Paratus Telecommunications (Proprietary) Limited

Registration number: 2007/0100

Annual Financial Statements
for the year ended 30 June 2024

PARATUS
Always Prepared

General Information

Company registration number	2007/0100
Country of incorporation and domicile	Namibia
Nature of business and principal activities	Information and Communication Technology and all related services
Directors	S.L.V. Erasmus A. Hall B.R.J. Harmse S.I. de Bruin H.B. Gerdes J.N.N. Shikongo R.R. Graig I.D.J. van de Merwe
Alternate directors	R.P.K. Mendelsohn G.P.J. Duvenhage
Registered office	104 - 106 Nickel Street Prosperita Windhoek Namibia
Business address	104 - 106 Nickel Street Prosperita Windhoek Namibia
Postal address	P.O. Box 81588 Olympia Windhoek Namibia
Holding company	Paratus Namibia Holdings Limited incorporated in Namibia
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia)
Secretary	Cronjé Secretarial Services (Pty) Ltd

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 28 of 2004 of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS Accounting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2025 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 60, which have been prepared on the going concern basis, were approved by the board of directors on 17 September 2024 and were signed on their behalf by:

Director	**Director**

Independent auditor's report

To the Member of Paratus Telecommunications (Proprietary) Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Paratus Telecommunications (Proprietary) Limited (the Company) as at 30 June 2024, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Namibia.

What we have audited

Paratus Telecommunications (Proprietary) Limited's financial statements set out on pages 7 to 60 comprise:

- the directors' report for the year ended 30 June 2024;
- the statement of financial position as at 30 June 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standard)* (Code of Conduct) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the Code of Conduct and in accordance with other ethical requirements applicable to performing audits in Namibia.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Paratus Telecommunications (Proprietary) Limited

Registration number: 2007/0100 Annual Financial Statements for the year ended 30 June 2024". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PriceWaterhouseCoopers

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans F Hashagen
Partner
Windhoek, Namibia
Date: 20 September 2024

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Paratus Telecommunications (Pty) Ltd for the year ended 30 June 2024.

1. Nature of business

Paratus Telecommunications (Pty) Ltd was incorporated in Namibia with principal activities in the Information and Communications Technologies ("ICT") industry, fast expanding into the Digital Service Provider industry. The company operates in Namibia.

The core services provided by the company are Internet related services.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with IFRS Accounting Standards and the requirements of the Companies Act of Namibia. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in these annual financial statements.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

	2024	2023
Authorised	**Number of shares**	
Ordinary shares	100,000	100,000

	2024	2023	2024	2023
Issued	**N$**	**N$**	**Number of shares**	
Ordinary shares of N$5 each	500	500	100	100

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Interim dividend of 5,000,000 cents per share was declared and paid on 08 March 2024. This dividend equated to a total of N$5,000,000.

The board of directors approved dividends to Paratus Namibia Holdings Limited, during the current financial year, to replenish the reserves in the holding company to enable dividend payments to the shareholders of Paratus Namibia Holdings Limited. The dividends declared and paid during the current financial year amounts to N$11,000,000 (2023: N$11,000,000).

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 30 June 2024 the company's investment in property, plant and equipment amounted to N$1,049,805,924 (2023: N$950,656,818), of which N$204,354,787 (2023: N$ 449,904,625) was added in the current year through additions.

The company entered into contractual agreements with two suppliers with regards to the mobile expansion plan. The total cost of the capital expenditure amounts to N$562,485,362 over 5 years. These commitments have been approved by the board of directors of the company. Refer to note 29 of the annual financial statements for further details.

Directors' Report

6. Interests in subsidiaries

Details of material interests in subsidiaries are presented in these annual financial statements in note 6.

There were no significant acquisitions or divestitures during the year ended 30 June 2024.

7. Holding company

The company's holding company is Paratus Namibia Holdings Limited which holds 100% (2023: 100%) of the company's equity. Paratus Namibia Holdings Limited is incorporated in Namibia.

8. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
S.L.V. Erasmus	Executive	Namibian	
A. Hall	Executive	Namibian	
B.R.J. Harmse	Executive	Namibian	
S.I. de Bruin	Executive	Namibian	
M.R. Mostert	Non-executive	Namibian	Resigned 25 January 2024
H.B. Gerdes	Non-executive	Namibian	
J.N.N. Shikongo	Non-executive	Namibian	
R.R. Graig	Non-executive	Namibian	
I.D.J. van de Merwe	Non-executive	South African	Appointed 17 September 2024

Change in directorate

Directors	Cause of change	Designation	Date
M.R. Mostert	Resignation	Non-executive	25 January 2024

The company and its parent company have a mirror board of directors. In terms of the Articles of association of Paratus Namibia Holdings Limited, one third of non-executive directors are subject to retirement annually, but are eligible for re-election.

At the Parent company's Annual General Meeting held on 25 January 2024, M.R. Mostert did not make himself eligible for re-election. J.N.N. Shikongo did make herself available and was re-elected by the shareholders. The board notes their appreciation for the valuable contributions that M.R. Mostert made to the company.

I.D.J. van de Merwe, who has held numerous senior executive positions in the telecommunications sector, was appointed as a non-executive director with effect from 17 September 2024.

9. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Directors' Report

11. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

12. Secretary

The company secretary is Cronjé Secretarial Services (Pty) Ltd.

Postal address:	PO Box 81588 Olympia Windhoek Namibia
Business address:	1 Jan Jonker Road Klein Windhoek Windhoek Namibia

13. Terms of appointment of the auditors

PricewaterhouseCoopers were appointed as the company's auditors at the general meeting held on 25 January 2024. Included in profit for the year is the agreed external auditors' remuneration of N$1,025,083 (2023:N$951,000). Shareholder wishing to inspect a copy of the terms on which the company's auditors is appointed and remunerated may do so by contacting the Company Secretary.

14. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 17 September 2024. No authority was given to anyone to amend the annual financial statements after the date of issue.

Statement of Financial Position as at 30 June 2024

Figures in Namibia Dollar	Notes	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	3	1,049,805,924	950,656,818
Right-of-use assets	4	15,708,735	7,723,917
Intangible assets	5	25,807,383	17,881,949
Investments in subsidiaries	6	25,521,311	25,521,311
Loans to group companies	7	15,427,336	16,053,109
		1,132,270,689	**1,017,837,104**
Current Assets			
Inventories	8	39,146,639	24,005,608
Loans to group companies	7	122,145	123,754
Trade and other receivables	9	52,921,308	58,813,367
Investments at fair value	10	90,919,329	2,415,912
Current tax receivable		1,972,681	1,972,681
Cash and cash equivalents	11	8,805,647	11,623,385
		193,887,749	**98,954,707**
Total Assets		**1,326,158,438**	**1,116,791,811**
Equity and Liabilities			
Equity			
Share capital	12	500	500
Retained income		79,757,731	64,480,593
		79,758,231	**64,481,093**
Liabilities			
Non-Current Liabilities			
Loans from group companies	13	330,000,000	155,000,000
Lease liabilities	4	11,034,801	3,626,721
Contract liabilities	14	292,660,286	302,105,035
Deferred tax	15	54,186,490	41,645,245
		687,881,577	**502,377,001**
Current Liabilities			
Trade and other payables	16	152,905,813	116,578,751
Loans from group companies	13	329,560,871	396,640,261
Lease liabilities	4	5,008,612	5,452,737
Contract liabilities	14	24,969,690	20,682,107
Provisions	17	13,036,962	10,579,374
Bank overdraft	11	33,036,682	487
		558,518,630	**549,933,717**
Total Liabilities		**1,246,400,207**	**1,052,310,718**
Total Equity and Liabilities		**1,326,158,438**	**1,116,791,811**

The accounting policies on pages 14 to 25 and the notes on pages 26 to 60 form an integral part of the annual financial statements.

Paratus Telecommunications (Pty) Ltd

(Registration number 2007/0100)
Annual Financial Statements for the year ended 30 June 2024

Statement of Profit or Loss and Other Comprehensive Income

Figures in Namibia Dollar	Notes	2024	2023
Revenue	18	558,139,608	463,645,328
Cost of sales	19	(277,724,908)	(225,366,665)
Gross profit		**280,414,700**	**238,278,663**
Other operating income	20	1,129,366	1,444,088
Other operating gains (losses)	21	4,410,729	(1,357,566)
Movement in credit loss allowances	22	(2,357,296)	(977,836)
Other operating expenses	22	(173,374,296)	(154,440,997)
Operating profit	22	**110,223,203**	**82,946,352**
Investment income	23	2,530,330	3,542,918
Finance costs	24	(73,525,867)	(53,217,306)
Profit before taxation		**39,227,666**	**33,271,964**
Taxation	25	(12,950,529)	(10,658,271)
Total comprehensive income for the year		**26,277,137**	**22,613,693**

The accounting policies on pages 14 to 25 and the notes on pages 26 to 60 form an integral part of the annual financial statements.

Statement of Changes in Equity

Figures in Namibia Dollar	Share capital	Retained income	Total equity
Balance at 01 July 2022	**500**	**52,866,900**	**52,867,400**
Total comprehensive income for the year	-	22,613,693	22,613,693
Dividends	-	(11,000,000)	(11,000,000)
Balance at 01 July 2023	**500**	**64,480,594**	**64,481,094**
Total comprehensive income for the year	-	26,277,137	26,277,137
Dividends	-	(11,000,000)	(11,000,000)
Balance at 30 June 2024	**500**	**79,757,731**	**79,758,231**
Note	12		

The accounting policies on pages 14 to 25 and the notes on pages 26 to 60 form an integral part of the annual financial statements.

Statement of Cash Flows

Figures in Namibia Dollar	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	26	215,423,419	203,239,982
Interest received from bank account	23	100,474	36,193
Interest received from loans to group companies		1,805,939	1,613,900
Dividends received	23	520,000	-
Interest paid	24	(40,484,993)	(29,633,061)
Tax paid	27	(409,285)	(598,724)
Net cash from operating activities		**176,955,554**	**174,658,290**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(204,354,787)	(264,667,925)
Proceeds from sale of property, plant and equipment	3	199,503	12,499
Purchases of intangible assets	5	(11,410,072)	(4,160,721)
Proceeds from repayments of loans to group companies	7	627,382	463,637
Deposits into money market funds and similar securities	10	(91,729,820)	(147,000,000)
Withdrawals from money market funds and similar securities		2,400,000	146,500,000
Net cash from investing activities		**(304,267,794)**	**(268,852,510)**
Cash flows from financing activities			
Repayments of loans from group companies	13	(10,658,530)	(11,637,398)
Advances received on loans from group companies	13	107,524,984	134,650,000
Repayments on lease liabilities - principal portions	4	(5,419,614)	(5,289,628)
Net cash from financing activities		**91,446,840**	**117,722,974**
Total cash movement for the year		**(35,865,400)**	**23,528,754**
Cash and cash equivalents at the beginning of the year		11,622,898	(11,616,510)
Losses (gains) on foreign exchange on cash and cash equivalents		11,467	(289,346)
Cash and cash equivalents at the end of the year	11	**(24,231,035)**	**11,622,898**

Accounting Policies

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual financial statements.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and IFRIC® Interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of Namibia as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Namibia Dollars, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS Accounting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

1.2.1 Leases

- **Determining the lease term**

When determining the lease term, management takes into account all relevant factors and circumstances that may create an economic incentive to exercise an extension option or to refrain from exercising a termination option. Extension options (or periods after termination options) are included in the lease term only if it is reasonably certain that the lease will be extended (or not terminated).

Management evaluates the leased asset's nature and purpose, the economic and practical feasibility of replacing the asset, and any plans the company has for its use. If an asset is highly customised (initially or through leasehold improvements) or if replacing it is impractical or uneconomical, the company is more likely to consider the lease extension option reasonably certain to be exercised.

Lease terms are reassessed if a significant event or change in circumstances related to the leased assets occurs, which is within the company's control. Such changes typically pertain to commercial agreements or business decisions made by the company. If these changes alter the company's assessment of whether it is reasonably certain to exercise extension options or not terminate leases, the lease term is reassessed, and the lease liability is remeasured. The average lease term for recognised leases is between 3 and 5 years. Please refer to note 4 in these annual financial statements for the right-of-use assets and lease liability carrying amounts respectively, to which the lease significant estimates and judgments are relevant.

- **Lease and non-lease components**

When a lease contract includes both lease and non-lease components (e.g. maintenance, security, etc.). The Group has not elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets. Therefore, non-lease components are accounted for as operating expenses and are recognised in profit or loss as they are incurred.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

1.2.2. Fair value estimation

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 35.

1.2.3. Property, plant and equipment

- **Estimated useful lives**

Management assesses the appropriateness of the useful lives and residual values of property, plant and equipment at the end of each reporting period and may vary depending on several factors. Management considers the impact of changes in technology, customer service requirements and availability of capital funding to determine the optimum useful life expectation for each category of property, plant and equipment. Due to the rapid technological advancement in the telecommunications industry and unexpected changes in the rollout strategies, the estimation of useful lives could differ significantly on an annual basis.

The useful lives of motor vehicles, furniture and fittings, office equipment and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful lives of buildings have been determined based on industry norm and maintenance programmes in place.

The estimation of useful lives of other assets are based on factors such as historical experience with similar assets as well as anticipation of future events, which may impact the lives, such as technological innovation and maintenance programmes. The useful lives will also depend on the future performance of these assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

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

Item	Depreciation method	Average useful life
Land	Not applicable	indefinite
Buildings *	Straight line	40 to 50 years
Infrastructure	Straight line	20 years
Fiber (passive components)	Straight line	20 years
Equiano Submarine Cable Branch	Straight line	15 years
LTE network assets	Straight line	5 years
Active equipment - Fiber	Straight line	5 years
Core network assets	Straight line	5 years
Furniture and fittings	Straight line	5 years
IT Equipment	Straight line	5 years
Office equipment	Straight line	5 years
Motor vehicles	Straight line	4 years
Core satellite equipment	Straight line	3 years
Operating equipment	Straight line	3 years
Customer equipment	Straight line	2 to 3 years

* Buildings include Data Center and Cable Landing Station buildings

- **Estimation of residual values**

The measurement of residual values of assets is based on management's judgement whether the assets will be sold or used to the end of their economic lives and the estimation of what their condition will be like at that time. Management has determined that there is no active market for network assets and equipment, and therefore these assets have no residual value. At the end of the useful life, the value of the asset is expected to be nil or insignificant in respect of the above-mentioned assets.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

1.2.4. Intangible assets

- **Estimation of useful lives and residual values**

Management assesses the appropriateness of the useful lives and residual values of intangible assets at the end of each reporting period. Intangible assets with finite useful lives include Paratus brand, computer software and customer base. These assets arise from both separate purchases and from acquisitions as part of business combinations.

The useful lives used to amortise intangible assets relate to the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets.

The residual values of intangible assets are assumed to be zero.

Amortisation is provided to write down the intangible assets, to their residual values as follows:

Item	Depreciation method	Average useful life
Paratus brand	Straight line	25 years
Customer base	Straight line	12 years
Computer software	Straight line	3 years
Goodwill *	Not applicable	Indefinite

* Goodwill is not amortised, but tested for impairment annually

- **Goodwill and intangible assets with indefinite useful lives**

Value in use is calculated as the net present value of future cash flows derived from assets using cash flow projections which have been discounted at appropriate discount rates. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:
• Growth in EBITDA, calculated as earnings before interest, taxation, depreciation and amortisation;
• Timing and quantum of future capital expenditure;
• Long-term growth rates; and
• The selection of appropriate discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could affect the impairment evaluation and consequently its results. Refer to note 5 for more information on these estimates.

1.2.5. Incremental borrowing rates and discount rates for significant financing component

The Company has significant financing arrangements, including leases, which require the determination of appropriate discount rates for the present value calculations. The discount rates are used to measure the present value of future lease payments and interest expenses related thereto. These discount rates are critical to the determination of lease liabilities and the recognition of interest expense in the statement of comprehensive income. The determination of discount rates involves inherent estimation uncertainty. Changes in economic conditions, market interest rates, or the Company's creditworthiness may impact the discount rates applied. A change in the discount rate can have a material impact on the measurement of lease liabilities and interest expense.

- **Leases**

The discount rates for leases are determined based on the incremental borrowing rate at the inception of the lease. The incremental borrowing rate is estimated by considering the Company's credit risk and the terms of the lease agreements at the lease commencement date for each lease.

- **Contract liabilities and revenue**

When adjusting the promised amount of consideration for a significant financing component, the Company uses the discount rate that would be reflected in a separate financing transaction between the Company and its customer at contract inception, adjusted to reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

1.2.6. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost. The cost of the Data Center and Cable Landing Station, of which construction concluded during the 30 June 2023 financial year, includes all of the expenditure which is directly attributable to the construction of these assets, including the capitalisation of borrowing costs. Management applied judgement in considering whether these assets were qualifying assets and concluded that the conditions for capitalisation of borrowing costs was met.

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 year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and impairment losses except for land which is not depreciated.

Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate, the change is applied prospectively in the determination of the depreciation charge.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

There were no indicators of impairment for property, plant and equipment and no impairment tests were performed.

1.4 Leases

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

No contracts were identified that required specific judgement as to whether they contained leases.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. These leases typically comprise IT equipment.

A lease of an asset is considered low value if it is under N$ 10,000.

Accounting Policies

1.4 Leases (continued)

Lease liability

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

Management change their assessment of whether renewal options will be exercised from time to time. In the event of such a change, the lease liability is remeasured by discounting the revised lease payments at a revised discount rate. Such changes have been made in the reporting period. At year-end the company gave notice to renew two existing leases of buildings for another three years. This renewal has resulted in material lease modifications that were adjusted for as a lease remeasurement against the existing leases.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Any change in the lease liability as a result of changes in a lease payment arising from a change in the interest rate applied; changes in the assessment of the lease term; lease modification not treated as a separate lease, also results in a corresponding change in the right of use asset.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

They are measured initially at the initial amount of the lease liability plus upfront payments and initial direct costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated, from commencement date, over the shorter period of the lease term and the useful life of the underlying asset.

The useful lives of right-of-use assets are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	2 to 5 years

The useful life of the asset is determined in a manner consistent to that for owned land and buildings. If right of use assets are considered to be impaired, the carrying value is reduced to the recoverable amount. The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. No material changes were made.

1.5 Intangible assets

Intangible assets are initially recognised at cost and subsequently measured at cost less any accumulated amortisation and impairment losses.

Development costs on software applications which were assessed by management as meeting the criteria to be capitalised, are included in intangible assets. All remaining development and research expenditure is recognised as an expense in profit or loss when it is incurred.

Goodwill is not amortised and tested for impairment annually. If goodwill is assessed to be impaired, that impairment is not subsequently reversed. Impairment tests were performed on Goodwill by analysing the profitability of the cash generating units. Refer to note 5 for details in this regard.

Changes in the useful lives and/or residual values are accounted for as a change in accounting estimate, the change is applied prospectively in the determination of the depreciation charge.

The useful life and amortisation method of intangible assets are reviewed at the end of each reporting period. No material changes were made.

Accounting Policies

1.6 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

Consolidated annual financial statements

The company has taken advantage of paragraph 4 of IFRS 10, "Consolidated Financial Statements" which dispenses it from the need to present consolidated financial statements. Accordingly, the company only presents separate financial statements. The parent entity, Paratus Namibia Holdings Limited, prepares consolidated financial statements which comply with IFRS Accounting Standards and the consolidated financial statements are obtainable on the holding company's website and at the company's registered address upon request.

1.7 Financial instruments

Financial instruments are recognised when the company becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any, except for financial instruments at fair value through profit or loss which exclude transaction costs.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

The material accounting policies for each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Management have assessed and classified loans to group companies as financial assets at amortised cost.

The amortised cost, calculated using the effective interest method, is the amount recognised initially, minus principal repayments, plus cumulative amortisation of interest, adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan in the application of the effective interest method. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Refer to the loss allowances and write offs accounting policy for impairment of loans receivable.

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

Trade and other receivables include amounts which have been denominated in US Dollars and Euros. Foreign exchange gains or losses are recognised in profit or loss.

Impairment - Expected credit losses and write offs

Loss allowances are recognised for expected credit losses on loans receivable at amortised cost and trade and other receivables .

The company has elected the simplified approach to recognise lifetime expected losses for its trade and other receivables. A provision matrix is used as a practical expedient when determining expected credit losses. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions.

Accounting Policies

1.7 Financial instruments (continued)

Impairment - Expected credit losses and write offs (continued)

All other loss allowances are measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk (risk of default) since initial recognition. If the credit risk has not increased significantly since initial recognition, then the loss allowance for that instrument is measured at 12 month expected credit losses (12 month ECL). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective instruments. This means that at each reporting date, the ECL for a specific instrument will either be based on lifetime ECL or 12 month ECL depending on the credit risk at reporting date compared to the credit risk at initial recognition.

When assessing if there was a significant increase in credit risk, both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort are considered. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
• Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
• Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
• An actual or expected significant deterioration in the operating results of the debtor;
• Significant increases in credit risk on other financial instruments of the same debtor; and
• An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Irrespective of the outcome of the above assessment, the credit risk on an instrument is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if an instrument is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk of the receivable has not increased significantly since initial recognition. A financial instrument is determined to have low credit risk if:

• The financial instrument has a low risk of default;
• The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
• Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

Accounting Policies

1.7 Financial instruments (continued)

Definition of default

The Group considers the following as constituting and event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• When there is a breach of financial covenants by the debtor; or
• Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable date about the following events:

• Significant financial difficulty of the issuer or the borrower;
• A breach of contract, such as a default or past due event;
• The lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
• It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
• The disappearance of an active market for that financial asset because of financial difficulties.

The company writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the company's recovery procedures. Any recoveries made are recognised in profit or loss.

Borrowings and loans from related parties

Loans from group companies are classified as financial liabilities subsequently measured at amortised cost.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables include amounts which have been denominated in US Dollars and Euros. Foreign exchange gains or losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Accounting Policies

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base used for taxation purposes.

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. The review by management has not resulted in the reduction of the deferred tax assets.

Tax expenses

The income tax expense consists of current and deferred tax and is recognised in profit or loss.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Write downs and reversals of write downs of inventories are included as part of the cost of goods sold.

1.10 Impairment of non-financial assets

Management assesses, at the end of each reporting period, whether there is any indication that property, plant and equipment and intangible assets may be impaired. If any such indication exists, then the recoverable amount of the asset is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

Goodwill is tested for impairment annually by allocating it to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination.

Impairment losses are recognised immediately in profit or loss.

1.11 Share capital and equity

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Accounting Policies

1.12 Employee benefits

Short-term employee benefits

Short-term employee benefits, which consist of salaries paid, annual leave and sick leave and bonuses, are recognised in the period in which the service is rendered and are not discounted.

1.13 Provisions and contingencies

The company recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the company will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts, using a pre-tax discounting rate.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in 29.

1.14 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Provision of ICT services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Provision of ICT services

Recognising revenue from contracts with customers, using the five-step process:

1.14.1. Identify the contract:

A contract is an agreement between two or more parties that creates enforceable rights and obligations. This step involves evaluating the contract to ensure it meets the following criteria:

• The parties have approved the contract and are committed to performing their respective obligations.
• Each party’s rights regarding the goods or services to be transferred can be identified.
• The payment terms for the goods or services to be transferred can be identified.
• The contract has commercial substance (I.e., the risk, timing, or amount of the entity's future cash flows is expected to change as a result of the contract).
• It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

1.14.2. Identify the performance obligations:

Some contracts include multiple deliverables, such as the installation of hardware and software. In most cases, the installation is simple, does not include an integration service and could be performed by another party. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

1.14.3. Determine the transaction price:

The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer and excludes amounts collected on behalf of third parties. The company recognise revenue when it transfers control of a product or service to a customer, that is, when the performance obligation is satisfied.

Accounting Policies

1.14 Revenue from contracts with customers (continued)

1.14.4. Allocate the transaction price:

The transaction price receivable from customers is allocated to each performance obligation identified under the contracts on a relative stand-alone selling price basis. Standalone selling prices will be based on observable sales prices and where stand-alone selling prices are not directly observable, estimates of standalone selling prices will be required.

1.14.5. Recognise revenue as and when the performance obligations are satisfied:

Revenue is recognized when control of the promised goods or services is transferred to the customer. This can occur either over time or at a point in time. The determination of whether control transfers over time or at a point in time is based on the following criteria:

• The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.
• The entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
• The entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

The company applied the steps set out above to each of its revenue streams, in determining its revenue recognition policy, as follows:

• Voice traffic - primarily revenue from international voice interconnects between international telecom carriers:
The performance obligation relating to voice traffic is to provide voice minutes for the duration of the call until termination. The transaction price is determined based on agreed upon per minute rates and the duration of the call. Revenue relating to voice is recognised at the point the call is terminated as this is the point the service is delivered to the customer. Customers are invoiced monthly based on their voice usage and a receivable is raised when the service has been delivered.

• Connectivity & Internet services - data services sold to telecom operators; medium to large enterprises in Namibia; consumers and small businesses in Namibia:
The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the Non-Recurring Revenue ("NRR") and secondly the provisioning of monthly services, the Monthly Recurring Revenue ("MRR").

• Network installations - primarily the development and installation of a local area network ("LAN"), Multiprotocol label switching ("MPLS") and software-defined wide area networks ("SD-WAN"), telephones and telephonic systems with or without the use of wires:
The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the NRR and secondly the provisioning of monthly services, the MRR.

• Security: primarily the installation and maintenance of security solutions
The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or connection of the service, the NRR and secondly the provisioning of monthly maintenance services, the MRR.

• Cloud: primarily the delivery of computing services - including Data Center services, servers, storage, databases, networking, software, analytics and intelligence.
The performance obligation relating to these service contracts consists of two parts, firstly the installation of the equipment and/or providing of the service, the NRR and secondly the provisioning of MRR.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Accounting Policies

1.14 Revenue from contracts with customers (continued)

Upon recognition of contract assets or contract liabilities, the transactions that give rise to these assets or liabilities are assessed for the existence of a significant financing component. If the company concludes that a significant financing component exists, the promised amount of consideration is adjusted for the effects of the time value of money if the timing of the payments agreed to by the parties to the contract provides the customer or the company with a significant benefit of financing the transfer of goods or services to the customer. When adjusting the promised amount of consideration for a significant financing component, the company uses the discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception, adjusted to reflect the credit characteristics of the party receiving financing in the contract, as well as any collateral or security provided by the customer or the entity, including assets transferred in the contract. As a practical expedient, the company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the company otherwise would have recognised is less than one year.

Sale of inventory is recognised when the control of the goods has passed to the buyer. For sales transactions, the control passes to the buyer on delivery of the products (at a point in time).

Sundry income includes all the revenue that is not separately disclosed, and which is not in the normal course of operations.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
• costs that relate directly to the specific contract;
• costs that are attributable to contract activity in general and can be allocated to the contract; and
• depreciation that relates to core network assets applied to deliver ICT services to customers; and
• such other costs as are specifically chargeable to the customer under the terms of the contract.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs on funds specifically borrowed for the purpose of obtaining the qualifying asset less any temporary investment of those borrowings. Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Foreign currency monetary items are translated at the end of the reporting period using the closing rate.

Cash flows arising from transactions in a foreign currency are recorded in Namibia Dollars by applying to the foreign currency amount the exchange rate between the Namibia Dollar and the foreign currency at the date of the cash flow.

Refer to the individual accounting policies for financial instruments for the detailed foreign exchange accounting policies.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the 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:
• International tax reform - Pillar two model rules - amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	The impact of the amendment is not material.
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	The impact of the amendment is not material.
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	The impact of the amendment is not material.
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	The impact of the amendment is not material.
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	The impact of the amendment is not material.
• IFRS 17 Insurance Contracts	01 January 2023	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 18 Presentation and disclosure in Financial Statements	01 January 2027	Management is in the process of determining the impact
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	01 January 2027	Management is in the process of determining the impact
• Lack of exchangeability - amendments to IAS 21	01 January 2025	Unlikely there will be a material impact
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	Unlikely there will be a material impact
• Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	Unlikely there will be a material impact
• Lease liability in a sale and leaseback arrangement	01 January 2024	Unlikely there will be a material impact

Notes to the Annual Financial Statements

3. Property, plant and equipment

	2024			2023		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Land	10,424,605	-	10,424,605	10,424,605	-	10,424,605
Data Center	126,849,249	(3,877,144)	122,972,105	126,603,372	(600,015)	126,003,357
Cable Landing Station	36,035,044	(932,297)	35,102,747	35,982,188	(157,687)	35,824,501
Infrastructure	490,949,488	(75,621,201)	415,328,287	455,481,442	(51,618,462)	403,862,980
Fiber (passive components)	78,949,149	(18,425,631)	60,523,518	58,300,667	(15,170,547)	43,130,120
Equiano Submarine Cable Branch	185,236,700	(18,523,670)	166,713,030	185,236,700	(6,174,557)	179,062,143
Botswana Kalahari Fiber	42,178,731	(791,079)	41,387,652	-	-	-
LTE network assets	106,301,214	(47,678,320)	58,622,894	104,318,555	(26,737,407)	77,581,148
Active equipment (fiber)	35,119,359	(19,205,123)	15,914,236	26,281,283	(14,582,091)	11,699,192
Core network assets	26,489,341	(15,865,910)	10,623,431	19,908,598	(12,361,058)	7,547,540
Furniture and fixtures	3,790,304	(2,142,953)	1,647,351	3,466,016	(1,543,385)	1,922,631
IT equipment	9,740,974	(6,550,829)	3,190,145	7,131,603	(5,083,715)	2,047,888
Office equipment	1,995,947	(1,123,930)	872,017	1,887,612	(809,025)	1,078,587
Motor vehicles	9,077,635	(6,043,574)	3,034,061	7,978,380	(4,881,099)	3,097,281
Core satellite equipment	3,121,688	(3,112,484)	9,204	3,121,688	(3,095,015)	26,673
Operating equipment	2,285,982	(1,933,119)	352,863	2,279,910	(1,465,735)	814,175
Customer equipment	89,248,013	(56,587,905)	32,660,108	51,375,656	(28,939,940)	22,435,716
Work in progress (capital projects)	70,427,670	-	70,427,670	24,098,281	-	24,098,281
Total	**1,328,221,093**	**(278,415,169)**	**1,049,805,924**	**1,123,876,556**	**(173,219,738)**	**950,656,818**

Reconciliation of property, plant and equipment - 2024

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Land	10,424,605	-	-	-	-	10,424,605
Data Center	126,003,357	245,877	-	-	(3,277,129)	122,972,105
Cable landing Station	35,824,501	52,856	-	-	(774,610)	35,102,747
Infrastructure	403,862,980	35,467,074	-	-	(24,001,767)	415,328,287
Fiber (passive components)	43,130,120	20,648,482	-	-	(3,255,084)	60,523,518
Equiano Submarine Cable Branch	179,062,143	-	-	-	(12,349,113)	166,713,030
Botswana Kalahari Fiber	-	18,080,450	-	24,098,281	(791,079)	41,387,652
LTE network assets	77,581,148	1,982,659	-	-	(20,940,913)	58,622,894
Active equipment (fiber)	11,699,192	8,838,076	-	-	(4,623,032)	15,914,236
Core network assets	7,547,540	6,580,744	-	-	(3,504,853)	10,623,431
Furniture and fixtures	1,922,631	324,287	-	-	(599,567)	1,647,351
IT equipment	2,047,888	2,620,594	(4,417)	-	(1,473,920)	3,190,145
Office equipment	1,078,587	108,335	-	-	(314,905)	872,017
Motor vehicles	3,097,281	1,099,255	-	-	(1,162,475)	3,034,061
Core satellite equipment	26,673	-	-	-	(17,469)	9,204
Operating equipment	814,175	6,071	-	-	(467,383)	352,863
Customer equipment	22,435,716	37,872,357	-	-	(27,647,965)	32,660,108
Capital - Work in progress	24,098,281	70,427,670	-	(24,098,281)	-	70,427,670
	950,656,818	**204,354,787**	**(4,417)**	**-**	**(105,201,264)**	**1,049,805,924**

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	10,310,005	114,600	-	-	-	10,424,605
Data Center	-	25,979,090	-	100,624,282	(600,015)	126,003,357
Cable Landing Station	-	850,459	-	35,131,729	(157,687)	35,824,501
Infrastructure	310,392,564	113,802,610	(3,934)	-	(20,328,260)	403,862,980
Fiber (passive components)	45,603,400	437,823	-	-	(2,911,103)	43,130,120
Equiano Submarine Cable Branch *	-	185,236,700	-	-	(6,174,557)	179,062,143
LTE network assets	31,373,637	59,627,970	-	-	(13,420,459)	77,581,148
Active equipment (fiber)	7,476,763	8,371,437	-	-	(4,149,008)	11,699,192
Core network assets	8,977,552	1,420,228	-	1,079,753	(3,929,993)	7,547,540
Furniture and fixtures	699,596	1,791,188	(17,779)	45,171	(595,545)	1,922,631
IT equipment	3,192,466	1,785,032	(7,164)	(1,079,753)	(1,842,693)	2,047,888
Office equipment	790,013	577,514	-	-	(288,940)	1,078,587
Motor vehicles	2,905,339	1,479,278	-	-	(1,287,336)	3,097,281
Core satellite equipment	359,407	7,932	-	-	(340,666)	26,673
Operating equipment	675,909	632,704	-	-	(494,438)	814,175
Customer equipment	13,344,080	23,691,779	(3,730)	-	(14,596,413)	22,435,716
Capital - Work in progress	135,801,182	24,098,281	-	(135,801,182)	-	24,098,281
	571,901,913	**449,904,625**	**(32,607)**	**-**	**(71,117,113)**	**950,656,818**

Note:
* Additions for the 2023 financial 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 14) and a portion which was not yet converted to services amounting to N$33,679,400 (USD2,000,000).

Compensation received for losses on property, plant and equipment - included in operating profit

	2024	2023
IT equipment	1,057	12,499

3. Property, plant and equipment (continued)

Details of properties

Data Center

	2024	2023
- Land at cost	9,355,005	9,355,005

The Erf 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 Data Center building was constructed on the Erf at a cost of N$110,339,370 (excluding the internal fit-out). The Data Center was awarded ISO 9001 (quality management), ISO 27001 (information security), and PCI-DSS (Payment Card Industry Data Security Standards) certifications. The carrier neutral Data Center facility is Tier- III by design and offers various co-location services, from half-cabinets to multi-tenant rows and private cages. The Data Center campus has business continuity rooms with video conferencing and a fully equipped boardroom. The Data Center currently offers 120 racks with expansion plans in the future for an additional 120 racks when 75% capacity is reached in data hall 1.

Cable Landing Station

	2024	2023
- Land at cost	1,069,600	1,069,600

Property consists of Erf 3560, in the municipality of Swakopmund, registration division "G", measuring 1,000 square meters. The cable landing station building was constructed on this Erf at a cost of N$29,691,662 (excluding the internal fit-out).

Details of capital work in progress - 2024

	Opening balance	Additions	Transfers	Total
Botswana Kalahari Fiber	24,098,281	-	(24,098,281)	-
Mobile core equipment *	-	70,421,372	-	70,421,372
	24,098,281	**70,421,372**	**(24,098,281)**	**70,421,372**

Note:
* This Capital expenditure relates to the mobile expansion plan of the company and is expected to go live during the end of next year.

Details of capital work in progress - 2023

	Opening balance	Additions	Transfers	Total
Data Center - Windhoek	100,624,281	-	(100,624,281)	-
Cable Landing Station - Swakopmund	35,131,729	-	(35,131,729)	-
Cable Landing station - furniture and fixtures	45,171	-	(45,171)	-
Botswana Kalahari Fiber	-	24,098,281	-	24,098,281
	135,801,181	**24,098,281**	**(135,801,181)**	**24,098,281**

The disclosure was updated to show details of capital work in progress, including the movement during the current and past financial years and also the details of the balance at each year-end.

4. Leases (company as lessee)

The company leases several properties (land and buildings). The average lease term is 3 to 5 years (2023: 3 years), but may contain extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. Lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes. 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, and considerations to this extent have been incorporated in the determination of the lease terms. The general approach to determining the lease term is described under "Key sources of estimation uncertainty 1. Leases".

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. 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. 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.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:
• the amount of the initial measurement of lease liability;
• any upfront lease payments made less any lease incentives received; and
• any initial direct costs.

Lease liabilities include the net present value of the following lease payments:
• fixed payments (including in-substance fixed payments), less any lease incentives receivable; and
• variable lease payment that are based on an index or a rate (if applicable).

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 at the lease commencement date for each lease as described under "Key sources of estimation uncertainty 5. Incremental borrowing rates and discount rates for significant financing components".

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

Summary of right-of-use assets

	2024			2023		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Buildings	37,741,738	(22,033,003)	15,708,735	25,358,169	(17,634,252)	7,723,917

Reconciliation of right-of-use assets - 2024

	Opening balance	Additions	Remeasure-ments	Amortisation	Carrying amount
Buildings *	7,723,917	12,383,569	-	(4,398,751)	15,708,735

Note:
* During the current financial year two leases were renewed before year-end for an additional three years. The term of each lease was determined based on the period stipulated in the contractual agreement. Management has not made any extensions to either lease term beyond the contractual term. It is not certain whether the size of the buildings and parking available will be sufficient for the growing needs of the company after three years (both its staff compliment and stock storage requirements were considered). The modification was treated as an extension of the existing lease and thus resulted in additions amounting to N$10,582,642 and N$1,800,926, respectively.

4. Leases (company as lessee) (continued)

Reconciliation of right-of-use assets - 2023

	Opening balance	Additions	Remeasure-ments	Amortisation	Carrying amount
Buildings*	7,512,314	4,722,430	(419,887)	(4,090,940)	7,723,917

Note:
* During the previous financial year, numerous leases had separate changes to the terms of the agreement, since initial recognition. Three leases had a reduction in the lease payment amount due per month, which resulted in a remeasurement of N$44,379, N$53,247 and N$322,261, respectively. Two lease terms came to an end and a new rental agreement was entered into. Management assessed that the lease term is estimated to be three and five years and as the certain factors pertained in the agreement was renegotiated, such as size of the rental space occupied, etc., it was treated as new leases and resulted in additions amounting to N$1,611,956 and N$2,696,339, respectively. The company also entered into a new lease agreement during the year for office space in Swakopmund. Management assessed the lease term to be three years and resulted in additions amounting to N$414,135.

Amortisation

Amortisation recognised has been expensed in the total depreciation charge in profit or loss (note 22). During the current year no depreciation was capitalised to the cost of other assets (2023: N$ Nil). Right-of-use assets are depreciated over the term of the respective lease and is assessed on a regular basis.

Impairment

The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right of use assets are considered to be impaired, the carrying value is reduced to the recoverable amount. Right-of-use assets are not considered to be impaired at year-end.

Lease liabilities

Reconciliation of lease liabilities - 2024

	Opening balance	Additions	Finance charges	Payments for the year	Closing balance
Buildings	(9,079,458)	(12,383,569)	(503,366)	5,922,980	(16,043,413)

Reconciliation of lease liabilities - 2023

	Opening balance	Additions	Remeasure-ment	Finance charges	Payments for the year	Total
Buildings	(10,066,543)	(4,722,430)	419,887	(606,429)	5,896,057	(9,079,458)

Other disclosures

	2024	2023
Interest expense on lease liabilities (refer note 24)	503,366	606,429
Expenses on short-term leases included in operating expenses (refer note 22)	773,093	784,521
Payment - principal portion	5,419,614	5,289,628
Payment - interest portion	503,366	606,429
Total cash outflow from leases (refer note 28)	**5,922,980**	**5,896,057**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

4. Leases (company as lessee) (continued)

The maturity analysis of lease liabilities is as follows:

	2024	2023
Within one year	6,069,997	5,959,781
Two to five years	11,993,494	4,086,839
	18,063,491	10,046,620
Less finance charges component	(2,020,078)	(967,162)
	16,043,413	**9,079,458**

Split between non-current and current portions

	2024	2023
Non-current liabilities	11,034,801	3,626,721
Current liabilities	5,008,612	5,452,737
	16,043,413	**9,079,458**

Other information

At year-end all qualifying leases was reassessed and lease modifications or remeasurements was accounted for as necessary. No gain or loss on lease modification has been accounted for under other operating gains during the current year (2023: N$ Nil).

Exposure to liquidity risk

Refer to note 33 Financial instruments and risk management for the details of liquidity risk exposure and management.

5. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Paratus Brand	19,266,200	(9,064,706)	10,201,494	19,266,200	(8,230,404)	11,035,796
Customer base	2,701,782	(2,701,782)	-	2,701,782	(2,701,782)	-
Computer software	22,314,098	(8,272,426)	14,041,672	10,904,026	(5,622,090)	5,281,936
Goodwill	1,564,217	-	1,564,217	1,564,217	-	1,564,217
Total	**45,846,297**	**(20,038,914)**	**25,807,383**	**34,436,225**	**(16,554,276)**	**17,881,949**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Paratus Brand	11,035,796	-	(834,302)	10,201,494
Computer software	5,281,936	11,410,072	(2,650,336)	14,041,672
Goodwill	1,564,217	-	-	1,564,217
	17,881,949	**11,410,072**	**(3,484,638)**	**25,807,383**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

5. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Paratus Brand	12,110,456	-	(1,074,660)	11,035,796
Customer base	64,329	-	(64,329)	-
Computer software	3,515,215	4,160,720	(2,393,999)	5,281,936
Goodwill	1,564,217	-	-	1,564,217
	17,254,217	**4,160,720**	**(3,532,988)**	**17,881,949**

Individually material intangible assets

	2024	2023
Paratus Brand	**10,201,494**	**11,035,796**

The Paratus Brand is shown at cost less accumulated amortisation and impairment losses. The customer base of the company has grown significantly since initial recognition of this asset. In addition to this, the company's revenue and profit after tax is growing, therefore there are no indications of impairment at year end. Paratus is a well-known brand and is maintained by actively spending money to promote the brand. During the financial year Paratus Telecommunications (Proprietary) Limited has spent N$10,979,638 (2023: N$10,918,408) on advertising and branding. The brand has a remaining useful life of 12.5 years, there has been no change in the useful life of the Paratus Brand since initial recognition.

	2024	2023
Computer software	**14,041,672**	**5,281,936**

Computer software include development costs capitalised amounting to N$10,140,157. Amortisation has not yet started on these capitalised costs as the software development is not yet in the finalisation stages. There has been no change in the useful life of the computer software during the year under review.

	2024	2023
	24,243,166	**16,317,732**

Other information

Intangible assets with indefinite useful lives:

	2024	2023
Goodwill	**1,564,217**	**1,564,217**

Goodwill (together with a fully amortised customer base) arose from the identifiable assets acquired in the acquisition of the Paratus Voice Telecommunications (Pty) Ltd (previously Vox Telecommunications (Pty) Ltd) business. The operating segment that originated from the acquisition was Local Area Network (LAN) and telephony, respectively. These segments that resulted in good synergies with the business of the company at the time of acquisition, still exist at year-end and forms an intertwined portion of the existing business of the company. The useful life of Goodwill is considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the company.

Goodwill is not amortised, but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. There were no indications of impairment of goodwill at year-end.

Management assess the recoverable amount of goodwill in accordance with the stated accounting policy. The recoverable amount of the Cash Generating Units (CGU's) has been determined based on value-in-use calculations, being the net present value of the discounted cash flows of the CGU.

5. Intangible assets (continued)

Key assumptions used by management to determine discounted cash flows of the CGU:

Key assumptions	Basis for determining values assigned to key assumptions
Forecast capital expenditure	The cash flow forecasts for capital expenditure are based on past experience, benchmarks in similar markets and include the ongoing normal capital expenditure. Capital expenditure includes cash outflows for the purchase of property, plant and equipment and computer software.
Forecast EBITDA	EBITDA as a % of revenue has been used as a benchmark to ensure the forecast is in line with past experience and future expected growth.
Long term growth rate	In line with the Namibian inflation rate, 5% (2023: 5%)
Risk adjusted discount rate used in adjusted present value calculations	Based on weighted average cost of equity and debt. 14.1% (2023: 13.6%) Inputs include the risk-free rate for 10-year bonds issued by the government, adjusted for an unsystematic risk premium to reflect the risk associated with investing in equities. In making this adjustment, inputs required are the equity market risk premium, the beta, applied to reflect the risk of the specific CGU relative to the market as a whole and a company specific risk premium.

Sensitivity to change key assumptions of intangible assets

Management has computed significant headroom between the carrying amount and the recoverable amount. Management believe that a change in any of the key assumptions used in the valuation would not cause the carrying amount of the CGU, to which this goodwill has been allocated, to exceed its recoverable amount.

6. Interests in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Name of company	Held by	% voting power 2024	% voting power 2023	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
Paratus Voice Telecommunications (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	100	100
Internet Technologies Namibia (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	10,000	10,000
Paratus Properties (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	14,498,004	14,498,004
Paratus Property Two (Pty) Ltd	The company	100.00 %	100.00 %	100.00 %	100.00 %	8,933,207	8,933,207
Bitstream Internet Solutions (Pty) Ltd	The company	52.00 %	52.00 %	52.00 %	52.00 %	2,080,000	2,080,000
						25,521,311	25,521,311

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

Figures in Namibia Dollar	2024	2023

6. Interests in subsidiaries (continued)

Application of consolidation exemption

The annual financial statements presented are not consolidated annual financial statements as the entity qualifies for the consolidation exemption in the Companies Act 8 of 2004 of Namibia and IFRS 10 Consolidated Financial Statements.

The exemption is allowed provided that all of the following criteria are complied with:

- The entity is wholly owned or partially owned, where none of the other shareholder's object to the fact that consolidated annual financial statements are not prepared,
- The entity's debt or equity instruments are not traded in a public market,
- The entity did not file, and is not in the process of filing its annual financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instrument in a public market, and
- The entity's ultimate or intermediary parent produces consolidated annual financial statements available for public use which comply with IFRS Accounting Standards.

Paratus Namibia Holdings Limited, the parent entity, incorporated in Namibia, produces consolidated annual financial statements available for public use. These consolidated annual financial statements are obtainable on the holding company's website and at the company's registered address upon request.

7. Loans to group companies

Subsidiaries

	2024	2023
Internet Technologies Namibia (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment.	**10,912**	**12,521**
Paratus Property Two (Pty) Ltd This loan is unsecured, bears interest at prime bank lending rate. Rent levied by Paratus Property Two (Pty) Ltd serves as repayment of the loan. Expenses paid on behalf of Paratus Property Two (Pty) Ltd will increase the amount due. This loan has no fixed period of repayment, other than a 12 (twelve) month notice period of repayment.	**13,714,331**	**14,654,419**
Paratus Properties (Pty) Ltd This loan balance of N$1,713,005 (2023: N$1,038,830) bears interest at prime bank lending rate, whereby the remaining balance of N$359,190 in the prior year, is interest free. Rent levied by Paratus Properties (Pty) Ltd serves as repayment of the loan. Expenses paid on behalf of Paratus Properties (Pty) Ltd will increase the amount due. This loan is unsecured and has no fixed period of repayment, other than a 12 (twelve) month notice period for repayment.	**1,713,005**	**1,398,690**
Paratus Voice Telecommunications (Pty) Ltd The loan is unsecured, interest free and has no fixed terms of repayment, other than a 12 (twelve) month notice period of repayment.	**111,233**	**111,233**
	15,549,481	**16,176,863**

Split between non-current and current portions

	2024	2023
Non-current assets	15,427,336	16,053,109
Current assets	122,145	123,754
	15,549,481	**16,176,863**

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due. Refer to note 33 Financial instruments and financial risk management for the details of credit risk exposure and management.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

7. Loans to group companies (continued)

Exposure to currency risk

The company is not exposed to currency risk related to group loans receivable. There are no group company loans which are denominated in foreign currency. There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure to interest rate risk

Refer to note 33 Financial instruments and financial risk management for details of interest rate risk management for group loans receivable.

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts.

8. Inventories

Merchandise and projects in progress	39,146,639	24,005,608

Projects in progress at year end amount to N$27,417,846 (2023: N$12,398,838). No inventory was pledged as security for any borrowings at year end.

Merchandise and projects in progress consist of the following items:
• Cabling and cabinets;
• Telephony;
• Routers;
• Customer premises equipment;
• Core network equipment; and
• Other small inventory items.

9. Trade and other receivables

Financial instruments:		
Trade receivables	30,160,620	27,915,860
Loss allowance	(6,863,363)	(4,506,067)
Trade receivables at amortised cost	23,297,257	23,409,793
Deposits	661,402	677,452
Accrued income	3,607,293	27,364,513
Sundry debtors	1,039,507	190,361
Non-financial instruments:		
VAT	7,129,651	-
Prepayments	17,186,198	7,171,248
Total trade and other receivables	**52,921,308**	**58,813,367**

Split between non-current and current portions

Current assets	52,921,308	58,813,367

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	28,605,459	51,642,119
Non-financial instruments	24,315,849	7,171,248
	52,921,308	**58,813,367**

Notes to the Annual Financial Statements

9. Trade and other receivables (continued)

Trade and other receivables pledged as security

Trade debtors were pledged as security to First National Bank of Namibia Limited, for its overdraft facilities of N$ 40,000,000 (2023: N$ 30,000,000)) of the company. At year end the overdraft amounted to N$ 32,965,673 (2023: N$ Nil). Refer note 11.

Exposure to credit risk

Trade receivables inherently expose the company to credit risk (refer note 33 for more detail), being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored. There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 19.72 days (2023: 21.98 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

The loss allowance provision is determined as follows:

	2024	2024	2023	2023
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Not past due (Current): 5% (2023: 5%)	6,141,356	307,068	14,001,420	696,897
31 to 90 days: 14% (2023: 14%)	8,812,986	1,233,818	5,051,829	707,256
More than 90 days past due: 35% (2023: 35%)	15,207,077	5,322,477	8,862,611	3,101,914
Total	**30,161,419**	**6,863,363**	**27,915,860**	**4,506,067**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

	2024	2023
Opening balance	(4,506,067)	(3,528,231)
Amounts recovered	12,137	(14,742)
Provision raised on trade receivables	(2,369,433)	(963,094)
Closing balance	**(6,863,363)**	**(4,506,067)**

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

9. Trade and other receivables (continued)

Exposure to currency risk

Refer to note 33 Financial instruments and risk management for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

10. Investments at fair value

Investments held by the company which are measured at fair value, are as follows:

	2024	2023
Designated at fair value through profit or loss:		
Cirrus Capital - Money market investment funds	119,829	2,415,912
FNB Namibia - Fixed term investment account	90,799,500	-
	90,919,329	**2,415,912**

	2024	2023
Cirrus Capital - Money market investment funds		
Opening balance	2,415,912	23,087
Withdrawals	(2,400,000)	(146,500,000)
Deposits	-	147,000,000
Dividends	103,917	1,892,825
	119,829	**2,415,912**

	2024	2023
FNB Namibia - Fixed term investment account		
Deposits *	91,729,820	-
Foreign exchange loss	(930,320)	-
	90,799,500	**-**

Note:

* During June 2024 the company received an amount of USD5,035,413.92 (N$92,148,075) from Paratus Namibia Holdings Limited, earmarked for the company's mobile expansion project. (refer note 13). During June 2024, USD5,000,000 (N$91,729,820) of these funds were transferred from the foreign bank account to the FNB Namibia - Fixed term investment account, fixed for a period of 6 months.

Split between non-current and current portions

	2024	2023
Current assets	90,919,329	2,415,912

Fair value information

Refer to note 35 Fair value information for details of valuation policies and processes.

Investments pledged as security

No investments at fair value were pledged as security for any borrowings at year-end.

Risk exposure

The investments held by the company expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 33 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	114,537	68,444
Bank balances	8,691,110	11,554,941
Bank overdraft / credit card facilities	(33,036,682)	(487)
	(24,231,035)	**11,622,898**
Current assets	8,805,647	11,623,385
Current liabilities	(33,036,682)	(487)
	(24,231,035)	**11,622,898**

Total amount of undrawn facilities available for future operating activities and commitments amount to N$7,034,327 (2023: N$30,000,000). Trade debtors were pledged as security for overdraft facilities of N$ 40,000,000 (2023: N$ 30,000,000) of the company. At year end the overdraft amounted to N$ 32,965,673 (2023: N$ Nil).

Details of facilities for operating activities and commitments:

• Overdraft facility	40,000,000	30,000,000
• Contingent facility	10,000,000	10,000,000
• FOREX - forward exchange contracts	1,000,000	1,000,000
• Settlement facilities	240,000	160,000
• Fleet	200,000	200,000
• First credit facility	300,000	300,000
• Wesbank revolving facility	2,500,000	2,500,000
	54,240,000	**44,160,000**

Credit quality of cash at bank, excluding cash on hand

The credit quality of cash at bank, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or by performing internal assessments of the banking institutions credibility. Credit risk exposure is managed by the group through dealing with well-established financial institutions with high credit ratings. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Risk exposure

The cash and cash equivalents held by the company expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 33 Financial instruments and financial risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

12. Share capital

Authorised		
100 000 Ordinary shares of N$5 each	500,000	500,000
Reconciliation of number of shares issued:		
Reported as at 1 July	500	500
Issued		
100 Ordinary shares at N$5 each	500	500

Unissued shares are under the control of the directors until the next AGM. No shares were issued for the year under review. All issued shares are fully paid up.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

13. Loans from group companies

Holding company		
Paratus Namibia Holdings Ltd This loan is primarily for capital projects within the company. Interest is charged as per the Domestic Medium-Term Note Programme’s Applicable Pricing Supplement for the respective notes issued by Paratus Namibia Holdings Limited. Interest is charged at an average effective interest rate of 12.09% (2023: 10.72%). Interest payments are made to the note holders by the company on behalf of Paratus Namibia Holdings Ltd. Repayment terms to be back-to-back with the Domestic Medium-Term Note Programme’s Applicable Pricing Supplement for the respective notes issued by Paratus Namibia Holdings Limited.	**331,221,452**	**331,167,296**
Paratus Namibia Holdings Ltd This loan is a short-term loan. Interest will be charged at a rate of 0% per annum. There are no fixed terms of repayment. During June 2024 the company received an amount of USD5,035,413.92 (N$92,148,075) from Paratus Namibia Holdings Limited, currently held in a fixed deposit, earmarked for the company's mobile expansion project (refer note 10).	**328,339,419**	**220,472,965**
	659,560,871	**551,640,261**

Split between non-current and current portions

Non-current liabilities	330,000,000	155,000,000
Current liabilities	329,560,871	396,640,261
	659,560,871	**551,640,261**

Refer to note 30 Changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

Exposure to liquidity risk

Refer to note 33 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 33 Financial instruments and financial risk management for details of interest rate risk management for group loans receivable.

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts.

14. Contract liabilities

Summary of contract liabilities

	2024	2023
Indefeasible-Right-of-Use - Trans Kalahari fiber route	100,002,236	102,915,610
Indefeasible-Right-of-Use - Equiano Submarine Cable	147,777,246	152,087,210
Indefeasible-Right-of-Use - Equiano spectrum / capacity	60,587,255	59,802,309
Various other short term contract liabilities	9,263,239	7,982,013
	317,629,976	**322,787,142**

Reconciliation of contract liabilities

	2024	2023
Opening balance	322,787,142	139,065,000
Revenue recognised on delivery of goods/services previously paid for - Indefeasible-Right-of-Use	(42,244,381)	(25,248,560)
Revenue recognised on delivery of goods/services previously paid for - Operating and maintenance fees (IRU)	(8,997,654)	(4,065,145)
Revenue recognised on delivery of goods/services previously paid for - other short-term (Note 18)	(4,326,706)	(16,318,182)
Payments received in advance of delivery of performance obligations - other	5,608,890	-
Payments received in advance of delivery of performance obligations - Indefeasible-Right-of-Use	11,815,966	182,157,100
Payments received in advance of delivery of performance obligations - other short-term	-	24,258,324
Interest charged (refer note 24)	32,986,719	22,938,605
	317,629,976	**322,787,142**

Split between non-current and current portions

	2024	2023
Non-current liabilities	292,660,286	302,105,035
Current liabilities	24,969,690	20,682,107
	317,629,976	**322,787,142**

Revenue received in advance mainly relates to revenue billed in advance for the company's ICT services. Non-current contract liabilities relate primarily to Indefeasible Right-of-Use ("IRU") contractual arrangements. Current liabilities include the short term portions of these identified IRU's and also include other advanced billings. Revenue relating to operating and maintenance services is recognised over time. The customer pays up-front for these services, resulting in a contract liability being recognised for revenue relating to these services at the time of the initial sales transaction. The liability is recognised as revenue over the service period.

The company entered into the following IRU contractual arrangements:

1. Trans Kalahari Fiber Route IRU:
The funds received in advance for the Trans Kalahari Fiber Route IRU amounted to N$108,497,301 and is amortised over a period of 20 years. The remaining period for this IRU is 14 years. Interest portion pertaining to this IRU amounts to N$10,939,965 (2023: N$11,206,555). The incremental borrowing rate used is 10.75%.

2. Equiano Submarine Cable IRU:
Non-cash consideration amounts to N$151,557,300, pertaining to the services to be delivered on existing infrastructure provided in lieu of the Equiano Submarine Cable Branch (refer note 3) and is amortised over a period of 15 years. The remaining period for this IRU is 13.5 years. Interest portion pertaining to this IRU amounts to N$15,708,229 (2023: N$7,455,783). The incremental borrowing rate used is 10.75%.

3. Equiano spectrum / capacity IRU:
The funds received in advance for the Equiano spectrum / capacity IRU amounted to N$57,421,467 and is amortised over a period of 15 years. The remaining period for this IRU is 13.5 years. Interest portion pertaining to this IRU amounts to N$6,338,524 (2023: N$4,276,267). The incremental borrowing rate used is 10.75%.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

15. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(219,177,971)	(158,052,455)
Deferred tax asset	164,991,481	116,407,210
Total net deferred tax liability	**(54,186,490)**	**(41,645,245)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(41,645,245)	(31,585,699)
Deductible temporary difference movement on property, plant and equipment	(55,705,959)	(65,142,344)
Taxable temporary difference movement on intangible assets	(760,051)	36,625
(Deductible) / taxable temporary difference movement on right-of-use asset	(2,555,142)	(67,713)
Deductible temporary difference movement on prepaid expenses	(1,588,947)	(720,722)
Taxable temporary difference movement on provisions	301,352	238,251
Taxable temporary difference movement on provision for bad debts	565,751	234,681
Taxable temporary difference movement on contract liabilities	(1,649,986)	21,596,352
Deductible temporary difference movement on lease liability	2,228,466	(315,867)
Taxable / (deductible) temporary difference on unrealised foreign exchange gains / losses	(1,786,590)	1,394,663
Taxable / (deductible) temporary difference movement on deposits by customers	45,607	55,520
Tax loss available for set-off against future taxable income	48,364,254	32,631,008
	(54,186,490)	**(41,645,245)**

Comprising temporary differences relative to:

Property, plant and equipment	(204,895,140)	(149,189,181)
Intangible assets	(4,879,855)	(4,119,804)
Right of use assets	(5,026,795)	(2,471,654)
Prepaid expenditure	(3,860,763)	(2,271,815)
Provisions	2,469,309	2,167,957
Provisions for bad debts	1,647,207	1,081,456
Contract liabilities	62,672,239	64,322,225
Lease liabilities	5,133,892	2,905,427
Unrealised foreign exchange gains / (losses)	(515,417)	1,271,173
Deposits received by customers	117,521	71,913
Tax loss	92,951,312	44,587,058
	(54,186,490)	**(41,645,245)**

The tax base of the contract liabilities relate to an allowance previously claimed for leasehold improvements in terms of section 17(1)(k) of the Namibian Income Tax Act. This allowance will be recouped upon retirement or disposal of the assets to which the contract liabilities relate. The assets to which the contract liabilities relate is expected to become obsolete in future due to the nature of the assets and the fact that it is subject to technological advancement, therefore it can reasonably be expected that these assets will eventually be retired from use. As a result, management has applied its judgement and determined that the previously claimed allowance for leasehold improvements will be recouped in future, that the company will be taxed on this amount, and that it should therefore be included in the tax base of contract liabilities.

16. Trade and other payables

Financial instruments:		
Trade payables	143,172,763	97,764,550
Leave pay accrual	5,664,978	5,440,231
Salary accruals	3,700,820	3,359,053
Deposits received	367,252	224,729

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

16. Trade and other payables (continued)

Non-financial instruments:		
VAT	-	9,790,188
	152,905,813	**116,578,751**

Other information

At 30 June 2024 trade and other payables include amounts of N$4,591,567 (USD252,841) and N$6,426,660 for Fiber and LTE expansions respectively. The company's payment practice is to typically pay suppliers promptly, but has taken advantage of extended payment terms for these suppliers relating to Fiber and LTE at year end.

In the current financial year, the company entered into a vendor financing agreement with Rand Merchant Bank Namibia ("RMB") whereby annual repayment will take place. At year end the exposure for the company is N$69,975,142.64 (2023: N$ NIL).

Exposure to risk

Refer to note 33 Financial instruments and financial risk management for details of currency, liquidity and interest rate risk exposure and management for trade payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

17. Provisions

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Total
Provisions: CRAN regulatory service levy	618,555	2,195,383	(1,478,280)	1,335,658
Provisions: Audit fees	966,000	964,620	(904,000)	1,026,620
Provisions: Salaries	8,994,819	9,749,756	(8,069,891)	10,674,684
	10,579,374	**12,909,759**	**(10,452,171)**	**13,036,962**

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provisions: CRAN regulatory service levy	2,115,441	-	(1,496,886)	618,555
Provisions: Audit fees	783,000	951,000	(768,000)	966,000
Provisions: Salaries	10,505,249	8,368,736	(9,879,166)	8,994,819
	13,403,690	**9,319,736**	**(12,144,052)**	**10,579,374**

Every licensed telecommunications company in Namibia is 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 year-end external audit.

Salary provisions include provision for bonuses to the amount of N$9,114,991 (2023: N$8,152,106); and provision for severance pay to the amount of N$1,559,693 (2023: N$842,713).

The amount recognised as a provision is the best estimate of the expenditure required to settle the present 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.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

18. 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 recognises revenue from customers by disaggregating between "at a point in time" and "over time".

Timing of revenue recognition:

	2024	2023
At a point in time		
Connectivity	23,926,588	17,510,027
Local area network	31,617,245	17,212,527
Cloud	379,749	381,982
Voice	3,862,009	300,218
Security	5,644	5,549
Discount allowed	(9,784,209)	-
	50,007,026	**35,410,303**
Over time		
Connectivity	407,678,083	334,221,459
Local area network	11,903,474	11,579,280
Revenue recognised on delivery of goods/services previously paid for - Indefeasible-Right-of-Use (Note 14)	51,242,035	29,313,705
Revenue recognised on delivery of goods/services previously paid for - other short term (note 14)	4,326,706	16,318,182
Cloud	22,756,632	23,829,815
Voice	15,097,050	16,134,305
Security	68,734	35,211
Commission	138,150	-
Discount allowed	(5,078,281)	(3,196,932)
	508,132,583	**428,235,025**
Total revenue from contracts with customers	**558,139,609**	**463,645,328**

CRAN regulated services
Communications Regulatory Authority of Namibia (CRAN), may charge a regulatory levy on all services or products delivered under the Communications Act (no. 8 of 2009).

	2024	2023
Disaggregation of revenue regulated under the Act		
Connectivity	431,604,672	351,731,486
Voice	18,959,059	16,434,523
Revenue recognised on delivery of goods/services previously paid for	4,326,706	16,318,182
	454,890,437	**384,484,191**
Disaggregation of revenue excluded from regulated services and products		
Revenue recognised on delivery of goods/services previously paid for - IRU	51,242,035	29,313,705
Local area network	43,520,719	28,791,807
Cloud	23,136,381	24,211,797
Commission	138,150	-
Security	74,377	40,760
Discount	(14,862,490)	(3,196,932)
	103,249,172	**79,161,137**
Total revenue from contracts with customers	**558,139,609**	**463,645,328**

Notes to the Annual Financial Statements

Figures in Namibia Dollar		2024	2023

19. Cost of sales

		2024	2023
Rendering of services		178,487,083	157,505,388
Discount received		(37,917)	(107,961)
Inventory (write up) / write down		(1,941,255)	1,361,077
Depreciation		101,216,997	66,608,161
		277,724,908	**225,366,665**

20. Other operating income

		2024	2023
Administration and management fees received		370,715	358,223
Sundry income		758,651	1,085,865
		1,129,366	**1,444,088**

21. Other operating gains (losses)

		2024	2023
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	3	195,086	(20,110)
Foreign exchange gains (losses)			
Net foreign exchange gains (losses)		4,215,643	(1,337,456)
Total other operating gains (losses)		**4,410,729**	**(1,357,566)**

22. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

		2024	2023
Auditor's remuneration - external			
Audit fees		964,620	951,000
Other consultation services		45,680	101,205
Training		14,783	2,261
		1,025,083	**1,054,466**
Auditor's remuneration - internal		**402,622**	**436,000**
Remuneration, other than to employees			
Consulting and professional services		3,976,790	2,769,223
Secretarial services		347,897	322,513
		4,324,687	**3,091,736**

Employee costs

As at 30 June 2024 the company had 213 permanent employees (2023: 210). The total cost of employment of all employees, including executive directors, was as follows:

		2024	2023
Salaries, wages, bonuses and other benefits		100,419,048	87,418,617
Movement in credit loss allowances			
Trade and other receivables		2,357,296	977,836
Leases			
Short-term and low value leases		773,093	784,521

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

22. Operating profit (loss) (continued)

Depreciation and amortisation		
Depreciation of property, plant and equipment	105,201,264	71,117,113
Depreciation of right-of-use assets	4,398,751	4,090,939
Amortisation of intangible assets	3,484,638	3,532,988
Total depreciation and amortisation	**113,084,653**	**78,741,040**
Less: Depreciation included in cost of sales	(101,216,997)	(66,608,161)
Total depreciation and amortisation expensed	**11,867,656**	**12,132,879**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Advertising and branding	10,979,638	10,868,686
Auditors remuneration - external auditors	1,025,083	1,054,466
Audit fees - internal audit	402,622	436,000
Cost of sales - excluding depreciation	176,507,911	158,758,504
Bad debts	320,918	15,765
Depreciation, amortisation and impairment	113,084,653	78,741,040
Employee costs	100,419,048	87,418,617
Insurance	4,756,310	3,462,524
Lease expenses	773,093	784,521
IT expenses (including license fees)	12,467,505	12,443,557
Motor vehicle expenses	3,969,056	3,021,959
Net impairment losses on trade and other receivables	2,357,296	977,836
Non-executive directors fees	894,418	1,046,475
Other expenses *	10,179,224	7,781,384
Remuneration other than to employees	4,324,687	3,091,736
Repairs and maintenance	3,282,196	3,386,968
Staff welfare	4,608,938	3,697,807
Training	343,285	1,346,482
Travel - local	1,668,253	1,711,529
Travel - overseas	1,092,416	739,642
	453,456,550	**380,785,498**

Note:
* Other expenses pertain to 10% or less of total operating expenses, and has not been split out in more detail.

23. Investment income

Dividend income		
Group entities: Subsidiaries - Local	520,000	-
Instruments at fair value through profit or loss: Money market fund and similar investments	103,917	1,892,825
Total dividend income	**623,917**	**1,892,825**
Interest income		
Investments in financial assets: Bank	100,474	36,193
Loans to group companies: Subsidiaries	1,805,939	1,613,900
Total interest income	**1,906,413**	**1,650,093**
Total investment income	**2,530,330**	**3,542,918**

Figures in Namibia Dollar	2024	2023

24. Finance costs

Group loans	37,946,605	29,181,644
Contract liabilities	32,986,719	22,938,605
Lease liabilities	503,366	606,429
Bank overdraft	2,089,177	490,628
Total finance costs	**73,525,867**	**53,217,306**

25. Taxation

Major components of the tax expense

Current		
Unutilised withholding tax credits - recognised in current tax	409,285	598,724
Deferred		
Property, plant and equipment	55,705,958	65,142,344
Intangible assets	760,051	(36,625)
Prepaid expenses	1,588,947	720,722
Unrealised foreign gains / (losses)	1,786,590	(1,394,663)
Provisions	(301,352)	(238,251)
Expected credit losses	(565,751)	(234,681)
Contract liabilities	1,649,986	(25,286,905)
Right-of-use assets	2,555,142	67,713
Lease liabilities	(2,228,466)	315,867
Deposits by customers	(45,607)	(55,520)
Tax loss	(48,364,254)	(28,940,454)
	12,541,244	**10,059,547**
	12,950,529	**10,658,271**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	39,227,666	33,271,965
Tax at the applicable tax rate of 32% (2023: 32%)	12,552,853	10,647,029
Tax effect of adjustments on taxable income		
Dividends received	(199,653)	(605,704)
Capital profit on sale of assets	-	(560)
Prior year adjustments	(48,319)	(11,690)
Fines and penalties	4,027	(1,214)
Donations	36,336	31,686
Expense not deductible - capital of nature	196,000	-
Unutilised withholding tax credits - forfeited	409,285	598,724
	12,950,529	**10,658,271**
Effective taxation rate	32.5%	32.0%

No provision has been made for 2024 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is N$290,472,851 (2023: N$ 139,334,556).

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

26. Cash generated from operations

Profit before taxation	39,227,666	33,271,965
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	105,201,264	71,117,113
Amortisation on intangible assets	3,484,638	3,532,988
Amortisation on right-of-use asset	4,398,751	4,090,939
(Gains) losses on sale of assets and liabilities	(195,086)	20,110
(Gains) losses on exchange differences	(691,825)	4,261,763
Movements in provisions	2,457,588	(2,824,316)
Revenue from contract liabilities	(51,242,035)	(29,313,705)
Adjust for items which are presented separately:		
Interest received on bank and other cash	(100,474)	(36,193)
Interest received on loans to group companies	(1,805,939)	(1,613,900)
Dividends received on investments at fair value	(103,917)	(1,892,825)
Dividends received from Subsidiaries	(520,000)	-
Finance cost on lease liabilities	503,366	606,429
Finance cost on loans from group companies	37,946,605	29,181,644
Finance cost on contract liabilities	32,986,719	22,938,605
Finance cost on bank overdraft	2,089,177	490,628
Changes in working capital:		
(Increase) decrease in inventories	(15,141,031)	3,300,907
Decrease in trade and other receivables	17,517,690	3,034,940
(Increase) decrease in prepayments	(10,014,950)	1,801,867
Increase in trade and other payables	36,327,062	22,731,081
Increase in contract liabilities	13,098,150	38,539,942
	215,423,419	**203,239,982**

27. Tax paid

Balance at beginning of the year	1,972,681	1,972,681
Current tax recognised in profit or loss	(409,285)	(598,724)
Balance at end of the year	(1,972,681)	(1,972,681)
	(409,285)	**(598,724)**

28. Dividends paid

Dividends transferred to loan accounts	(11,000,000)	(11,000,000)

Dividends paid attributable to:

Owners of parent	(11,000,000)	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

29. Commitments and contingencies

Authorised capital expenditure

	2024	2023
Already contracted for but not provided for		
• Property, plant and equipment	562,485,362	-
Not yet contracted for and authorised by directors	162,802,287	137,802,395

This committed capital expenditure relates to infrastructure roll-out plans throughout Namibia and will be financed by a combination of own cash resources and proceeds from the rights issue in the holding company as well as the listed bond programme in the name of the holding company.

The company entered into contractual agreements with two suppliers with regards to the mobile expansion plan. The total cost of the capital expenditure amounts to N$562,485,362 over 5 years.

Contingencies

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

30. Changes in liabilities arising from financing activities

Reconciliation arising from financing activities - 2024	**Lease liabilities**	**Loans from group companies**
Opening balances	9,079,458	551,640,261
Interest accrued (note 24)	503,366	37,946,605
Remeasurements	12,383,569	-
Dividends (note 28)	-	11,000,000
Cash inflows	-	107,623,079
Cash outflows	(5,922,980)	(48,649,074)
Closing balances	**16,043,413**	**659,560,871**

Reconciliation arising from financing activities - 2023	**Lease liabilities**	**Loans from group companies**
Opening balances	10,066,543	416,982,019
Interest accrued (note 24)	606,429	29,181,644
Additions	4,722,430	-
Remeasurements	(419,887)	-
Dividends (note 28)	-	11,000,000
Cash inflows	-	134,650,000
Cash outflows	(5,896,057)	(40,173,402)
Closing balances	**9,079,458**	**551,640,261**

31. Related parties

Relationships	
Holding company	Paratus Namibia Holdings Limited
Subsidiaries	Refer to note 6

31. Related parties (continued)

Group companies (common shareholders)	Paratus Group Holdings Ltd - Mauritius Paratus Telecommunications Ltd - Mauritius Paratus Telecommunications Ltd - Zambia Paratus Telecommunications (Pty) Ltd - Botswana Paratus Telecommunications (Pty) Ltd - South Africa Paratus Telecom S.A. - Mozambique Internet Technologies Angola S.A. - Angola Canocopy (Pty) Ltd (interest held was disposed of during the year)
Group companies (common shareholders) - no related party transactions or balances between the company and these group companies	Finatic Technologies (Pty) Ltd - Namibia Internet Technologies Africa Ltd - Mauritius Exosphere Communications Ltd - Mauritius Croc 684 (Pty) Ltd t/a Broadband Botswana Internet - Botswana Maxwell Technologies (Pty) Ltd - South Africa Fiber Access Services Technologies Congo S.A. - DRC Paratus DRC S.A.U - DRC Paratus Eswatini (Pty) Ltd - Eswatini Paratus Tanzania Limited - Tanzania Paratus Rwanda Limited - Rwanda Paratus Zimbabwe (Private) Limited - Zimbabwe Paratus Limited - Malawi Paratus Group Kenya Ltd - Kenya Paratus Uganda Limited - Uganda
Executive directors	A. Hall (MD) S.L.V. Erasmus B.R.J. Harmse S.I. de Bruin
Alternate directors	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 (chairperson of the Board) J.N.N. Shikongo R.R. Graig
Members of key management	D.J. Malan G.E. Cloete S. Frank-Schultz S.J. Geyser N. Fourie
Chairman of the Audit, Risk and Compliance Committee	H. Jansen van Vuuren

Related party terms and conditions:

- The transactions with related parties have been made on normal terms and in the ordinary course of business;
- There have been no guarantees received nor provided for any related party receivables or payables;
- For the terms and conditions for loans to related parties, refer to note 7; and
- For the terms and conditions for loans from related parties, refer to note 13.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023
31. Related parties (continued)		
Related party balances		
Loan accounts - Owing (to) by related parties (refer note 7 and note 13)		
Amounts included in trade receivables regarding related parties		
Internet Technologies Angola S.A. - Angola	2,437,129	2,251,115
Paratus Telecommunications Ltd - Mauritius	231,072	1,090,874
Paratus Telecommunications Ltd - Zambia	99,060	561,539
Paratus Telecommunications (Pty) Ltd - Botswana	4,076	334,729
Canocopy (Pty) Ltd - Namibia (only shown for comparative)	-	68,032
Bitstream Internet Solutions (Pty) Ltd	4,747	64,403
Paratus Telecom S.A. - Mozambique	200,113	56,685
Amounts included in trade payables regarding related parties		
Paratus Telecommunications (Pty) Ltd - Botswana	(286,082)	(4,226,021)
Maxwell Technologies (Pty) Ltd - South Africa	(579,323)	(1,129,349)
Canocopy (Pty) Ltd - Namibia (only shown for comparative)	-	(121,573)
Paratus Telecom S.A. - Mozambique)	(582,155)	-
Bitstream Internet Solutions (Pty) Ltd	(4,223)	-
Related party transactions		
Interest paid to (received from) related parties		
Paratus Namibia Holdings Ltd - Namibia	37,946,605	29,181,644
Paratus Property Two (Pty) Ltd - Namibia	(1,628,750)	(1,539,685)
Paratus Properties (Pty) Ltd - Namibia	(177,189)	(74,215)
Revenue received from related parties		
Paratus Telecommunications Ltd - Mauritius	(27,083,374)	(22,409,726)
Bitstream Internet Solutions (Pty) Ltd - Namibia	(5,136,495)	(8,279,893)
Internet Technologies Angola S.A. - Angola	(7,954,871)	(6,082,151)
Paratus Telecommunications Ltd - Zambia	(1,511,407)	(1,145,376)
Paratus Telecommunications (Pty) Ltd - Botswana	(1,332,004)	(1,069,017)
Paratus Telecommunications (Pty) Ltd - South Africa	(552,948)	(569,238)
Paratus Telecom S.A. - Mozambique	(202,901)	(64,024)
Purchases from related parties		
Paratus Telecommunications (Pty) Ltd - Botswana	15,586,250	25,111,599
Paratus Telecommunications Ltd - Mauritius	26,551,762	23,513,919
Paratus Telecommunications (Pty) Ltd - South Africa	5,276,587	5,999,886
Canocopy (Pty) Ltd - Namibia (only shown for comparative)	-	1,166,358
Paratus Telecom S.A. - Mozambique	575,028	-
Bitstream internet Solutions (Pty) Ltd	173,596	-
Rent paid to related parties		
Paratus Property Two (Pty) Ltd - Namibia	3,853,981	3,853,984
Paratus Properties (Pty) Ltd - Namibia	636,792	636,793
Administration and management fees received from related parties		
Paratus Property Two (Pty) Ltd - Namibia	(176,556)	(165,000)
Paratus Properties (Pty) Ltd - Namibia	(176,556)	(165,000)
Dividends paid to (received from) related parties		
Paratus Namibia Holdings Ltd - Namibia	11,000,000	11,000,000
Bitstream Internet Solutions (Pty) Ltd - Namibia	(520,000)	-

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

31. Related parties (continued)

Compensation to directors and other key management

Salaries, wages, bonuses and other benefits	14,487,308	13,227,840

32. Directors' emoluments

Services as director or prescribed officer - 2024	**Earnings - salaries and other benefits**	**Bonuses and performance related payments**	**Committee fees**	**Total**
Executive directors	3,589,564	597,930	-	4,187,494
Non-executive directors	-	-	798,301	798,301
Independent committee member	-	-	96,117	96,117
	3,589,564	**597,930**	**894,418**	**5,081,912**

Services as director or prescribed officer - 2023	**Earnings - salaries and other benefits**	**Bonuses and performance related payments**	**Committee fees**	**Total**
Executive directors	3,908,074	643,532	-	4,551,606
Non-executive directors	-	-	939,486	939,486
Independent committee member	-	-	106,989	106,989
	3,908,074	**643,532**	**1,046,475**	**5,598,081**

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets - 2024

	Notes	Fair value through profit or loss	Amortised cost	Total
Loans to group companies	7	-	15,549,481	15,549,481
Investments at fair value	10	90,919,329	-	90,919,329
Trade and other receivables	9	-	28,605,459	28,605,459
Cash and cash equivalents	11	-	8,805,647	8,805,647

Categories of financial assets - 2023

	Notes	Fair value through profit or loss	Amortised cost	Total
Loans to group companies	7	-	16,176,863	16,176,863
Investments at fair value	10	2,415,912	-	2,415,912
Trade and other receivables	9	-	51,642,119	51,642,119
Cash and cash equivalents	11	-	11,623,385	11,623,385
		2,415,912	**79,442,367**	**81,858,279**

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Categories of financial liabilities - 2024

	Notes	Amortised cost	Leases	Total
Trade and other payables	16	152,905,813	-	152,905,813
Loans from group companies	13	659,560,871	-	659,560,871
Lease liability	4	-	16,043,413	16,043,413
Bank overdraft / credit card facilities	11	33,036,682	-	33,036,682
		845,503,366	**16,043,413**	**861,546,779**

Categories of financial liabilities - 2023

	Notes	Amortised cost	Leases	Total
Trade and other payables	16	106,788,563	-	106,788,563
Loans from group companies	13	551,640,261	-	551,640,261
Finance lease obligations	4	-	9,079,458	9,079,458
Bank overdraft / credit card facilities	11	487	-	487
		658,429,311	**9,079,458**	**667,508,769**

Pre tax gains and losses on financial instruments

Gains and losses on financial assets recognised in profit or loss - 2024

	Notes	Fair value through profit or loss	Amortised cost	Total
Interest income	23	-	1,906,413	1,906,413
Dividend income	23	103,917	-	103,917
Net impairment losses on financial assets	22	-	(2,357,296)	(2,357,296)
Net gains (losses)		**103,917**	**(450,883)**	**(346,966)**

Gains and losses on financial assets recognised in profit or loss - 2023

	Notes	Fair value through profit or loss	Amortised cost	Total
Interest income	23	-	1,650,093	1,650,093
Dividend income	23	1,892,825	-	1,892,825
Net impairment losses on financial assets	22	-	(977,836)	(977,836)
Net gains (losses)		**1,892,825**	**672,257**	**2,565,082**

Gains and losses on financial liabilities recognised in profit or loss - 2024

	Note	Amortised cost	Leases	Total
Finance costs	24	(40,035,782)	(503,366)	(40,539,148)

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

33. Financial instruments and risk management (continued)

Gains and losses on financial liabilities recognised in profit or loss - 2023

	Note	Amortised cost	Leases	Total
Finance costs	24	(29,672,272)	(606,429)	(30,278,701)

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the company may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The company's maximum gearing ratio may not exceed 150%.

The company adopted the following capital management policies:

- Investment screening goes through a four-stage process;
- The need to raise capital in the debt and equity market is assessed with each investment opportunity;
- Proposed investment must deliver pre-defined return on investment for the investors;
- Solvency, interest cover and liquidity requirements must be met; and
- The company further ensure that it can meet its expected capital and financing needs at all times, having regards to the business plans, forecasts and any strategic initiatives.

The company have both qualitative and quantitative risk management procedures to monitor the risk and sensitivities of the business. This is achieved through scenario analysis and risk assessments. From an understanding of the principal risks, appropriate risk limits and controls are defined.

2024 Total assets : Total liabilities 1 : 1
2023 Total assets : Total liabilities 1 : 1

The capital structure and gearing ratio of the company at the reporting date was as follows:

	Note	2024	2023
Loans from group companies	13	331,221,452	331,167,296
Lease liabilities	4	16,043,413	9,079,458
Total borrowings		**347,264,865**	**340,246,754**
Bank overdraft (cash and cash equivalents)	11	24,231,035	(11,622,898)
Investments at fair value	10	(90,919,329)	(2,415,912)
Net borrowings		**280,576,571**	**326,207,944**
Equity		79,954,231	64,481,096
Loans from group companies (interest free)		328,339,419	220,472,965
Total adjusted equity		**408,293,650**	**284,954,061**
Gearing ratio		69 %	114 %

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

33. Financial instruments and risk management (continued)

Covenant ratios:

Net interest bearing debt to Earnings before interest, taxation, depreciation and amortisation ("EBITDA") ratio. The ratio is calculated as net borrowings (interest bearing borrowings less cash) divided by EBITDA. The ratio should not exceed 3.5 times.

EBITDA-to-interest cover ratio. The ratio is calculated as EBITDA divided by interest payments. The ratio should not be less than 2.5 times.

EBITDA	223,931,773	163,580,217
Net interest bearing debt / EBITDA (Not more than 3.5 times) exclude contract liability	1.25	1.99
EBITDA-to-interest cover ratio (Not less than 2.5 times) exclude contract liability interest	5.52	5.40

The company is not in breach of any covenant ratios.

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The company audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit, risk and committee.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The valuation of the relevant financial instrument takes into account the effect of credit risk on fair value by including an appropriate adjustment for the risk taken.

The company is exposed to credit risk on loans receivable (at amortised cost), trade and other receivables and cash and cash equivalents. Refer to note 1.7 for considerations relating to expected credit losses on these classes of these financial assets.

33. Financial instruments and risk management (continued)

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings and by keeping cash on hand to a relatively low level.

Cash and cash equivalents	**Short-term**	**Long-term**	**Outlook**	**Credit rating agency**
Bank Windhoek Limited	A1+(NA)	AA(NA)	Stable	Global
Standard bank Limited (South Africa)	F1+(ZA)	AA+(ZA)	Stable	Fitch
First National Bank Limited	AA+(NA)	AA+(NA)	Stable	Global
Nedbank Limited (South Africa)	A1+(ZA)	AA(ZA)	Stable	Global

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

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year. The company measure the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. Refer to note 9 for detailed information on the ageing of trade receivables.

The maximum exposure to credit risk is presented in the table below:

		2024			2023		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	7	15,549,481	-	15,549,481	16,176,863	-	16,176,863
Investments at fair value through profit or loss	10	90,919,329	-	90,919,329	2,415,912	-	2,415,912
Trade and other receivables	9	35,468,822	(6,863,363)	28,605,459	56,148,186	(4,506,067)	51,642,119
Cash and cash equivalents	11	8,805,647	-	8,805,647	11,623,385	-	11,623,385
		150,743,279	**(6,863,363)**	**143,879,916**	**86,364,346**	**(4,506,067)**	**81,858,279**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Notes to the Annual Financial Statements

Figures in Namibia Dollar	2024	2023

33. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. This include strict inventory management, accounts receivable collection efforts, and accounts payable management. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The current liabilities exceed current assets by N$364,626,327 (30 June 2023: N$450,979,010). The main reasons for this pertains to the following:
• The amount of N$36,319,800 payable to Google, at year-end, included in trade payables, is not due to be settled in cash. The company is under negotiations with the supplier to settle the amount owed with the operating and maintenance (O&M) fees that the company is to levy the supplier;
• The amount of N$329,560,871 payable to Paratus Namibia Holdings Limited (holding company). This is to be settled by funds paid on behalf of the holding company; and
• No cash flow is required to settle the N$24,970,490 contract liability. This is to be settled during the next 12 months through services on current Paratus infrastructure.

The table below summarises the maturity profile of the company's financial liabilities at year-end based on undiscounted contractual amounts:

Obligations and contractual cash flows - 2024

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Loans from group companies	13	-	330,000,000	330,000,000	330,000,000
Lease liabilities	4	-	11,993,494	11,993,494	11,034,801
Current liabilities					
Trade and other payables	16	152,905,813	-	152,905,813	152,905,813
Loans from group companies	13	329,560,871	-	329,560,871	329,560,871
Lease liabilities		6,069,997	-	6,069,997	5,008,612
Bank overdraft	11	33,036,682	-	33,036,682	33,036,682
		521,573,363	**341,993,494**	**863,566,857**	**861,546,779**

Obligations and contractual cash flows - 2023

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Loans from group companies	13	-	155,000,000	155,000,000	155,000,000
Lease liabilities		-	4,086,839	4,086,839	3,626,721
Current liabilities					
Trade and other payables	16	106,788,563	-	106,788,563	106,788,563
Loans from group companies	13	396,640,261	-	396,640,261	396,640,261
Lease liabilities		5,959,781	-	5,959,781	5,452,737
Bank overdraft	11	487	-	487	487
		509,389,092	**159,086,839**	**668,475,931**	**667,508,769**

Notes to the Annual Financial Statements

Figures in Namibia Dollar		2024	2023

33. Financial instruments and risk management (continued)

Market risk

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars and Euros.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
US Dollar exposure:

Current assets:			
Trade and other receivables	9	32,973	346,830
Cash and cash equivalents	11	153,754	17,177
Investments at fair value	10	5,000,000	-
Current liabilities:			
Trade and other payables	16	(2,523,828)	(2,325,266)
Net US Dollar exposure		**2,662,899**	**(1,961,259)**

Exchange rates

The following closing exchange rates were applied at reporting date:

Namibia Dollar per unit of foreign currency:		
US Dollar	18.160	18.728

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 30 June 2024, if the Rand/dollar exchange rate had been 5.000% (2023: 5.000%) higher or lower during the period, with all other variables held constant, the effect on the profit or loss for the year would have been N$ 2,417,912 (2023: N$ 1,846,280).

33. Financial instruments and risk management (continued)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of different instruments, which bear interest at the Namibian prime linked interest rates and the ZAR JIBAR-SAFEX interest rate. Interest rates on all borrowings compare favourably with those rates available in the market.

The company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Notes	Average effective interest rate		Carrying amount	
		2024	2023	2024	2023
Variable rate instruments:					
Assets					
Loans to group companies	7	12.13 %	11.85 %	15,549,481	16,176,863
Investments at fair value	10	8.36 %	8.40 %	90,919,329	2,415,912
				106,468,810	**18,592,775**
Liabilities					
Loans from group companies (interest bearing)	13	12.09 %	10.72 %	(331,221,452)	(331,167,296)
Bank overdraft	11	12.13 %	11.85 %	(33,036,682)	(487)
				(364,258,134)	**(331,167,783)**
Net variable rate financial instruments				**(257,789,324)**	**(312,575,008)**

Variable rate financial assets as a percentage of total interest bearing financial assets	100.00 %	100.00 %
Variable rate financial liabilities as a percentage of total interest bearing financial liabilities	100.00 %	100.00 %

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company

At 30 June 2024, if the interest rate had been 1.000% per annum (2023: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N$ 2,731,833 (2023: N$ 3,125,750).

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Price risk

The company is exposed to price risk because of its investments in equity instruments which are measured at fair value. The exposure to price risk on equity investments is managed through a diversified portfolio, and through the use of option contracts on relevant indexes, where necessary.

There have been no significant changes in the price risk management policies and processes since the prior reporting period.

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

At 30 June 2024, if the price index of investments at fair value had been 1.000% (2023: 1.000%) higher or lower during the period, with all other variables held constant, the effect on the profit or loss for the year would have been N$ 6,691,663 (2023: N$ 178,701).

34. Events after the reporting period

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.

35. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 2

Recurring fair value measurements

Assets	Note	2024	2023
Financial assets at fair value through profit (loss)	10		
Cirrus Capital Money Market Fund		119,829	2,415,912
FNB Namibia - Fixed term investment account		90,799,500	-
Total financial assets designated at fair value through profit (loss)		**90,919,329**	**2,415,912**
Total		**90,919,329**	**2,415,912**

Level 2 price of the Money Market Fund was the trading price at the end of each reporting period.

Detailed Income Statement

Figures in Namibia Dollar	Notes	2024	2023
Revenue			
At a point in time		50,007,025	35,410,303
Over time		508,132,583	428,235,025
	18	**558,139,608**	**463,645,328**
Cost of sales			
Opening stock		(11,606,770)	(16,899,341)
Purchases		(176,527,867)	(153,573,894)
Cost of manufactured goods		(101,216,997)	(66,608,161)
Closing stock		11,588,809	11,606,770
Discount received		37,917	107,961
	19	**(277,724,908)**	**(225,366,665)**
Gross profit		**280,414,700**	**238,278,663**
Other operating income			
Administration and management fees received		370,715	358,223
Sundry income		758,651	1,085,865
	20	**1,129,366**	**1,444,088**
Other operating gains (losses)			
Gains (losses) on disposal of assets or settlement of liabilities		195,086	(20,110)
Foreign exchange gains (losses)		4,215,643	(1,337,456)
	21	**4,410,729**	**(1,357,566)**
Net impairment losses on financial assets	22	(2,357,296)	(977,836)
Expenses (Refer to page 62)		**(173,374,296)**	**(154,440,997)**
Operating profit	22	**110,223,203**	**82,946,352**
Investment income	23	2,530,330	3,542,918
Finance costs	24	(73,525,867)	(53,217,306)
Profit before taxation		**39,227,666**	**33,271,964**
Taxation	25	(12,950,529)	(10,658,271)
Total comprehensive income for the year		**26,277,137**	**22,613,693**

Detailed Income Statement

Figures in Namibia Dollar	Note(s)	2024	2023
Other operating expenses			
Advertising		(10,979,638)	(10,868,686)
Amortisation		(3,484,638)	(3,532,988)
Auditor's remuneration - external audit	22	(1,025,083)	(951,000)
Auditor's remuneration - internal audit	22	(402,622)	-
Bad debts		(320,918)	(15,765)
Bank charges		(1,912,353)	(1,085,899)
Cleaning		(378,173)	(374,068)
Computer expenses		(276,391)	(74,941)
Consulting and professional fees		(3,664,272)	(2,714,579)
Legal fees		(312,518)	(591,849)
Depreciation		(8,383,018)	(8,599,891)
Donations		(113,550)	(99,022)
Employee costs		(100,419,048)	(87,418,617)
Entertainment		(886,701)	(1,116,334)
General expenses		(772,099)	(240,799)
Directors fees		(894,418)	(1,046,475)
Sponsorships		(648,319)	(558,687)
Storage fees		37,545	(202,356)
Fines and penalties		(12,584)	3,793
Insurance		(4,756,310)	(3,462,524)
IT expenses		(12,467,505)	(12,443,557)
Short-term and low value leases		(773,093)	(784,521)
Motor vehicle expenses		(3,969,056)	(3,021,959)
Municipal expenses		(2,228,523)	(423,564)
Recruitment fees		(104,016)	-
Postage		(888,956)	(935,981)
Printing and stationery		(581,393)	(893,010)
Staff uniforms		(259,478)	(282,470)
Repairs and maintenance		(3,282,196)	(3,386,968)
Secretarial fees		(347,897)	(322,513)
Security		(165,101)	(177,474)
Staff welfare		(4,608,938)	(3,697,807)
Subscriptions		(197,784)	(173,445)
Telephone and fax		(791,298)	(1,147,127)
Training		(343,285)	(1,348,743)
Travel - local		(1,668,253)	(1,711,529)
Travel - overseas		(1,092,416)	(739,642)
		(173,374,296)	**(154,440,997)**

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