744 625 | 9 744 625 | 9 744 625 |
| Dividends paid out | (9 720 404) | (9 734 697) | (9 720 404) | (9 734 697) |
| Closing balance | 72 450 | 48 229 | 72 450 | 48 229 |

On 20 September 2022 the directors declared a final dividend of 10 cents per ordinary share for the 2022 financial year amounting to N\$4 872 312.

On 22 March 2023 the directors declared a dividend of 10 cents per ordinary share, amounting to N\$4 872 312.

Aggregate dividends declared for the year amounts to N\$9 744 625 (30 June 2022: N\$9 744 625).

24. Cash generated from operations

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Profit for the year | 30 989 416 | 39 830 216 | 9 697 118 | 8 672 041 |
| Adjusted for: | | | | |
| Depreciation on property, plant and equipment | 71 280 769 | 47 507 945 | - | - |
| Depreciation right of use asset | 1 184 134 | 949 630 | - | - |
| Amortisation on intangible assets | 6 760 379 | 7 250 470 | - | - |
| Loss / (profit) on sale of property, plant and equipment | 20 110 | 5 755 | - | - |
| (Gains) / losses on foreign exchange | 4 261 763 | (338 370) | - | - |
| Loss on fair value adjustments | - | 4 730 000 | - | - |
| Dividend income | (1 906 390) | (3 635 658) | (11 013 565) | (10 007 257) |
| Interest Received | (36 334) | (7 696) | (29 181 785) | (13 951 588) |
| Interest Paid | 29 678 735 | 10 857 437 | 29 181 644 | 13 951 588 |
| Interest paid lease liability | 173 101 | 157 137 | - | - |
| Revenue - contract liabilities | (29 313 705) | (13 815 488) | - | - |
| Finance cost - Contract liability | 22 938 605 | 11 472 429 | - | - |
| Movements in provisions | (2 714 108) | 4 763 016 | 108 008 | 7 491 |
| Changes in working capital: | | | | |
| Inventories | 3 300 908 | (8 551 328) | - | - |
| Trade and other receivables | (7 038 139) | (9 439 403) | - | - |
| Prepayments | 1 801 867 | (1 246 949) | - | - |
| Contract liabilities | 38 539 941 | 30 713 433 | - | - |
| Trade and other payables | 31 909 511 | 7 218 638 | (794 984) | 139 958 |
| Investments at fair value | - | - | 4 650 400 | 24 150 400 |
| | 201 830 563 | 128 421 214 | 2 646 836 | 22 962 633 |

25. Revenue

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is generated from the provision of Information and Communication Technology (ICT) services to customers. The company operates in the ICT industry, with its main operating segments being consumer business and enterprise business.

The company disaggregates revenue from customers as follows:

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Timing of revenue recognition | | | | |
| At a point in time | | | | |
| Connectivity | 17 206 437 | 15 273 080 | - | - |
| Local Area Network | 17 212 527 | 27 983 694 | - | - |
| Cloud | 381 982 | 164 979 | - | - |
| Voice | 300 218 | - | - | - |
| Security | 5 549 | 18 047 | - | - |
| | 35 106 713 | 43 439 800 | - | - |
| Over time | | | | |
| Connectivity | 340 753 987 | 290 893 591 | - | - |
| Revenue recognised on delivery of goods/ services previously paid for - Indefeasible Right-of-Use | 29 313 705 | 13 815 488 | - | - |
| Revenue recognised on delivery of goods/ services previously paid for - other | 16 318 182 | 10 127 202 | - | - |
| Cloud | 23 829 815 | 16 895 544 | - | - |
| Voice | 16 134 305 | 16 340 214 | - | - |
| Local Area Network | 11 579 281 | 11 535 750 | - | - |
| Security | 35 211 | 35 211 | - | - |
| Discount allowed | (3 098 883) | (1 861 451) | - | - |
| | 434 865 603 | 357 781 549 | - | - |
| Total revenue from contracts with customers | 469 972 316 | 401 221 349 | - | - |
| Revenue other than through contracts with customers consists of dividends received from investments. | | | | |
| Dividends received - money market funds | 1 906 390 | 3 635 658 | 13 565 | 1 007 257 |
| Dividends received - subsidiaries | - | - | 11 000 000 | 9 000 000 |
| | 1 906 390 | 3 635 658 | 11 013 565 | 10 007 257 |
| Total revenue | 471 878 706 | 404 857 007 | 11 013 565 | 10 007 257 |

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26. Cost of sales

| | GROUP | | COMPANY | |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Rendering of services | 158 901 130 | 147 307 275 | - | - |
| Stock purchase price variance | (55 875) | (71 156) | - | - |
| Stock adjustments | 1 416 952 | 351 267 | - | - |
| Depreciation | 66 646 368 | 43 166 268 | - | - |
| Discount received | (107 961) | (26 908) | - | - |
| | 226 800 614 | 190 726 746 | - | - |

27. Other operating income

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Administration and management fees received | 28 223 | 25 343 | - | - |
| Sundry income | 1 085 865 | 846 047 | - | - |
| | 1 114 088 | 871 390 | - | - |

28. Other operating (losses) / gains

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Losses on disposal, scrapping and settlements | | | | |
| Property, plant and equipment | (20 110) | (5 755) | - | - |
| Foreign exchange (losses) / gains | | | | |
| Net foreign exchange (losses) / gains | (1 337 456) | 458 | - | - |
| Impairment losses | | | | |
| Impairment of loan | 57 247 | - | - | - |
| Total other operating losses | (1 300 319) | (5 297) | - | - |

29. Operating profit

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Operating profit for the year is stated after charging (crediting) the following, amongst others: | | | | |
| Auditor's remuneration - external | | | | |
| Audit fees - PWC | 1 285 733 | 1 133 543 | 229 908 | 122 475 |
| Consulting fees - PWC | 101 205 | 301 151 | - | - |
| Training - PWC | 2 261 | 4 130 | - | - |
| | 1 389 199 | 1 438 824 | 229 908 | 122 475 |
| Auditor's remuneration - internal | 436 000 | 132 000 | - | - |
| Remuneration, other than to employees | | | | |
| Consulting and professional services | 3 486 667 | 3 840 824 | 543 714 | 109 512 |
| Secretarial services | 759 282 | 1 358 760 | 413 612 | 970 122 |
| Sponsor retainer | 33 834 | 31 919 | 33 834 | 31 919 |
| | 4 279 783 | 5 231 503 | 991 160 | 1 111 553 |
| Directors' remuneration | | | | |
| Non-executive directors' fees | 1 046 475 | 903 511 | - | - |
| Non-executive directors' fees include all directors and members of sub-committees fees. | | | | |
| Employee costs | | | | |
| As at 30 June 2023 the group had 206 permanent employees (2022: 202). The total cost of employment of all employees including executive directors and key management, was as follows: | | | | |
| Salaries, wages, bonuses and other benefits | 89 317 201 | 58 095 996 | - | - |
| Leases | | | | |
| Short-term lease payments | | | | |
| Premises ⁴ | 719 850 | 746 442 | - | - |
| Depreciation and amortisation | | | | |
| Depreciation of property, plant and equipment | 71 280 769 | 47 507 945 | - | - |
| Depreciation of right-of-use assets | 1 184 134 | 949 630 | - | - |
| Amortisation of intangible assets | 6 760 379 | 7 250 470 | - | - |
| Total depreciation and amortisation | 79 225 282 | 55 708 045 | - | - |
| Less: Depreciation and amortisation included in cost of sales | (66 646 368) | (43 166 268) | - | - |
| Total depreciation and amortisation expensed | 12 578 914 | 12 541 777 | - | - |

⁴ Payments associated with short-term lease and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

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29. Operating profit (continue)

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Net impairment losses on financial asset | | | | |
| Trade and other receivables | 928 064 | 598 636 | - | - |
| Expenses by nature | | | | |
| The total marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows: | | | | |
| Advertising | 10 918 408 | 8 375 879 | - | - |
| Auditor's remuneration | 1 389 199 | 1 438 824 | 229 908 | 122 475 |
| Bad debts | 63 676 | 455 077 | - | - |
| Bank charges | 1 110 493 | 1 192 250 | 5 793 | 6 526 |
| Cost of sales - depreciation | 66 646 368 | 43 166 268 | - | - |
| Cost of sales - excluding depreciation | 160 154 246 | 147 560 478 | - | - |
| Depreciation, amortisation and impairment | 12 578 914 | 12 541 777 | - | - |
| Employee costs | 89 317 201 | 85 095 996 | - | - |
| Insurance | 3 547 060 | 3 357 225 | - | - |
| License fees | 12 493 932 | 10 324 277 | - | - |
| Motor vehicle expenses | 3 141 750 | 2 076 922 | - | - |
| Net impairment losses on financial assets | 928 064 | 598 636 | - | - |
| Non-executive directors' fees | 1 046 475 | 903 511 | - | - |
| Operating lease charges | 719 850 | 746 442 | - | - |
| Other expenses ⁵ | 8 669 895 | 6 920 633 | 89 727 | 94 662 |
| Remuneration, other than to employees | 4 279 783 | 5 231 503 | 991 160 | 1 111 553 |
| Repairs and maintenance | 3 600 994 | 2 377 779 | - | - |
| Staff welfare | 3 697 807 | 3 359 287 | - | - |
| Telephone | 1 185 597 | 1 229 825 | - | - |
| Travelling | 2 459 241 | 1 730 988 | - | - |
| | 387 948 953 | 338 683 577 | 1 316 588 | 1 335 216 |
| ⁵ Other expenses pertains to 10% or less of total operating expenses, and has not been split out in more detail. | | | | |
| Analysis of expenses by nature: | | | | |
| Cost of sales | 226 800 614 | 190 726 746 | - | - |
| Net impairment losses on financial assets | 928 064 | 598 636 | - | - |
| Other operating expenses | 160 220 275 | 147 358 195 | 1 316 588 | 1 335 216 |
| | 387 948 953 | 338 683 577 | 1 316 588 | 1 335 216 |

30. Taxation

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Major components of the taxation expense | | | | |
| Current | | | | |
| Local income taxation - current period | 602 808 | 501 662 | - | - |
| Foreign income taxation or withholding taxation - recognised in current taxation | 598 725 | 1 737 772 | - | - |
| | 1 201 533 | 2 239 434 | - | - |
| Deferred | | | | |
| Property, plant and equipment | 65 457 216 | 28 525 674 | - | - |
| Intangible assets | (36 625) | (523 781) | - | - |
| Prepaid expenses | 720 722 | 1 025 515 | - | - |
| Unrealised foreign gains / (losses) | (1 394 663) | 167 911 | - | - |
| Provisions | (448 693) | (313 104) | - | - |
| Income received in advance | (21 596 351) | (7 033 833) | - | - |
| Deposits by customers | (55 520) | 2 126 | - | - |
| Right-of use assets | 1 140 010 | (91 786) | - | - |
| Lease liability | (1 075 849) | 141 520 | - | - |
| Tax loss available for set-off against taxable future taxable income | (32 550 798) | (6 042 310) | - | - |
| | 10 159 447 | 15 857 932 | - | - |
| Taxation | 11 360 980 | 18 097 366 | - | - |
| Taxation on other comprehensive income | | | | |
| Deferred taxation through other comprehensive income | - | (934 400) | - | - |
| Total income taxation | 11 360 980 | 17 162 966 | - | - |

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30. Taxation (continue)

| | GROUP | | COMPANY | |
|---|--------------|--------------|-------------|-------------|
| | 30 Jun 2023 | 30 Jun 2022 | 30 Jun 2023 | 30 Jun 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Reconciliation of the tax expense | | | | |
| Reconciliation between accounting profit and tax expense | | | | |
| Accounting profit | 30 989 416 | 39 830 216 | 9 697 118 | 8 672 041 |
| Other comprehensive income | - | (2 920 000) | - | - |
| Tax at the applicable tax rate of 32% (2021: 32%) | 9 916 613 | 11 811 269 | 3 103 078 | 2 775 053 |
| Tax effect of adjustments on taxable income | | | | |
| Dividends received | (610 045) | (1 163 411) | (3 524 341) | (3 202 322) |
| Expenses not deductible (no taxable income) | 421 263 | 427 269 | 421 263 | 427 269 |
| Capital profit on sale of fixed assets | (560) | - | - | - |
| Fair value adjustment on buildings | - | 2 448 000 | - | - |
| Fines and penalties | 144 | 7 190 | - | - |
| Donations | 32 083 | 22 656 | - | - |
| Unutilised withholding tax - forfeited | 598 725 | 1 737 772 | - | - |
| Amortisation of intangible assets resulting from business combination | 1 032 765 | 1 032 764 | - | - |
| Impairment on loan | (18 319) | - | - | - |
| Prior period adjustment | (11 690) | 839 457 | - | - |
| | 11 360 980 | 17 162 966 | - | - |
| Effective taxation rate | 36.7% | 46.5% | 0.0% | 0.0% |

No provision has been made for 2023 tax as the company has no taxable income. At 30 June 2023 the Group and Company have combined income taxation losses available for set-off against future taxable income amounting to N\$142 463 417 (2022: N\$42 997 923)

31. Other information

| | GROUP | |
|---|----------------|----------------|
| | 30 Jun 2023 | 30 Jun 2022 |
| Total number of shares in issue | 48 723 123 | 48 723 123 |
| Weighted number of shares in issue | 48 723 123 | 48 723 123 |
| Net asset value per share (cents per share) | 1 151 | 1 131 |
| Listed market price per share (cents per share) | 1 275.00 | 1 290 |
| Premium to net asset value | 10.78% | 14.09% |
| Capital commitments (including approved but not contracted) | N\$137 800 000 | N\$293 300 000 |
| Market capitalisation | N\$621 219 818 | N\$628 528 287 |
| Earnings before interest, taxation, depreciation and importation (EBITDA) | 162 968 804 | 122 748 039 |
| EBITDA Margin % | 34.54% | 30.32% |
| Net interest bearing debt/ EBITDA multiple (not more than 3.5x) * | 1.96 | 1.69 |
| EBITDA interest cover multiple (not less than 2.5x) * | 5.46 | 11.14 |

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

Earnings

Profit for the year attributable to the equity holders of the parent

Headline adjustments:

After taxation loss on sale of property, plant and equipment

Impairment gain on loan

Loss on revaluation of owner occupied property

Headline earnings

Basic earnings per ordinary share (cents)

Headline earnings per ordinary share (cents)

Dividend per share (cents)

| | 30 Jun 2023 | 30 Jun 2022 |
|--|-------------------|-------------------|
| | N\$ | N\$ |
| | 18 825 653 | 21 321 410 |
| | 13 675 | 3 913 |
| | (57 247) | - |
| | - | 4 730 000 |
| | 18 782 081 | 26 055 323 |
| | 30 Jun 2023 | 30 Jun 2022 |
| | Cents | Cents |
| | 38.64 | 43.76 |
| | 38.55 | 53.48 |
| | 20.00 | 20.00 |

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32. Commitments and contingencies

| | Group | | Company | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Capital commitments | | | | |
| Authorised but not contracted for: | | | | |
| Property and equipment | 137 800 000 | 280 300 000 | - | - |
| Contracted for but not yet incurred: | | | | |
| Property and equipment | - | 13 000 000 | - | - |

For the 2024 financial year, a further N\$137,8 million investment into infrastructure for Paratus Telecommunications (Pty) Ltd was approved by the Board.

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 Branch, which was acquired in LIEU of services on existing infrastructure. At 30 June 2023 an amount of N\$37.65 million is reflected under current liabilities, as this is a portion of the Equiano Branch acquisition price, which was not converted to a service 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. 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 Sub-Sea 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.

The directors have not identified any other material commitments and contingencies for the year under review.

33. Events occurring after the reporting period

Dividends declared

On 19 September 2023 the directors declared a dividend of 10c per ordinary share amounting to N\$4 872 312.

Other events

The directors are not aware of any material subsequent events after the reporting period that will have a significant impact on the annual financial statements.

34. Related parties

| | |
|--|--|
| Executive directors | A. Hall S.L.V. Erasmus S.I. de Bruin B.R.J. Harmse R.P.K. Mendelsohn (alternate director to B.R.J. Harmse) G.P.J. Duvenhage (alternate director to A. Hall) |
| Non-executive directors | H.B. Gerdes J.N.N. Shikongo M.R. Mostert R.R. Graig |
| Members of key management | D.J. Malan G.E. Cloete S. Frank-Schultz |
| Subsidiaries | Paratus Telecommunications (Proprietary) Limited - Namibia Paratus Properties (Proprietary) Limited Paratus Property Two (Proprietary) Limited Internet Technologies Namibia (Proprietary) Limited Paratus Voice Telecommunications (Proprietary) Limited Bitstream Internet Solutions (Proprietary) Limited |
| Shareholder | Paratus Group Holdings Limited - Mauritius |
| Related entities (similar shareholder and directors) | Paratus Telecommunications Limited - Mauritius Internet Technologies Africa Ltd - (registered in Mauritius) Paratus Telecommunications Limited - Zambia Paratus Telecommunications (Proprietary) Limited - Botswana Broadband Botswana Internet (Proprietary) Limited - (registered in Botswana) Paratus Telecommunication (Proprietary) Limited - South Africa Maxwell Technologies (Proprietary) Limited - South Africa Paratus Telecom S.A. - Mozambique Canocopy (Proprietary) Limited - Namibia ITA Angola S.A. - registered in Angola Finatic Technologies (Proprietary) Limited - (registered in Namibia) Capricorn Investment Group Limited - (registered in Namibia) |
| Related entities (similar members as subsidiary) | Synapse Business Solutions (Proprietary) Limited Misty Bay Investments One Hundred and Forty Close Corporation Maya Investments Close Corporation |

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34. Related parties (continued)

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ | 30 Jun 2023 N\$ | 30 Jun 2022 N\$ |
| Related party balances | | | | |
| Investment in subsidiary | | | | |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 279 557 322 | 279 557 322 |
| Loan accounts - owing by / (to) related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 220 699 206 | 216 687 071 |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 331 167 296 | 200 521 656 |
| Misty Bay Investments One Hundred and Forty Close Corporation | - | (23 460) | - | - |
| Synapse Business Solutions (Proprietary) Limited | - | 6 460 | - | - |
| Amounts included in trade receivables regarding related parties | | | | |
| Paratus Telecom S.A. - (registered in Angola) | 2 251 115 | 191 143 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 334 729 | 149 445 | - | - |
| Canocopy (Proprietary) Limited | 68 032 | 120 275 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | - | 320 466 | - | - |
| Paratus Telecommunications Limited - Mauritius | 1 090 874 | 2 865 117 | - | - |
| Paratus Telecommunications Limited - Zambia | 561 539 | 197 166 | - | - |
| Paratus Telecom S.A. - Mozambique | 56 685 | 13 165 | - | - |
| Synapse Business Solutions (Proprietary) Limited | 65 665 | - | - | - |
| Amounts included in trade payables regarding related parties | | | | |
| Canocopy (Proprietary) Limited | 121 573 | 35 541 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 4 226 021 | 353 363 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 1 129 349 | 471 993 | - | - |
| Synapse Business Solutions (Proprietary) Limited | 46 000 | - | - | - |
| Related party transactions | | | | |
| Revenue received from related parties | | | | |
| Paratus Telecom S.A. - (registered in Angola) | 6 082 151 | 1 287 813 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 1 069 017 | 321 510 | - | - |
| Canocopy (Proprietary) Limited | 813 430 | 735 392 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 569 238 | 706 143 | - | - |
| Paratus Telecommunications Limited - Mauritius | 22 409 726 | 9 533 080 | - | - |
| Paratus Telecommunications Limited - Zambia | 1 145 376 | 330 248 | - | - |
| Paratus Telecom S.A. - Mozambique | 64 024 | 43 722 | - | - |
| Synapse Business Solutions (Proprietary) Limited | 346 341 | 374 148 | - | - |
| Interest received from related parties | | | | |
| Canocopy (Proprietary) Limited | - | 3 782 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 29 181 644 | 13 951 588 |
| Dividends received from related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited - Namibia | - | - | 11 000 000 | 9 000 000 |
| Purchases from related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 25 111 599 | 782 095 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 5 999 886 | 5 571 847 | - | - |
| Paratus Telecommunications Limited - Mauritius | 23 513 919 | 20 289 067 | - | - |
| Paratus Telecommunications Limited - Zambia | - | 84 040 | - | - |
| Synapse Business solutions (Proprietary) Limited | 701 174 | 591 964 | - | - |
| Rent paid to related parties | | | | |
| Maya Investments Close Corporation | 170 460 | 133 600 | - | - |
| Printing and stationery | | | | |
| Canocopy (Proprietary) Limited | 1 166 358 | 586 514 | - | - |
| Administration and consulting fees paid to related parties | | | | |
| Synapse Business solutions (Proprietary) Limited | 336 000 | 336 000 | - | - |
| Compensation to directors and other key management | | | | |
| Non-executive directors fees | 1 046 475 | 903 511 | - | - |
| Short term employee benefits - executive directors | 8 676 234 | 8 712 553 | - | - |
| Short term employee benefits - key management | 4 551 607 | 6 792 441 | - | - |



PARATUS
Paratus Namibia Holdings Ltd