

Paratus Namibia Holdings Limited
(Incorporated in the Republic of Namibia)
(Registration number 2017/0558
(NSX Share code: PNH) (ISN code: NA 000A2DTQ42)
("Paratus Holdings" or "the Group")

REVIEWED CONSOLIDATED FINANCIAL RESULTS for the six months ended 31 December 2022

	31 December 2022 (Reviewed)	31 December 2021 (Reviewed)	30 June 2022 (Audited)
Revenue (N\$)	223 137 673	200 479 597 *	404 857 007
Total comprehensive income for the period (N\$)	13 564 727	17 681 380 *	19 747 250
Basic earnings per ordinary share (cents)	27.13	35.59	43.76
Headline earnings per ordinary share (cents)	26.92	35.59 *	53.48
Net asset value per ordinary share (cents)	1 148.51	1 136.43 *	1 130.67
Dividend per ordinary share (cents)	10.00	10.00	20.00
Number of ordinary shares in issue	48 723 123	48 723 123	48 723 123

* 31 December 2021 reviewed amounts restated

The market and prospects

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

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

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

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

The decline in profitability is mainly attributable to the 51% increase in finance charges from N\$13.1 million

in the comparative period to N\$19.8 million in the current period. This emanates mainly from the additional N\$130 million bond issued during Sept 2022 and the recent interest rate hikes.

Over the same period the operating expenses increased by 14% due to the growth of the national network and the increase in distributions centres across Namibia. The recently completed Data Center which are not fully occupied also results in additional operating expenses. The operating margins for the period under review is in line with that of the previous reporting period.

Management considers EBITDA as an important operational performance measure and it is a reflection of the operation's ability to generate cash flows. The disparity between profit after taxation and EBITDA stems mainly from the large non-cash depreciation charge recorded on infrastructure deployed.

The EBITDA margin % of the Group improved from 29.6% (31 December 2021) to 30.8% for the period ended 31 December 2022 and is mainly due to infrastructure deployed to service the growing customer base.

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

The directors are of the opinion that the continued aggressive investment in infrastructure assets bodes well for both revenue growth and improved operating margins.

Capital projects

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

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

During this period the construction of a 200km long-haul fiber between Karibib and Otjiwarongo commenced and was completed during February 2023 at a total cost of N\$11 million. The fiber is constructed to serve the growing demand for bandwidth in the North. The project will result in a cost saving, as the capacity is currently sourced from a third-party supplier. Furthermore, this will enable Paratus to improve the service quality of our customers along the route.

Paratus has also embarked with the roll-out of fiber and LTE in Lüderitz to cater for the increased activity emanating from the oil exploration activities in the area.

The investment in infrastructure bodes well for the group, as is evident from the improvement in the EBITDA margin, emanating from the cost savings realised by using own infrastructure, as well as adding customers to existing network infrastructure.

Dividends declared

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

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

The salient dates of the dividend declared are as follows:

- Board declaration date: 22 March 2023
- Last date to trade cum dividend: 14 April 2023

- First day to trade ex dividend: 17 April 2023
- Last date to register (Record date): 21 April 2023
- Payment date: 19 May 2023

Short form announcement

This short form announcement is the responsibility of the directors. It is only a summary of the information contained in the full announcement and does not contain full or complete details. This announcement is not in itself reviewed or audited but is extracted from the underlying reviewed information.

Any investment decision should be based on the full announcement accessible from Friday, 24 March 2023, via the NSX link <https://senspdf.jse.co.za/documents/2023/nsx/isse/pnhnm/PNHDec2022.pdf> and also available on our website at <https://invest.paratus.africa>.

Copies of the full announcement are available for inspection at the Group's registered office at no charge, weekdays during office hours.

DIRECTORS

H B Gerdes (Chairman) #, S I de Bruin ^, S L V Z Erasmus ^, M R Mostert #, J N N Shikongo #, A Hall ^, B R J Harmse^, R R Graig #
(#Independent, ^Executive)

REGISTERED OFFICE

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104 – 106 Nickel Street, Prosperita,
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By order of the Board

24 March 2023

SPONSOR

Simonis Storm Securities (Pty) Ltd
Member of or the Namibian Stock Exchange

