

PARATUS NAMIBIA HOLDINGS LIMITED

INTEGRATED ANNUAL REPORT

2023





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KEY HIGHLIGHTS OF THE YEAR

As we dissect the Group's key highlights, we unravel a story told in stock prices, revenue streams, and market capitalisation. Not only do these highlights encapsulate profitability of the Company, but the resilience, adaptability, and strategic brilliance that define the Group's financial journey. Refer 5-year review on page 39 for more detail comparisons.

| 30 JUNE 2023 | | 30 JUNE 2022 |
|---------------|---|---------------|
| 1,151 | NET ASSET VALUE PER SHARE (cents per share) | 1,131 |
| 1,275 | LISTED MARKET PRICE PER SHARE (cents per share) | 1,290 |
| 10.8% | PREMIUM TO NET ASSET VALUE | 14.1% |
| 0.4% | TOTAL RETURN TO SHAREHOLDERS | 9.2% |
| 621.2 million | MARKET CAP | 628.5 million |
| 20.00 | DIVIDENDS PER SHARE (cents) | 20.00 |
| 9.7 million | DIVIDENDS DECLARED | 9.7 million |
| 163.0 million | EBITDA | 122.7 million |
| 334.48 cents | EBITDA PER SHARE | 251.93 cents |
| 5.46 times | EBITDA INTEREST COVER | 11.14 times |
| 1.96 times | NET INTEREST-BEARING DEBT/ EBITDA | 1.69 times |
| 31.0 million | PROFIT BEFORE TAXATION FOR THE YEAR | 39.8 million |
| 471.9 million | REVENUE | 404.9 million |
| 38.55 cents | HEADLINE EARNINGS PER SHARE | 53.48 cents |



OUR 2023 INTEGRATED REPORT

INTRODUCTION

This report is our primary communication with our stakeholders, and we are pleased to present it as a reflection of our performance during the financial year ended 30 June 2023 ("FY2023"). Paratus Namibia Holdings Limited and its subsidiaries ("the Group") are dedicated to stakeholder inclusiveness and provides our stakeholders with an overview of our strategy and performance in the context of an ever-changing operating environment and shares our plans to position the Group to be a leader in the digital transformation of the continent. This report provides supporting qualitative and quantitative information to confirm our position for success.

REPORTING PERIOD

This Integrated Report covers the year 1 July 2022 to 30 June 2023 and any material events after year-end to date of approval of the report.

FINANCIAL AND NON-FINANCIAL REPORTING

We will specifically focus on the activities and performance of Paratus Telecommunications (Proprietary) Limited ("Paratus" or "PTNA"), a wholly owned subsidiary of Paratus Namibia Holdings Limited ("PNH"/"the Company") and the main contributor, in reporting on this year's performance, the business model, sustainability, governance, strategy and risks of the Company and Group.

We have compiled a concise and condensed Integrated Report, containing the full Group Annual Financial Statements and thus no summarised Integrated Report is issued separately.

This report provides information that we believe is of relevance to current and prospective investors, and to any other stakeholders who wish to make an informed assessment of the Group's ability to generate value over the short, medium, and long-term.

We have sought to ensure that all the information in this report relates to matters that have a material bearing. A matter is material if it could affect the assessment and decisions of the Board of Directors, shareholders, and providers of financial capital, and affect the Group's value creation over time.

BOARD OF DIRECTORS



Habo Gerdes



Andrew Hall



Stefan de Bruin



Romé Mostert



Josephine Shikongo



Reagon Graig



Schalk Erasmus



Barney Harmse



Rolf Mendelsohn
(alternate director)



Gert Duvenhage
(alternate director)

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals ("SDGs") represent a better and more sustainable future for all. This report speaks to our strategy delivered in a way that supports governments, communities, enterprises, and individuals, and contributes towards the achievement of certain SDGs. Digital technology is an essential tool to guide the progress towards reaching the SDGs by 2030. We are committed to playing our role and believe we can increase the speed and scale of delivery across several SDGs through leveraging our technology and services and partnering with others.

REPORTING FRAMEWORKS

Our integrated reporting is guided by the principles and requirements of the International Financial Reporting Standards ("IFRS") and the NamCode. As a company listed on the Namibian Stock Exchange ("NSX"), we align with the NSX Listings Requirements and the Namibian Companies Act, 2004.

ASSURANCE

The content of the Integrated Report has been reviewed by the Directors and management but has not been externally assured. The external auditor, PricewaterhouseCoopers, has provided assurance on the financial statements set out on pages 82 to 149 and expressed an unmodified audit opinion.

BOARD RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility to ensure the integrity of this report. We believe that this Integrated Report addresses all matters that are material to the Group's ability to create value and fairly presents the Group's performance for the year ended June 2023. We confirm this Integrated Report is an accurate reflection of the Group's strategic commitments for the short (less than one year), medium (one to three years) and long-term (beyond three years). We applied our judgment regarding the disclosure of the Group's strategic plans and ensured these disclosures do not place the Group at a competitive disadvantage.

This report was approved for publication by the Board of Directors on 29 November 2023.



LEADERSHIP REFLECTIONS



CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Paratus Namibia Holdings Limited ("PNH") is listed in the Technology Sector on the Namibian Stock Exchange ("NSX") with the purpose to pursue investments in the Information Communication and Technology Sector in Namibia primarily. During the 2022-2023 financial year in review the operating company, Paratus achieved some noteworthy milestones such as the landing and go-live of the Equiano submarine cable, maintenance of ISO and PCI DSS certification of the Armada Data Center and the further expansion of the Paratus network to peri-urban areas of Namibia. Behind the scenes Paratus has revamped its billing and finance system; is in the process of updating its business and operations support systems; and has invested long hours in the development of its most valuable resource – its people. The theme of this Integrated Annual Report also reflects this though a strong focus on the unique people of Paratus. Although these changes are unseen to the shareholder and customer, they will place Paratus in a highly competitive position to continue to provide exceptional customer service in spite of challenging circumstances in the industry.

FINANCIAL RESULTS

For the financial year ended 30 June 2023, the Group, realised recurring revenue of N\$434.9 million (30 June 2022: N\$357.8 million) which represents a growth of 21.5%. Non-recurring revenue, which represents Local Area Network installations and sale of Telecommunication Equipment, amounts to N\$35.1 million (30 June 2022: N\$43.4 million). This represents a decline of 19.2%. The decline is attributable to the renewed focus of the sales and technical resources on higher margin recurring revenue.

The net profit before taxation, for the Group, for the same period amounts to N\$31 million (30 June 2022: N\$39.8 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$163 million (30 June 2022: N\$122.7 million). This represents a decline of 22.2% and a growth of 32.8%, respectively.

The main contributor to the decline in profitability is the increase in non-cash depreciation charges emanating from new infrastructure completed during the year and the increase in finance costs. Finance cost increase relates to increased interest rates combined with the additional finance cost on the second tranche of N\$130 million, raised through the listed Domestic Medium-Term Note Programme ("DMTNP").

ECONOMIC OVERVIEW

The Namibian economy posted revised growth of 3.6% in 2021 and 7.6% in 2022. The growth was primarily driven by the mining industry, owing to increased diamond and uranium output, improving gold output, and record investment into onshore (minerals) and offshore (oil and gas) exploration.

The Bank of Namibia forecasts real GDP growth to slow to 3.3% in 2023, slowing further to 3.0% in 2024 and 2.9% in 2025. Cirrus forecasts real GDP growth of 3.8% in 2023, accelerating to 4.1% in 2024 and 5.1% in 2025. Growth is expected to be persistent across most industries, particularly the secondary and tertiary sectors.

The ICT sector has seen growth decelerate after the COVID-19 boom, but growth here is expected to remain positive.

The past year has seen a rapid increase in interest rates, along with high inflation (which has peaked). These factors have not only negatively impacted households and disposable incomes, but have also affected business as the cost of debt has risen dramatically, while input prices remain much higher than just a few years ago. Interest rates are expected to settle around current levels, as inflation has been cooling. However, geopolitical events have caused volatile oil prices and a weaker rand (along with domestic factors). This combination has seen upward pressure on domestic fuel prices, and could see inflation tick up again. Interest rates are thus expected to remain elevated for the next few months.

Namibia's fiscal position has improved dramatically, with deficits expected to continue narrowing while the marginal cost of funding has improved (despite the higher interest rate environment). While no wage adjustment is anticipated for 2023, one will likely be forthcoming in 2024. Fiscal policy is also encouraging, with efforts to raise the threshold for personal income tax and commitments to lowering company taxes, which should provide some additional discretionary spending power.



I ALSO COMMEND THE MANAGEMENT AND ALL EMPLOYEES OF THE OPERATING COMPANY FOR THEIR RESILIENCE AND CONTINUED DRIVE TO DELIVER EXCELLENT CUSTOMER SERVICE



OUTLOOK AND PROSPECTS

For the 2024 financial year, a further N\$137.8 million investment into infrastructure was approved by the Board.

This investment will mainly be earmarked for the following Capital expenditure ("capex") projects:

- Completion of the fiber route running through Botswana to connect SA with the Equiano Submarine Cable;
- Fiber to the X ("FTTx") rollout; and
- LTE expansion to the major towns of Namibia, which provides inter-alia Paratus with the ability to compete in the lower market segment.
- The capex is to be funded with own cash resources only.

GOVERNANCE AND RISK MANAGEMENT

In accordance with the directive issued by the NSX on 14 January 2022, a Social, Ethics and Sustainability Committee was constituted. Although the Company has been operating in this fashion since its inception.

The Board recognises that it operates within the triple context of the economy, society and the environment and therefore the Board has delegated the function of reporting on these activities to a well-structured committee for detailed reporting in the coming financial year.

APPRECIATION

On behalf of the Board, I express our gratitude for the loyal support of customers and the partnership of our service providers who are critical to the continuation of our operations.

I am grateful for the exceptionally talented and dedicated Directors that I have the privilege of working with to lead the Company to another level of financial stability and also have the flexibility to be responsive during times of never-ending change. I also commend the management and all employees of the operating company for their resilience and continued drive to deliver excellent customer service through building Africa's quality network.

In closure I would like to bid farewell to Jaco Esterhuysen and Stuart Birch, non-executive directors of the Company, who retired effective January 2023. I, on behalf of the Board of directors, hereby thank them for their invaluable contribution and dedication towards the establishment and successes of Paratus Namibia Holdings and wish them success in their future endeavours.



Hans Bruno Gerdes
Chairperson
29 November 2023

Unlimit Namibia's digital future.

YOU'VE GOT IT





MANAGING DIRECTOR'S REPORT

OVERVIEW

The landing of the Equiano Submarine cable on the 1st of July 2022 set the tone for yet another year of adventure in Paratus' quest to connect more Namibians to our quality network.

The landing of Equiano was but only one of the stepping stones on our quest, and from hereon we have to build up to the doorstep of our customers. We expanded our National footprint enabling us to provide services in 27 towns on Paratus owned infrastructure. This entailed the deployment of 459 km of fiber including the first step of our expansion of our Trans Kalahari Fiber up north from Karibib to Otjiwarongo.



27

TOWNS ON PARATUS INFRASTRUCTURE



459

KM OF FIBER INCLUDING TRANS KALAHARI FIBRE IN THE NORTH

A lot of effort was put into our sales distribution channel with the expansion of our retail outlet footprint countrywide. We now have 14 outlets countrywide, where customers can go to sign up for Paratus products. In addition to this we also signed up as an authorised Apple reseller giving access to the product range through our retail outlets. Adoption of our online signup portal

is going very well with almost 50% of new customer acquisition happening on this digital platform.

Paratus embarked on an exciting project, partnering with shops as resellers in the informal settlements. This project has created brand awareness in those communities and an additional income stream for the shop owners. Reflection and acknowledgement of our customers' needs was one of our objectives for the past year.

We conducted quite a few customer surveys as well as direct engagement to understand their needs. We took this information into consideration when we built our new product offerings that were launched when Equiano went live in June 2023.

We continued to develop and evolve our back-office systems to improve our service levels and ease of engagement with our customers. We are in the process of deploying a new Accounting/CRM software which will be implemented in the new financial year.

INFRASTRUCTURE INVESTMENT

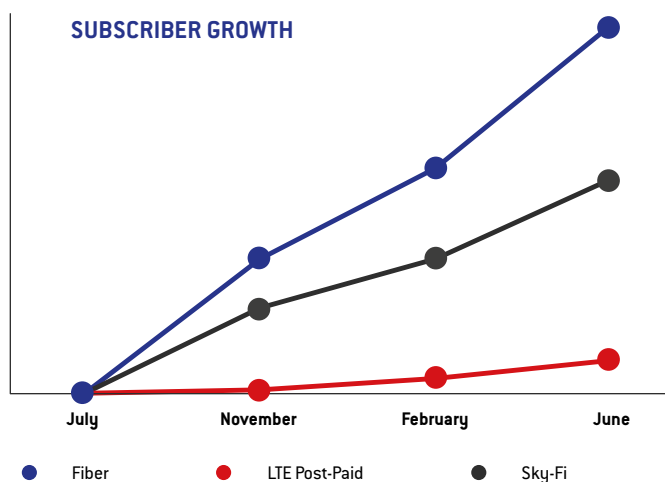
The total capex for the financial year ended 30 June 2023 amounts to N\$454 million (2022: N\$282 million).

The investment in our fiber network contributed to the largest portion of our 2023 financial year capex, continuing the trend of the previous financial year. The other significant investments are the Armada Data Center and Equiano Submarine Cable Landing Station projects.

Paratus installed a total distance of 459 km (2022: 254 km) of fiber during the financial year and this predominantly consists of last mile fiber in Windhoek, Swakopmund, Walvis Bay, Otjiwarongo, Gobabis, Ondangwa, Ongwediva, Oshakati, Grootfontein and Okahandja.



Our Radio Access Network ("RAN") grew during the year, enabling us to expand the footprint of our LTE and Sky-Fi networks.



During the financial year Paratus recorded substantial growth in new subscribers. We had a 36% growth in fiber subscribers, 92% growth in Sky-Fi subscribers and a 11% growth in LTE subscribers. The lower growth in LTE subscribers on Post-paid can be set off against the aggressive growth in Pre-Paid LTE revenue which grew at a staggering 103% over the 12 month period.

Since inauguration of our Armada Tier III (by design) data center with a total capacity of 240 cabinets, we are already on an impressive one third occupancy of data hall 1. This flagship facility is truly a very proud achievement of the Company.

INVESTMENT STRATEGY

Our aggressive roll out of both network infrastructure and sales distribution network has paved the way for us to focus on achieving a greater return on the past couple of year's investment.

We are very pleased to find ourselves in a position where we can fund our entire CAPEX requirement for the next year out of operational cash flows. These CAPEX requirements will focus on customer acquisitions on existing infrastructure and upgrading capacity on our own network as it becomes necessary.

With the looming power crisis in South Africa, we are putting all measures in place, and embarked on a journey to solidify standby power generation for all critical points of presence on the Paratus network.

The Board approved a Capex budget of N\$138 million for the 2024 financial year.

ACKNOWLEDGMENTS

None of our achievements nor our dreams becoming a reality would be possible without our employees. I would like to thank the entire team for believing in our goals with conviction and giving it their all everyday! Thank you to all our customers for your ongoing loyal support, our shareholders for believing in us and the Paratus Board for your guidance on this great journey...



Andrew Hall
Managing Director
29 November 2023

CHIEF FINANCIAL OFFICER'S REPORT

1. INTRODUCTION

This financial review offers a condensed view of the financial results of Paratus Namibia Holdings Limited and the 100% operating subsidiary Paratus Telecommunications ("Proprietary Limited") for the year ended 30 June 2023. These are presented in a simplified form for ease of reference and understanding and are reflective of how the information is analysed by management. The financial review should therefore be read in conjunction with the full annual financial statements.

The 12 month financial year-ended on 30 June 2023, the prior year numbers also reflect a period of 12 months ended on 30 June 2022. The report reflects on the outcomes of the operations, objectives and initiatives implemented, and consider the challenges encountered. We are satisfied with the performance of the Group, particularly given the ongoing tough economic climate and challenging trading conditions emanating from the Namibian Dollar devaluation against the major currencies, high inflation, and the high interest rate environment, all of which has curbed the spending power of the Namibian population at large.

The PNH listing offers a strong diversification opportunity for the funds of institutions and individuals alike, allowing diversified sector returns in a local environment where the financial sector dominates the Namibian Stock Exchange.

2. CORPORATE ACTIVITY DURING THE CURRENT AND PAST FINANCIAL YEARS

During the current financial year on 16 September 2022, a second tranche of N\$130 million was raised through the listed Domestic Medium-Term Note Programme. The second tranche of the Note Programme was well received with bids totalling N\$363 million. Three-year notes to the value of N\$30 million were issued at an interest rate of 275 basis points above the 3-month ZAR JIBAR rate. Five-year notes to the value of N\$100 million were issued at an interest rate of 325 basis points above the 3-month ZAR JIBAR rate. The N\$130 million bonds raised were utilised solely to fund the capex roll-out plans for the financial year 2023.

During May 2021 PNH established an NSX approved N\$1 billion Domestic Medium-Term Note Programme pursuant to a Programme Memorandum. During June 2021 a first tranche of N\$200 million was raised through the Domestic Medium-Term Note Programme. The first tranche of this Programme was well received by the Asset Management community and resulted in an oversubscription of the Senior Unsecured Floating Rate Notes. The three-year and five-year notes were issued at a weighted average interest rate of 303 basis points above the 3 Month ZAR JIBAR rate. The PNH balance sheet required additional gearing to bring down the weighted average cost of capital. The Note Programme proceeds were advanced to Paratus via an inter-company loan. The inter-company loan terms are back-to-back with the PNH Note Programme terms.

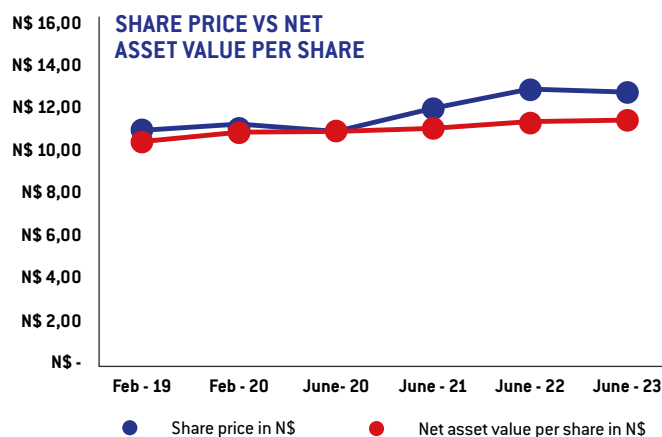
The access to loan funding via the Domestic Medium-Term Note Programme listed on the Namibian Stock Exchange and equity funding via the listing on the Namibian Stock Exchange enables Paratus to maintain an optimal capital structure by tapping into any of the two available sources of capital when required.

3. PERFORMANCE OF PNH SHARES FOR THE YEAR UNDER REVIEW

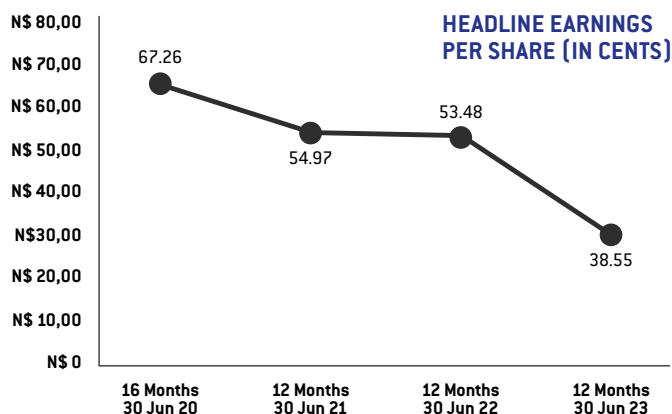
A total of 955 207 (2022: 522,015) share trades were recorded during the financial year. The share swap transaction and the rights issue concluded during the 2019 and 2020 financial year increased the number of shares in circulation and consequently contributed towards the liquidity of the shares. The total value of shares traded amounts to N\$12.5 million (2022: N\$6.6 million). The share price was 1 290 cents on 1 July 2022 and closed at 1 275 cents on 30 June 2023. The weighted average trading price was 1 305 (2022: 1 256) for the financial year. Total dividends paid during the year amounts 20 cents per ordinary share (2022: 20 cents per ordinary share), which translates to a total return of 0.4% (2022: 9.2%) for the year ended 30 June 2023. The dividends paid to shareholders were maintained in the current financial year, despite the continued infrastructure investment during the financial year.

As at 30 June 2023 the share was trading at a premium of 10.8% (2022: 14.1%) to the net asset value per share. The decrease from the prior year is due to the 1.2% decline in the share price.

The graph below displays the share price movement compared to the net asset value per share.



4. FINANCIAL PERFORMANCE

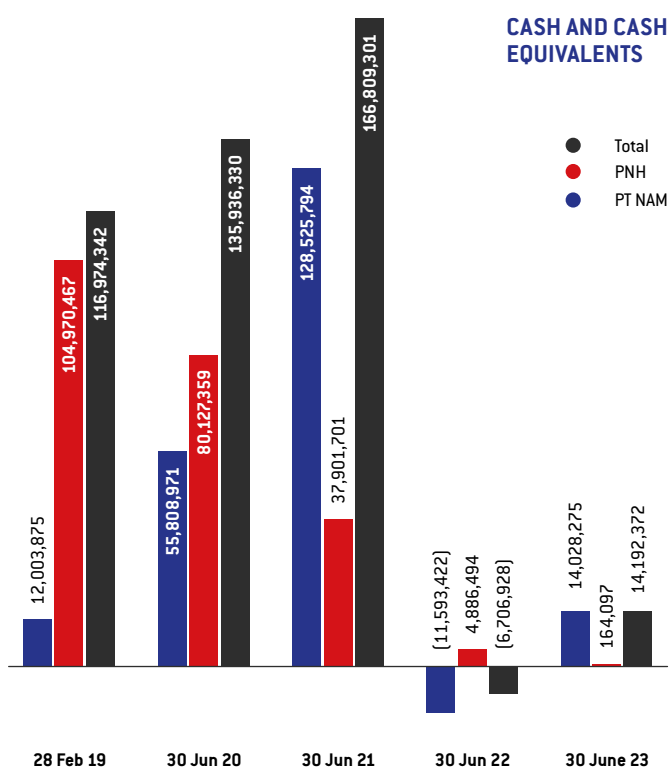


The reduction in the Headline Earnings per share from 30 June 2020 to 30 June 2023 is due to the following:

- The 30 June 2020 financial results were for a period of sixteen months, whilst the 30 June 2021 period spans over twelve months, due to a year-end change from February to June.
- The weighted number of shares in issue as at 30 June 2020 was 35,675,523 whilst the weighted number of shares in issue at 30 June 2021 is 48,386,000. This is mainly due to the share swap transaction concluded in January 2020, which resulted in the issuance of 20,012,431 ordinary shares.
- Headline Earnings per share in the 2022 financial year were impacted by the increase in finance charges from N\$6.2 million in the 2021 financial year to N\$11.0 million in the 2022 financial year emanating from the N\$134 million additional debt raised during June 2021. This transpired due to withholding tax on foreign customers, available as a N\$1.7 million income tax credit in Namibia, was forfeited due to the current income tax loss of Paratus, and was allocated as an income tax charge.
- Headline Earnings per share in the current financial year is impacted by the increase in finance cost emanating from the additional bond raised during September 2022 and the increase in interest rates which have resulted in additional finance charges of N\$18.4 million. The completion of both the Equiano Branch and the Data Center with a combined cost of N\$358 million has resulted in additional depreciation charges of N\$6.9 million, which will

be absorbed through the occupancy of the Data Center, and the utilisation of the Equiano Branch for both new revenue streams and own use by providing competitive and reliable internet to our customers.

Operating profit has increased by 28.8% (2022:18.4%) to N\$82.9 million from N\$64.4 million in the previous financial year. The earnings growth was mainly driven by revenue growth and improved operating margins stemming from the network expansion.

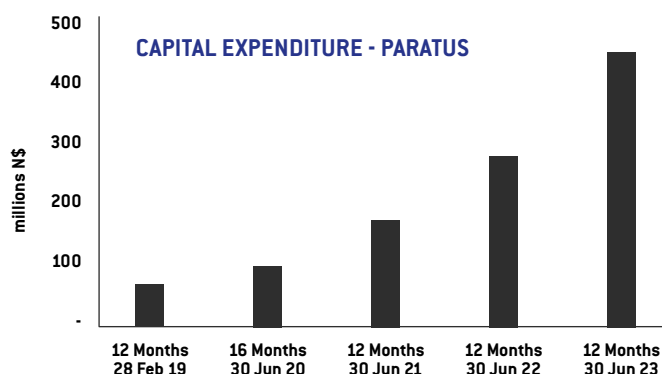


The Cash and Cash Equivalents indicated in the graph includes the investments in money market funds, which are disclosed as "investments at fair value" in the financial statements.

The graph above depicts cash position as at 30 June 2023. Extensive infrastructure investment was incurred during the financial year amounting to N\$454 million of which N\$185 million consists of the Equiano Submarine Cable Branch, which was acquired in exchange for services on our own existing infrastructure. Infrastructure investment of N\$265 million was paid from the N\$130 million bond raised and own cash generated.

The Group has access to adequate liquidity and resilient free cash flow generation to support the continued investment into infrastructure.

From a group perspective, the net interest-bearing debt (total interest-bearing debt (excluding lease liabilities) less cash)/EBITDA multiple is 1.96 times (not to exceed 3.5 times) and the EBITDA interest cover multiple (excluding the financing component of IFRS 15) is 5.46 times (not to be less than 2.5 times). Our capital allocation priority is to support investment in critical network infrastructure.



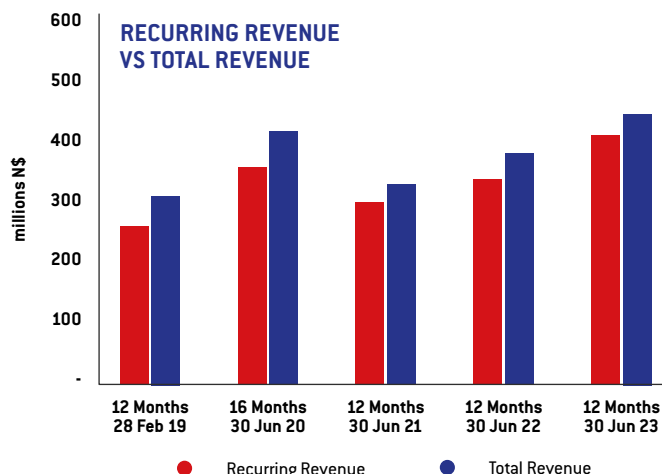
Paratus continued its aggressive infrastructure roll-out as evidenced by the capex graph above. For the financial year ending 30 June 2023, Paratus incurred capital expenditure amounting to N\$454 million (2022: N\$282 million).

At 30 June 2023 an amount of N\$37.65 million is reflected under trade and other payables, this relates to a portion of the Equiano Submarine Cable Branch acquisition price, which was not converted to a service yet. Once the fiber route running between Buitepos and Lobatse in Botswana is completed, the remaining liability of N\$37.65 million will be converted to a service on this route and the liability will be settled. It is expected that the construction of this route will be completed at the end of the calendar year at a total cost of approximately N\$45 million. This route from Johannesburg running through Botswana and Namibia to the Equiano sub-sea cable in Swakopmund and onwards toward Europe will provide the shortest route with the lowest latency to Europe and is therefore of strategic importance to Paratus for future revenue growth.

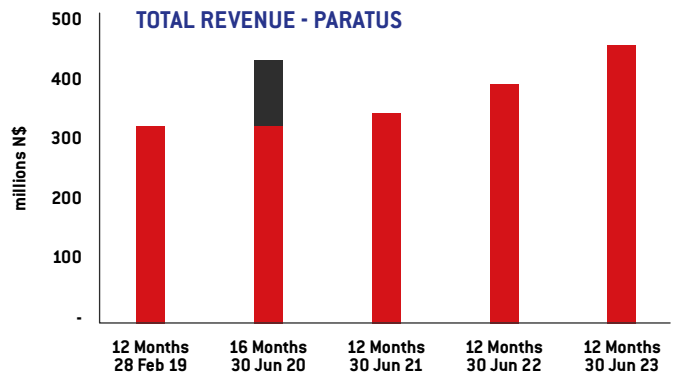
Other highlights for the year include the remaining construction cost of N\$26 million to complete the Data Center, which brings the total construction cost to N\$135 million, including the cost of the erf. During this period the construction of a 200km long-haul fiber between Karibib and Otjiwarongo 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.

A total amount of N\$60 million was invested in the LTE network to expand the Paratus coverage in the larger towns throughout Namibia.



CHIEF FINANCIAL OFFICER'S REPORT



Total revenue for the year ended 30 June 2023 is N\$463.6 million (2022: N\$395.2 million). This represents a growth of 17% from the previous financial year. The compounded annual growth rate in total revenue over the last five years is 10.3%. Recurring revenue makes up 92.4% of total revenue (2022: 89%). For the financial year ending 30 June 2023, Paratus has realised recurring revenue of N\$428.2 million (2022: N\$351.7 million) which represents a growth of 22%. Non-recurring revenue, which represents customer premises Local Area Network installations and equipment sales amounts to N\$35.4 million (2022: N\$43.5 million). This represents a decrease of 22.9%. The decrease is attributable to the renewed focus of the sales and technical resources on higher margin recurring revenue.

The growth in recurring revenue is attributable to services sold on the Equiano Submarine Cable Branch, occupancy of the newly constructed Data Center and the product offering to the consumer market, which include fiber, LTE, VSAT, and Sky-Fi. The consumer business makes up approximately 30% of total recurring revenue. The expansion of our distribution network has also contributed to an increase in recurring revenue.

During the 2023 financial year the earnings before interest, taxation, depreciation, and amortisation ("EBITDA") for Paratus amounts to N\$163.5 million (2022: N\$122.5 million) This represents growth of 33.5% from the previous financial year. The EBITDA margin increased from 31.0% in 2022 to 35.3% in 2023 and is due to the increased utilisation of Paratus-owned infrastructure replacing third-party infrastructure, the continued increase of customers on the existing infrastructure and the containment of operational expenditure, despite the expansion of both the telecommunication and distribution networks.



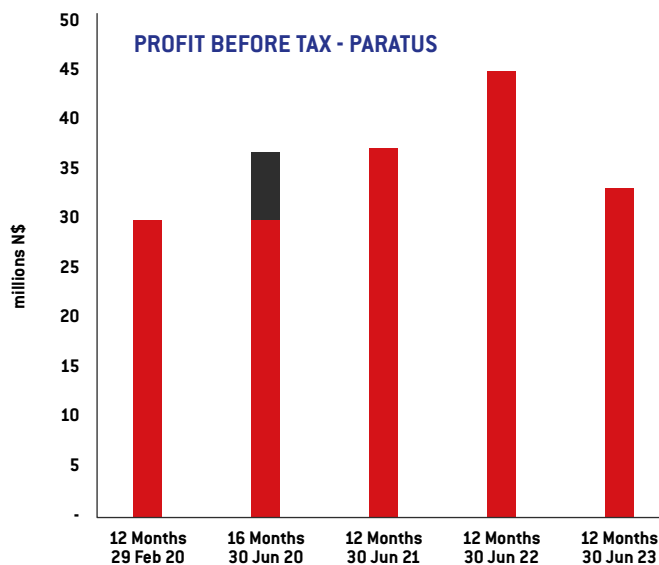
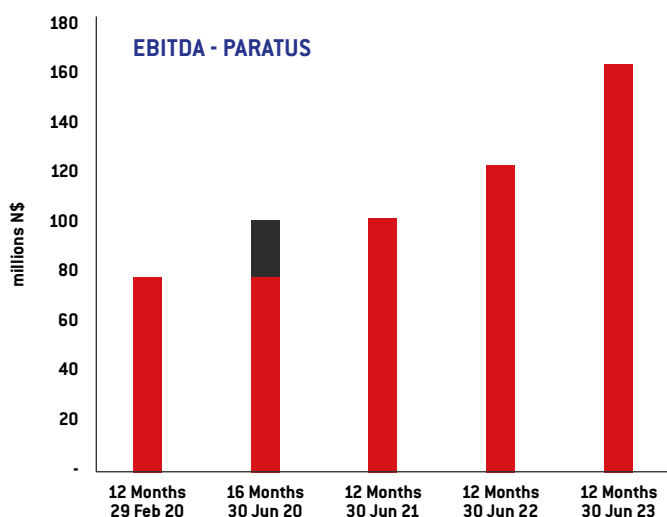
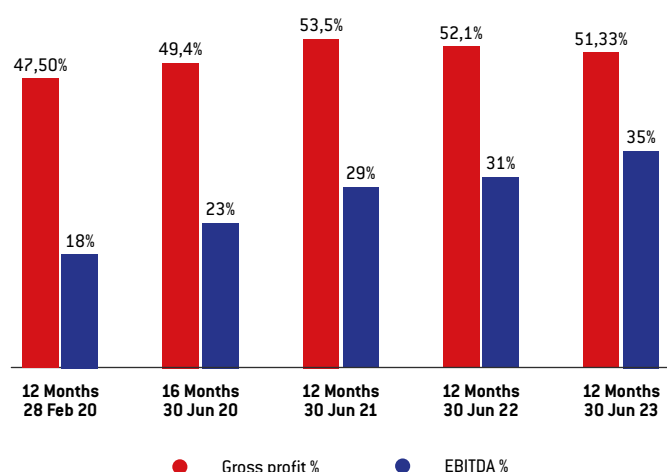
THE CONSUMER BUSINESS MAKES UP APPROXIMATELY 30% OF TOTAL RECURRING REVENUE. THE EXPANSION OF OUR DISTRIBUTION NETWORK HAS ALSO CONTRIBUTED TO AN INCREASE IN RECURRING REVENUE.



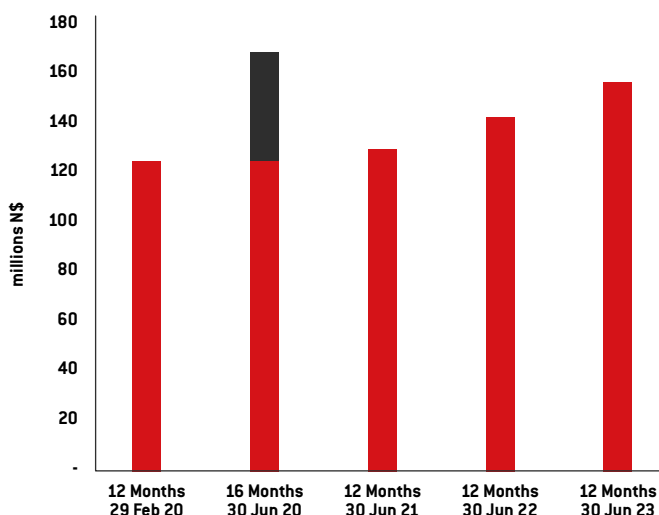
Paratus delivered net cash flows from operating activities of N\$203.2 million (2022: N\$128.9 million - restated). There is a close correlation between the EBITDA number and the cash flow from operating activities and therefore the EBITDA number mirrors the Company's ability to generate cash flows from operations. The disparity between EBITDA and the cash flows from operating activities for the 2023 financial year stems from the lower stock levels and better utilisation of credit terms from suppliers. This has resulted in additional cash flows from operating activities of N\$36.7 million. If this is excluded, the cash flows from operating activities amount to N\$166.5 million, which is in line with the current year EBITDA number of N\$163.5 million. The disparity between profit after taxation and EBITDA stems mainly from the large depreciation charges recorded on infrastructure deployed, as well as the impact of IFRS 16.

The decline in the gross profit margin ("GP%") from 52.1% for the year ended 30 June 2022 to 51% for the year ended 30 June 2023 stems from the large depreciation charge emanating from the newly constructed Data Center, which was launched during August 2022 and the Equiano Submarine Cable Branch and Cable Landing Station which was Ready-For-Service on 12 January 2023. The depreciation charge on these assets amounts to N\$6.9 million, whilst the occupancy of the Data Center and utilisation of the Equiano Submarine Cable Branch and Cable Landing Station were still low at year-end.

GP% AND EBITDA % - PARATUS



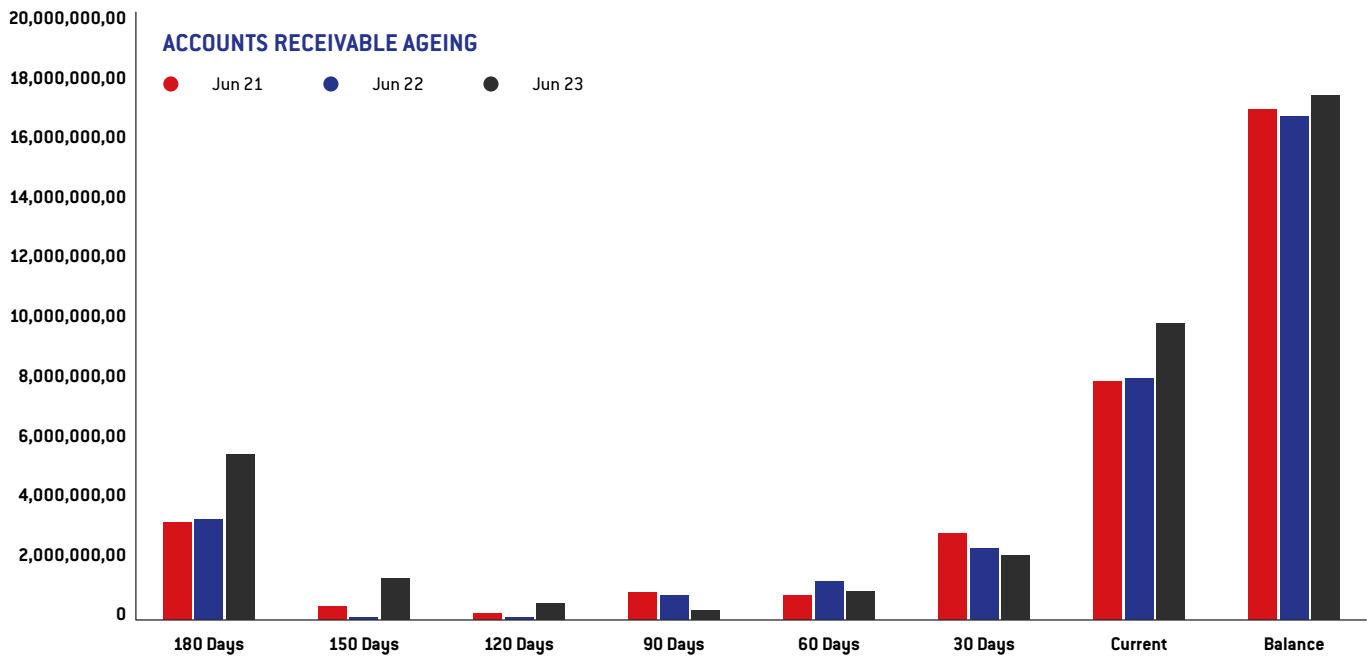
OPERATING EXPENSES - PARATUS



For the year ended 30 June 2023, the net profit before taxation for Paratus amounts to N\$33.3 million (2022: N\$43.8 million). This represents a decline of 24.0% from the previous financial year. The main contributor to the decline is the increase in non-cash depreciation charges emanating from new infrastructure completed during the year, and include the Data Center, Cable Landing Station, and the Equiano Submarine Cable Branch. The combined cost of this new infrastructure is N\$358 million and bodes well for future revenue growth. The increase in interest rates combined with the new N\$130 million bond issued during September 2022 have resulted in additional finance cost of N\$18.4 million when compared with the 2022 financial year.

Total operating expenses for the year ended 30 June 2023 amounts to N\$154.4 million (2022: N\$142.2 million). This represents a growth of 8.6% (2022: 10.2%) and is attributable to the revenue growth, infrastructure expansion and growth in the number of distribution outlets, which requires additional resources to maintain the larger network and to service the higher number of customers. Improving the network quality remains a priority, as customer service is key to ensuring market share growth. The increase in transaction volumes emanating from the consumer business necessitates Paratus to continue implementing systems to automate as many processes as possible and especially the sign-up process of new customers.

CHIEF FINANCIAL OFFICER'S REPORT



Paratus has a policy to terminate services, should customers not settle their accounts within 15 days from date of invoice. The Group's collections of accounts receivable remain under pressure due to high inflation, interest rates and low economic growth. The economic situation ultimately results in lower disposable income for both the consumers and enterprise customers alike. Paratus has managed to grow revenue due to the demand from consumers for reliable and affordable internet. Notwithstanding the 17% growth in revenue the accounts receivable balance at year-end reflects a growth of only 2.75%. Paratus has managed to improve the arrears for the 90-, 60- and 30-days age buckets whilst there was slight deterioration of the 150- and 180-days age buckets. Management is of the view that an adequate credit loss allowance has been raised for the 150- and 180-days age buckets.

The IFRS 9 expected credit loss allowance recognised by the entity considers the known impact and the estimated future impact of the current economic environment on the recoverability of debtors. As is evidenced by the Accounts Receivable Ageing graph above, the debtor's book has been adequately managed, despite the high growth in revenue and customer numbers against the backdrop of a weak local economic environment. The expected credit loss allowance as at 30 June 2023 is N\$4.5 million (2022: N\$3.5 million) and represents a growth of 28.6% from the previous financial year.

In terms of the Shareholders Agreement entered into between Paratus and PNH, the following solvency and liquidity requirements, as well as dividend policy, were provided for:

Solvency requirements:

Debt/asset ratio – 50% to 75% (for this ratio any Preference shares will be deemed to be debt)

Dividend policy:

A dividend pay-out policy of a maximum of 50% of profit after tax has been adopted, subject to the capital requirements in the following year, working capital needs and other relevant factors. The Group is in a robust financial position with good liquidity and resilient free cash flow generation. Paratus has capital deployment commitments into infrastructure for the 2024 financial year amounting to N\$137.8 million. Additional debt will not be incurred to fund the 2024 financial year capital expenditure. The PNH board made a strategic decision to limit the capital expenditure to available cash flow generation. This will allow Paratus to enhance the returns on the extensive capital expenditure incurred to date.

5. LOOKING AHEAD

For the financial year ending 30 June 2023 Paratus delivered strong revenue growth of 17% (2022:15%) against a backdrop of a continued weak local economy driven mainly by high interest rates and inflationary pressure. Paratus remains well placed to grow revenues due to extensive infrastructure investment during the financial year, which is driven by the continued demand for reliable internet.

External risks to the domestic economic outlook include weakening global economic activity, tighter global monetary policy, elevated crude oil prices and continued geopolitical tensions. Inflation revised downwards and is expected to average 5.6% in 2023.

The anticipated growth for the 2024 financial year is to be driven mostly by the ongoing occupancy of the Data Center and the utilisation of the Equiano Submarine Cable Landing Station, which will provide the lowest latency connection between SA and Europe via the Paratus terrestrial fiber. There will also be a renewed focus to monetise the existing last mile fiber infrastructure to enhance the return on the infrastructure investments to date.

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

“ OUR CAPITAL ALLOCATION PRIORITIES ARE TO SUPPORT INVESTMENT IN CRITICAL NETWORK INFRASTRUCTURE TO CREATE SHAREHOLDER VALUE. ”



The maturity profile of the current notes in issue are as follows:

- N\$175 million maturing on 18 June 2024;
- N\$30 million maturing on 16 September 2025;
- N\$25 million maturing on 18 June 2026; and
- N\$100 million maturing on 16 September 2027.

It is the intention of management to roll over the note expiring during June 2024.

The Board has declared a final dividend of 10 cents per ordinary share due to the various capital commitments for the 2024 financial year. The result is a full-year dividend of 20 cents per ordinary share. Our capital allocation priorities are to support investment in critical network infrastructure to create shareholder value.

The salient dates of the dividend declared were as follows:

- Board declaration date: 19 September 2023
- Last date to trade cum dividend: 20 October 2023
- First day to trade ex-dividend: 23 October 2023
- Record date: 27 October 2023
- Payment date: 10 November 2023



Stefan de Bruin
Chief Financial Officer
29 November 2023



Revenue growth from N\$395.2 million in 2022 to N\$463.6 million in 2023



Operating profit growth from N\$64.4 million in 2022 to N\$82.9 million in 2023



EBITDA growth from N\$122.5 million in 2022 to N\$163.5 million in 2023



CAPEX spent in N\$454 million (2022:N\$282 million)



Future CAPEX spent approved amounts to N\$137.8 million



Amara Elba

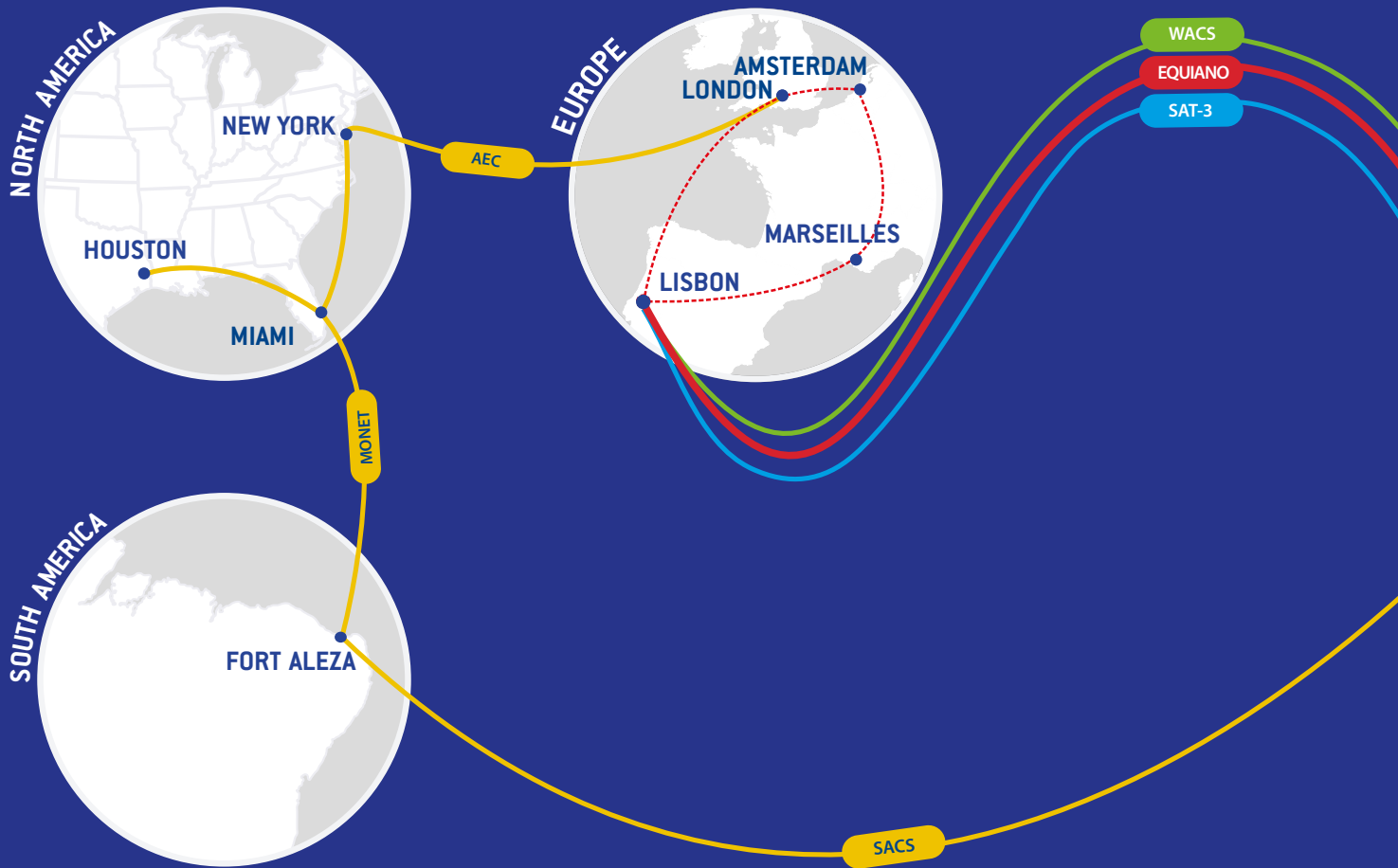
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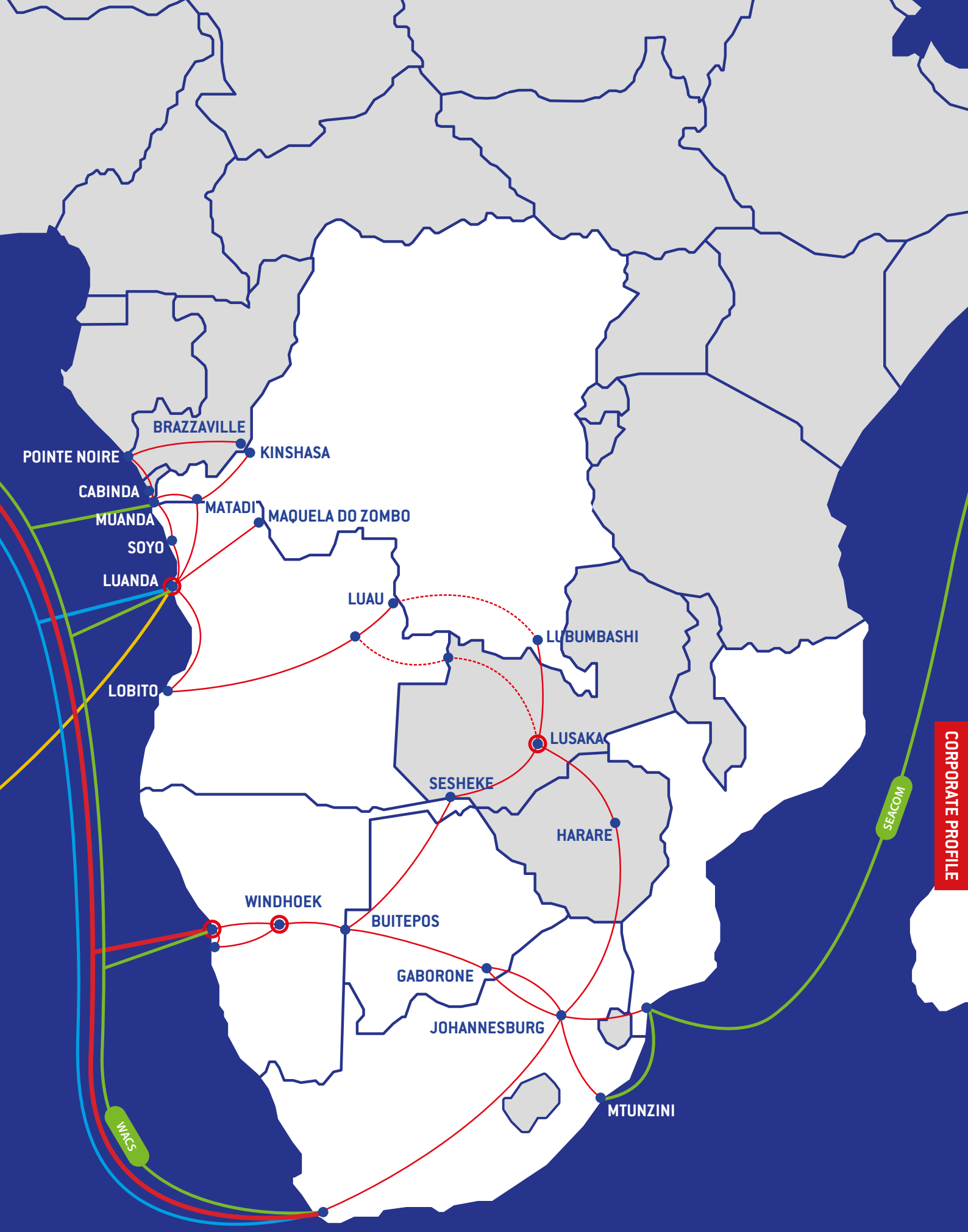
CORPORATE PROFILE



AFRICA FOOTPRINT



CORPORATE PROFILE



GROUP STRUCTURE

“AT PARATUS, WE BELIEVE IN UNLOCKING THE POTENTIAL OF AFRICA. NOT JUST FOR THE SAKE OF GROWTH, BUT FOR THE TRANSFORMATION OF OUR CONTINENT. WE ARE ALWAYS PREPARED TO DELIVER QUALITY CONNECTIVITY AND SERVICE”

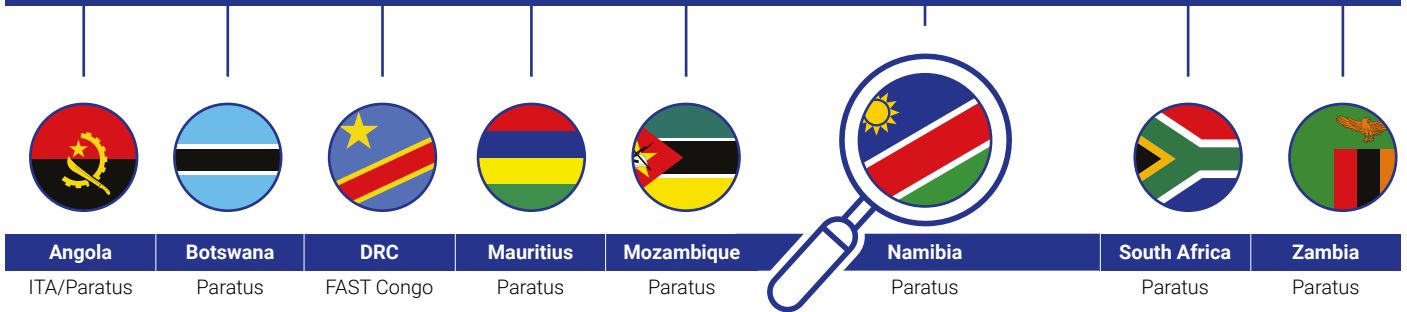
SCHALK ERASMUS (GROUP CEO)

Paratus was born and bred in Africa. We have African ambitions in our sights because we understand our customers' need to be free to innovate, pioneer, and overcome boundaries in their quest for success. We know they need the best quality connectivity to succeed. Our world-class technology is delivered by our passionate and professional teams across the continent, and we are bound by a clear intent to help unleash the uncorked potential in Africa.

Over the last two decades, Paratus has grown into a full-service African telecommunications operator network spanning the continent, connected to the world. We continue to grow, to raise the connectivity bar and to disrupt the norm, because we want the people of Africa, and the businesses they own and run, to flourish. We are providing the main artery carrying their life blood to a successful future.

Paratus has highly skilled operational teams in seven African countries – Angola, Botswana, DRC, Mozambique, Namibia, South Africa, and Zambia. With the ultimate holding company registered in Mauritius. Paratus connects more than 35 African countries through a distributed reseller network across the continent.

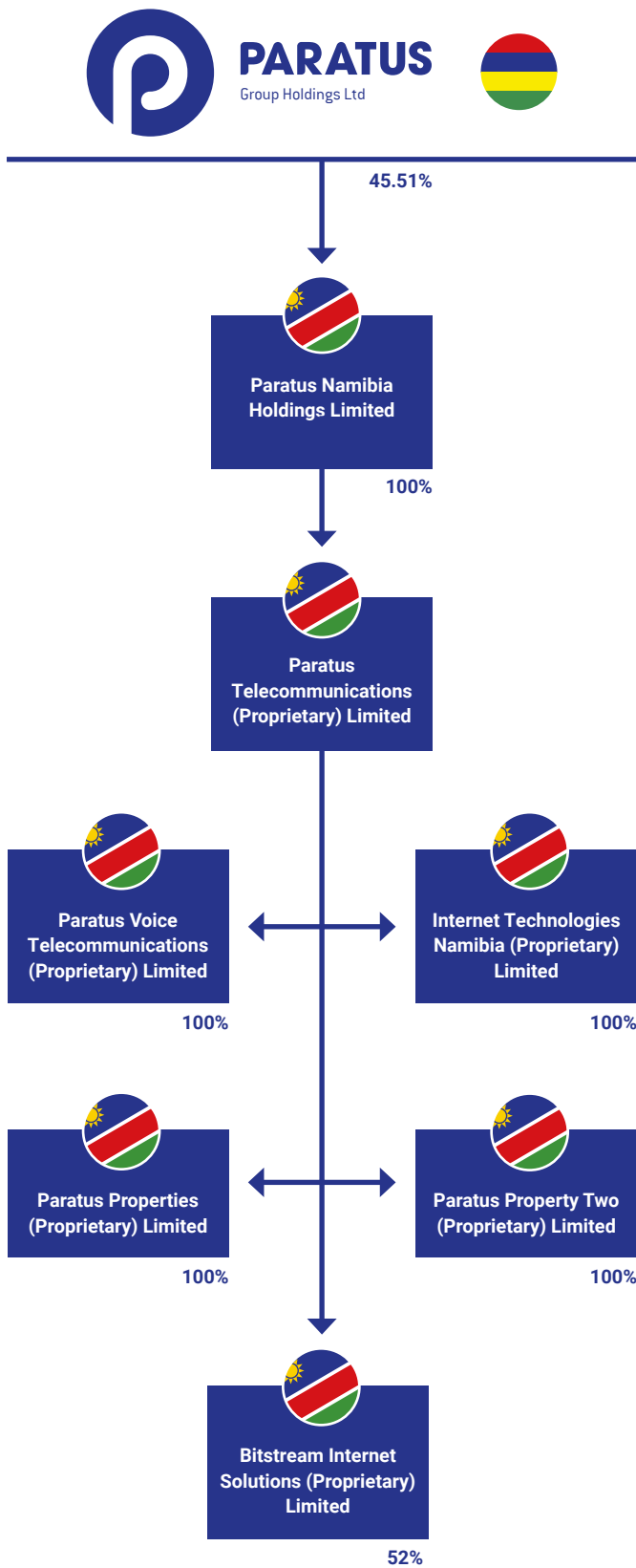
PARATUS GROUP HOLDINGS LIMITED



| Country | Internet | Fiber | Satellite | MPLS & SD-WAN | Cloud Services | Data Center | Voice (VOIP) | Mobile Data |
|---------|----------|-------|-----------|---------------|----------------|-------------|--------------|-------------|
| | ● | ● | ● | ● | ● | ● | ● | |
| | ● | ● | ● | ● | ● | | ● | |
| | ● | ● | ● | ● | | | | |
| | ● | ● | ● | ● | | | | |
| | ● | ● | ● | ● | ● | ● | ● | ● |
| | ● | ● | ● | ● | | | | |
| | ● | ● | ● | ● | ● | ● | | |

FOCUSING ON NAMIBIA

NAMIBIA GROUP STRUCTURE



FOCUSING ON NAMIBIA

PARATUS NAMIBIA HOLDINGS LIMITED

PNH (formerly known as Nimbus Infrastructure Limited) has its humble beginning as the first Capital Pool Company ("CPC") to list on the NSX on 06 October 2017. The company was admitted to the NSX main board during June 2018, listed in the Technology Sector.

OBJECTIVE

We believe consistency and endurance are the key elements to our success and thus the objectives of PNH remain unchanged as we continue to pursue investments in digital infrastructure and services in Namibia.

GOALS



1

**INVESTING IN VIABLE ICT
INFRASTRUCTURE PROJECTS**



2

**EFFICIENT ALLOCATION OF
CAPITAL TO LOWER COST**



3

**BENEFIT SHAREHOLDERS
AND STAKEHOLDERS ALIKE**

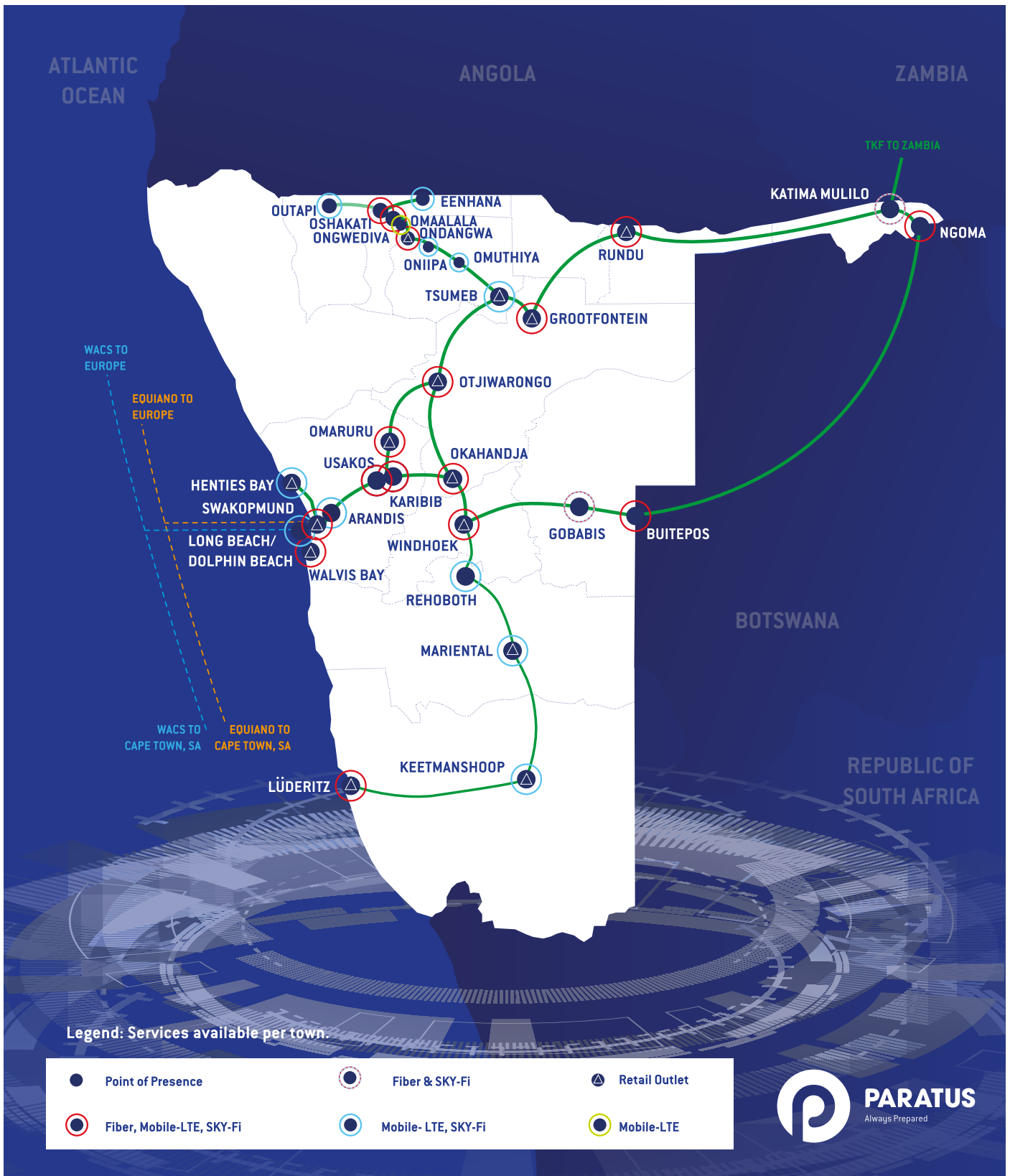


4

**SUSTAINABILITY AND FUTURE ICT
DEVELOPMENT FOR NAMIBIA AND
ITS CITIZENS**

INVESTMENT

A milestone event in the history of PNH was the 100% acquisition of Paratus, staggered over time, (refer to "Key events in our history" for more detail).



PARATUS

Paratus (formerly known as Internet Technologies Namibia (Pty) Ltd) was founded in 2005 and is now a wholly owned subsidiary of PNH and holds a Class Comprehensive Telecommunications Service License (ECS & ECNS).

Paratus has recently landed the Equiano Submarine Cable system and completed the first-ever vendor-neutral data center in Namibia.

Paratus believes that investing in its own infrastructure is critical to remaining competitive, meeting customer demand, and complying with stringent quality of service expectations. By providing national network services through

different access technologies and partner networks, Paratus offers resilience and redundancy where always-on connectivity is essential. With various access technology offerings, from fiber to microwave and Mobile-LTE, Paratus customers can rest assured that the network is stable, reliable and can scale with capacity requirements while providing redundancy, disaster recovery, and route diversity to ensure maximum uptime.

Paratus also hosts its Satellite Earth Station in Windhoek and can connect customers directly to the fiber backbone, thus delivering connectivity nationwide. With a full suite of satellite products, Paratus offers remote customers Internet connectivity, telephony, Point-of-Sale connectivity, and a fully tailored Wi-Fi voucher system for guest lodges and farms.

SERVICES



TOP-UPS

More data when you need it most. With our convenient and easy-to-use top ups, you can stay connected with the world.



REMOTE INTERNET

Out of town doesn't have to mean out of range. With VSAT at your lodge, farm, or home, you can stay connected and enjoy quality, high-speed internet wherever you are.



PRODUCT BUNDLES

Get freedom to enjoy connectivity in more than one place and enjoy the freedom of Fiber and mobility of Mobile-LTE when you're on the move and stay connected wherever Paratus has coverage.



MOBILE LTE

Mobile LTE provides wireless Internet technology which means that you will have connectivity wherever you go. The package is available in pre- and post-paid; as well as time-based bundles which is unique to Paratus.



FIBER

With Fiber technology, we give you the chance to experience Internet at the speed of light. With a wide variety of options, you can download, stream, Skype, Teams, chat and browse without losing connectivity or speed.



WIRELESS FIBER (SKY-FI)

Sky-Fi is a fixed wireless service with the largest coverage span across Namibia.



PORTABLE DEVICES

Unlock Ka-ching and get unlimited income potential with Katiti



VOICE

Our Voice and PBX solutions offer reliable communication options that combine high quality with affordability. Services include PBX, Call center, mobile Least Cost Routing ("LCR"), National and International LCR, Direct Inward Dialing ("DID") and custom solutions.

FOLLOW THE LINK FOR MORE ON OUR PRODUCT OFFERINGS: <https://paratus.africa/namibia/>



VISION AND MISSION STATEMENT



VISION

A transformed Africa through exceptional digital infrastructure and customer service



MISSION

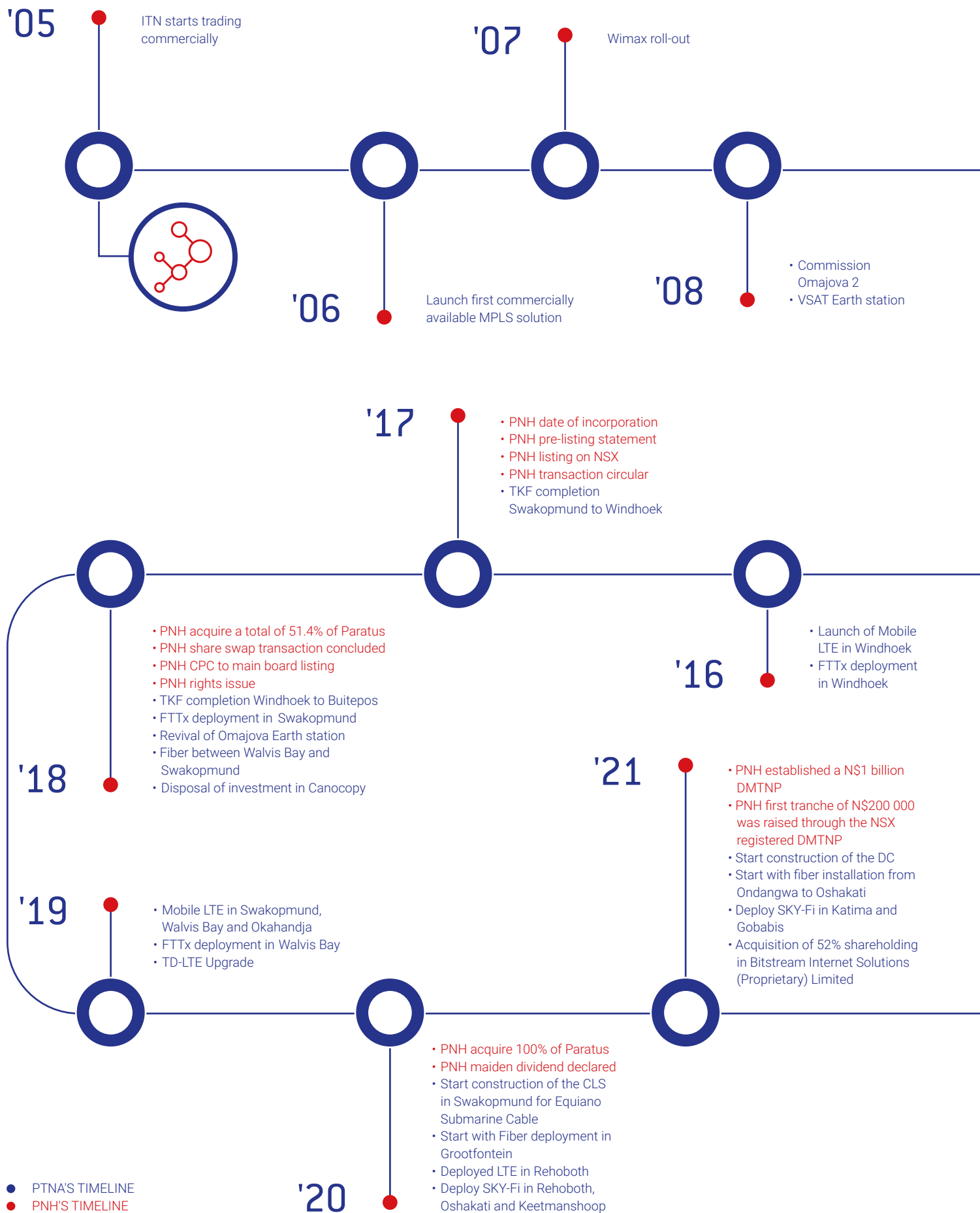
To connect the world to Africa through locally-owned infrastructure



VALUES

- Quality - We invest heavily in infrastructure
- Quickly - We do the right thing
- Excellence - We put the customer first
- Loyalty - We look after our people

KEY EVENTS IN OUR HISTORY



'09

ITN Group is formed

'11

First private cross-border connection to SA

'10

Commission VSAT Hub in Rugby London / UK

'12

- Awarded comprehensive telecommunications license
- First private cross-border connection to Zambia

'15

- Acquisition of Canocopy
- Completion of Paratus HQ building
- Commission Private Cloud solution
- Completion of Fiber ring in Windhoek

'13

- Connect to WACS
- Launch voice as a service with 083 number range

'14

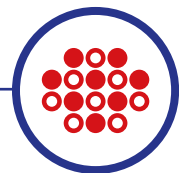
- Name change to Paratus
- Acquisition of Vox Telecom Namibia

'23

- Pop-up shops initiative
- Equiano Submarine cable went live
- New fiber packages released
- Data Center was awarded its ISO and PCI-DSS certifications
- LTE, sky-fi and fiber rollout in major towns in Namibia including: Lüderitz, Keetmanshoop, Mariental, Arandis, Usakos and Karibib
- 200 km long-haul fiber between Karibib and Otjiwarongo

'22

- Fiber rollout from Ondangwa to the Omatando Power Station completed and lit before end of September
- Fiber deployment underway in Pionierspark extension 1, Walvis Bay and Swakopmund
- Launch online sign-up platform
- Opened branch in Ongwediva
- Deployed LTE and SKY-Fi in Ondangwa and Oshakati
- Deployed LTE in Henties Bay, Longbeach and Dolphin Beach
- LTE sites completed - Otjimuiise, Katutura Hospital, Soweto
- LTE rollout in Grootfontein has commenced
- Launched new offering - Flex
- Retail outlets with partner retailers are being setup in Otjiwarongo, Grootfontein and Rundu
- Cable Landing Station - construction is finalised - Equiano Submarine Cable landed in Namibia on 1 July 2022
- Inauguration of Armada Data Center, 4 August 2022





VALUE CREATION



BUSINESS MODEL

The availability and quality of our six capital inputs ...

... enable us to deliver on our strategy by enabling value-adding business activities ...

CAPITAL

INPUTS

STRATEGY

FINANCIAL CAPITAL



Access to cost-effective financial capital – such as equity, debt, reinvestment and other financial instruments – is an essential basis for sustaining and creating future value.

- N\$621.2m market capitalisation
- Robust balance sheet;
- Cash generated from operations;
- Continued focus on strong financial discipline;
- Good track record of responsible financial management practices

- Strategic partnerships;
- Debt/Capital raising

MANUFACTURED CAPITAL



Our substantial financial investment in our networks, fiber, and public infrastructure has given us the capacity to generate longer-term returns

- 459 km additional fiber installed
- Well maintained and functional infrastructure;
 - Maintaining opportunities for growth;
 - Reliable provision of services from service providers and contractors

- Footprint: growing our network nationally with the continued expansion of our fiber and radio access network.
- Investment in Infrastructure

HUMAN CAPITAL



Everything we do depends on the motivation, skills, safety and diversity of our employees, contractors, partners and service providers.

Average of not more than 210 permanent employees in PNH group

- Competency;
- Capability;
- Industry-specific experience;
- Motivation;
- Experienced leadership

Service offering: exceptional customer service

SOCIAL AND RELATIONSHIP CAPITAL



Trusted relationships with all our stakeholders are essential to maintaining our reputation and licence to operate, and to enabling us to deliver on the strategy

- Constructive engagements with key stakeholders;
- Investor confidence;
- Positive service provider relationship;
- Trusted brand and reputation

Paratus Social Investment

NATURAL CAPITAL



Spectrum, energy and land

Radio spectrum

Service offering: Service provision in accordance with the triple bottom-line principles

INTELLECTUAL CAPITAL



- Delivering on our strategy requires a strong performance-based ethical culture; the use of our “know-how”;
- Proprietary and licenced technology;
- Procedures and processes to produce the most efficient and effective outcomes

- Governance structure;
- Risk management;
- Investment advisory services;
- Management resources;
- Continued investment in technology

Service offering

... that produce purpose-led outputs (products and services) ...

... and outcomes.

OUTPUTS

OUTCOMES

- Paratus interest paid N\$53.2m (2022: N\$23.3m);
- Paratus EBITDA N\$163.6m (N\$122.5m);
- Paratus Revenue generated N\$463.6m (2022: N\$395.2m)

- PNH return on investment 0.4% (2022: 9.20%);
- Resilient and efficient balance sheet with strong cash flows;
- Improving market capitalisation

Investment in infrastructure

- Improved bandwidth;
- Internet access to consumer and enterprise market;
- Lower cost of data/bandwidth;
- Technology and infrastructure enhancement;
- Capital growth

- Total spent on employee remuneration including staff welfare and uniforms N\$92.5m (2022: N\$87.8m)
- Performance measurements;
- N\$1.4m (2022: N\$466k) invested in training
- Incentives paid; (Refer to Remuneration report on page 59 to 63)

- Effective and efficient operations;
- Attracted, motivated, and retained the desired talent

- Infrastructure development (refer ESG report on pages 64 to 67);
- Improved sustainability (refer to Paratus Social Investment report on page 40 - 41 and ESG report on page 64 - 67);
- Employment (refer to page 60);
- Stakeholder engagements (refer to pages 34 - 35)

- Strong employee relations;
- Improved economy;
- Improved community;
- Sustainable business;
- Strong regulatory compliance

Social-economic development (refer to Paratus Social Investment report on pages 40 - 41 and ESG report on pages 64 - 67)

Responsible corporate citizen in accordance with the triple bottom-line principals

- Effective systems and processes;
- Mitigating controls;
- Risk and opportunities;
- Income-generating assets (Refer to our ARC report on page 55 to 58. Our governance report on pages 47 to 53 and ESG report on pages 64 - 67)

- Ethical culture;
- Effective controls;
- Execution of strategy

ADDRESSING STAKEHOLDER INTERESTS



SHAREHOLDERS AND POTENTIAL FUTURE INVESTORS



FINANCIERS



EMPLOYEES



GOVERNMENT AND REGULATORS

NEEDS AND EXPECTATIONS



- Return on investment;
- Strategy execution;
- Compliance with regulatory requirements;
- Sustainability

- Solvency and liquidity;
- Capital management;
- Sustainability;
- Risk management

- Job security;
- Fair remuneration;
- Skills development;
- Favourable working conditions;
- Training and development;
- Transformation;
- Health and safety

- Social responsibility;
- Compliance with regulators and relevant legislation

COMMUNICATION/ INTERACTION



- General meetings;
- Namibian Exchange News Services ("NENS");
- Investor presentations;
- Integrated Report;
- Website

- Ad hoc meetings;
- Credit reviews;
- Integrated Report;
- Website

- Monthly staff meetings;
- Direct communications with line managers;
- Written communication;
- Training and development goals;
- Performance appraisals;
- Market-related compensation;
- Short-term incentives

- Regulatory and other reporting;
- Regular meetings;
- Integrated Report;
- Press releases;
- Website

IMPACT ON CAPITALS



CAPITAL SYMBOLS LEGEND:



FINANCIAL CAPITAL



HUMAN CAPITAL



CUSTOMER

- Product/service quality and consistency;
- Pricing;
- Security of supply;
- Performance reliably



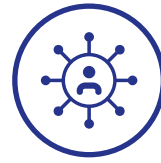
LOCAL COMMUNITIES

- Safeguarding the environment;
- Local recruitment;
- Local economic development;
- Infrastructure development;
- Social economic development;
- Transparency of performance;
- Affordable data prices



CONTRACTORS, SUPPLIERS AND SERVICE PROVIDERS

- Contractor security in the current climate;
- Overall sustainability of Company;
- Transparency of procurement processes;
- Ethical conduct;
- Contract terms and performance



SPONSORS

- Detailed, transparent reporting;
- Return on investment;
- Responsible investment



MEDIA

- Transparency;
- Operating and financial performance;
- Being informed of key activities and offerings

- Integrated Report;
- Regular meetings;
- Website;
- Client functions and promotions;
- Leaflets, pamphlets, flyers and brochures

- One-on-One meetings;
- Contracts;
- Site visits;
- Recruiting locally;
- Website, Facebook, X (previously known as Twitter);
- Integrated Report;
- Complaints and grievance procedure

- Direct supplier engagement;
- Contracts;
- Integrated Report;
- Website

Regular meetings

- Press releases;
- Results presentation;
- Integrated Report;
- Interviews



INTEL CAPITAL



MANUFACTURED CAPITAL



NATURAL CAPITAL



S&R CAPITAL

INVESTMENT STRATEGY

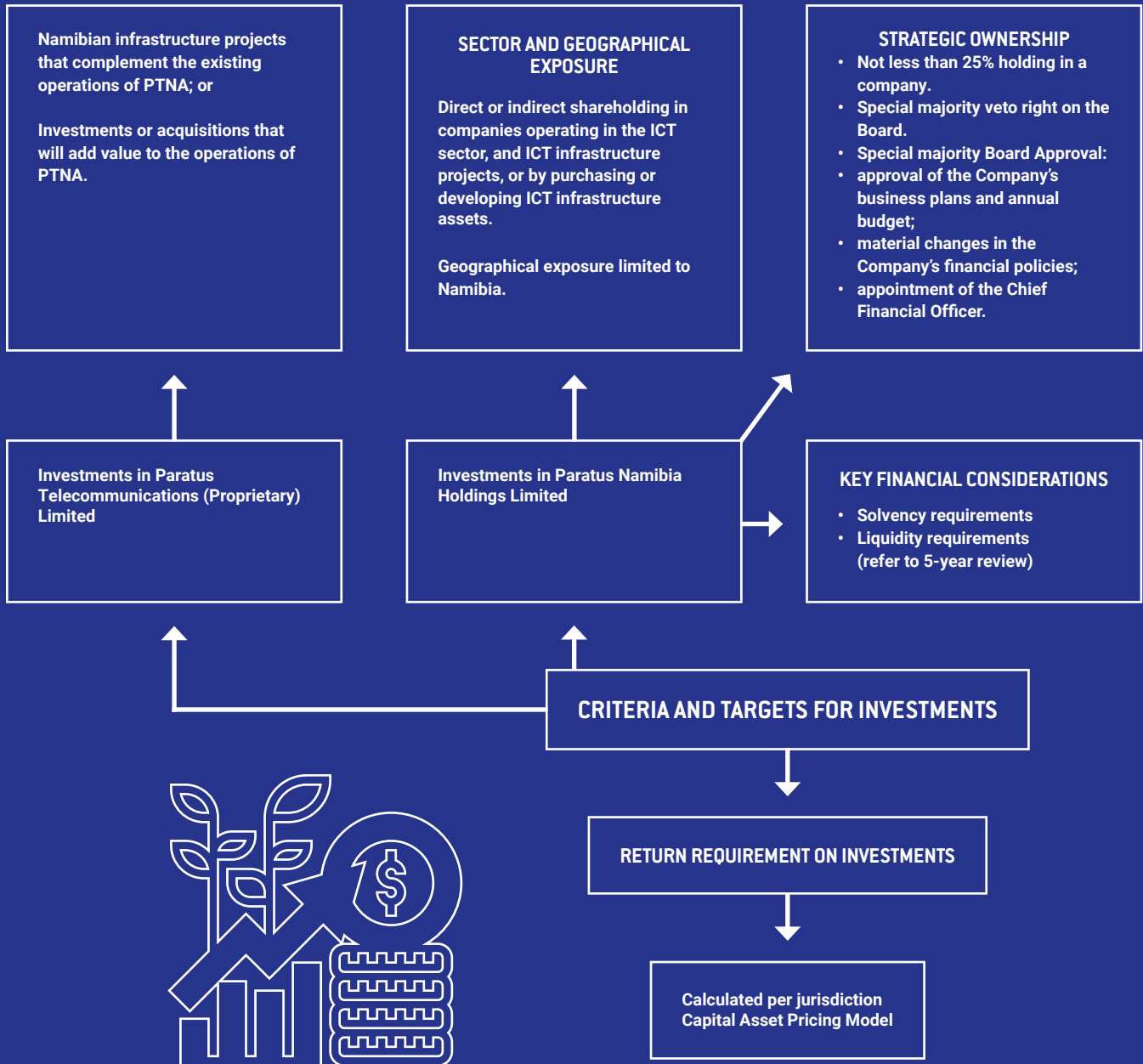
PNH has clearly defined investment criteria against which any potential investment will be evaluated.

Investment screening goes through a pre-determined process, with various rounds of approval (by the Investment Committee, the Board and the

shareholders), depending on the size of the investment.

The company's investment policy and guidelines are managed, and the investment strategy implemented, by the Investment Committee, a committee of the Board.

VALUE CREATION



RETURN TO SHAREHOLDERS

The Board shall attempt to pay dividends to provide shareholders with a dividend yield in terms of the following principles:

- Provide for a dividend pay-out policy of not more than 50% of the net income after tax (excluding positive fair value adjustments of financial assets which are non-cash flow items);

- Apply principles in the approved budget adjusted for the actual results;
- Make provision for cash requirements in respect of budgeted cash commitments;
- Allow for reasonable reserves to carry on with the business; and
- Apply a consistent and prudent accounting policy which is IFRS compliant.

PARATUS STRATEGY

STRATEGY FOR 2024

STRATEGY

KPI

IMPROVE RETURN ON INVESTED CAPITAL



We will be slowing down our infrastructure roll out to new towns / suburbs for the next financial year and target our sales and marketing efforts on the areas where infrastructure has already been deployed.

SERVICE OFFERING



We are continuously investing in modern-day back-end systems. We will be rolling out new accounting software in conjunction with a new point of sale system to all our retail outlets improving efficiencies.

INFRASTRUCTURE



We plan to finish the co-build of a fiber route through Botswana, connecting our Namibian network directly to South Africa on our own infrastructure. This will result in improved network redundancy and a reduction in backhaul costs to Paratus.

Continued Investment in our network infrastructure to ensure adequate capacity is available to our customers ensuring the quality of service experienced.

LOOKING AHEAD

Medium term goals (1-3 years)

- Sell Data Hall 1 of the Armada Data Center;
- Digitisation is a continued drive by means of investment in our back-office systems to improve our efficiency and service levels; and
- Host the Internet exchange point ("IXP") of Namibia in the Armada Data Center

Long term goals (4-10 years)

- Sell Data Hall 2 of the Armada Data Center to full capacity;
- Have a Paratus presence in all 13 regions through partnership with our resellers;
- Expand the Head Office Building to accommodate the growing employee compliment; and
- Obtain 30% market share for fixed line broadband services.

MATERIAL MATTERS

Paratus considers material matters to be those focus areas in our business that are essential building blocks to continue providing connectivity across Namibia on Paratus-owned infrastructure. We build our networks, both









our infrastructure and social networks, as resilient as possible, but some material matters remain pressure points that could impact our current service delivery.

| MATERIAL FOCUS AREA | INDICATOR | CONSEQUENCE OF RISK | CONTROL AND MITIGATING ACTIONS |
|-------------------------------|---|---|--|
| GLOBAL | | | |
| Rate of Exchange | USD-NAD exchange rate | An increase in equipment prices bought in USD increases the cost of service delivery | Paratus purchases equipment in bulk when possible. Contracts are in place to mitigate the effect on monthly recurring costs to the customer |
| Inflation | Prime rate and cost of fuel | Household's disposable income is decreasing and many people are unable to settle their account with Paratus | Customers are accommodated with payment plans. Credit vetting is done on higher level packages |
| LOCAL | | | |
| Skilled employees | Employee's being head-hunted | The telecoms industry is highly specialised. Paratus sends large amounts of money on hiring employees with the right hard skills to get the job and even more money to develop the necessary soft skills. Losing valuable employees slows down the progress that Paratus could be making. | Paratus offers excellent employee benefits and a lively work culture. We believe that creating a fun, supportive atmosphere at work goes a long way in employee retention. Paratus also provides unique exposure to cutting edge fields of the telecoms industry. |
| Spectrum | CRAN Spectrum Auction | A service provider requires spectrum to deliver the service. CRAN has been in the process of auctioning the necessary spectrum for almost a year and Paratus is unable to order equipment if the spectrum that may be allocated is uncertain. | Paratus has made the best of the spectrum it already has to provide the best service in the most regions possible. |
| Regulatory uncertainty | CRAN Regulations | CRAN has regulations on infrastructure sharing, SIM registration and number portability, but not all operators apply the regulations in the same manner. | Paratus cooperates with CRAN to assist their research and always takes an active role in commenting on proposed regulations. |
| Electricity Supply | Regional trends in electricity supply International increases in the cost of power | There is a looming risk of interruption of electricity supply as Namibia is very reliant on the provision of electricity from South Africa | Paratus has embarked on a project to ensure standby electricity supply in the form of generators and batteries are deployed at all strategic points of presence in the network to ensure uptime should load shedding become an occurrence in Namibia |


Paratus considers material matters to be those focus areas in our business that are essential building blocks to continue providing connectivity across Namibia on Paratus-owned infrastructure. We build our networks, both our infrastructure and social networks, as resilient as possible, but some material matters remain pressure points that could impact our current service delivery.

5-YEAR REVIEW

PNH CONSOLIDATED

| | VALUE CREATION | 12 MONTHS 30 JUNE 2023 | 12 MONTHS 30 JUNE 2022 | 12 MONTHS 30 JUNE 2021 | 16 MONTHS 30 JUNE 2020 | 12 MONTHS 28 FEBRUARY 2019 |
|---|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------------|
| Number of shares in issue | | 48,723,123 | 48,723,123 | 48,723,123 | 48,723,123 | 28,710,692 |
| Weighted number of shares in issue | | 48,723,123 | 48,723,123 | 48,386,000 | 35,675,523 | 22,763,589 |
| Net asset value per share (cents) | | 1,151 | 1,131 | 1,110 | 1,092 | 1,045 |
| Listed market price per share (cents) | | 1,275 | 1,290 | 1,200 | 1,100 | 1,100 |
| Market capitalisation | | 621,219,818 | 628,528,287 | 584,677,476 | 535,954,353 | 315,817,612 |
| Premium to net asset value | | 10.8% | 14.1% | 8.1% | 0.8% | 5.2% |
| Headline earnings | | 18,782,081 | 26,055,323 | 26,538,559 | 24,004,504 | 6,981,792 |
| Basic earnings per share (cents) | | 38.64 | 43.76 | 54.97 | 71.27 | 30.67 |
| Headline earnings per share (cents) | | 38.55 | 53.48 | 54.97 | 67.26 | 30.67 |
| Dividends per share (cents) |  | 20.00 | 20.00 | 20.00 | 10.00 | Nil |
| Dividends declared |  | 9,744,625 | 9,744,625 | 9,744,625 | 4,872,312 | Nil |
| Total return to shareholders |  | 0.4% | 9.2% | 10.9% | 0.9% | 4.8% |
| Capital commitments (including approved but not contracted for) |  | 137.8 million | 293.3 million | 318.8 million | 323 million | Nil |
| Revenue |  | 471,878,706 | 404,857,007 | 348,829,659 | 173,390,963 | 4,581,201 |
| Profit before taxation for the year | | 30,989,416 | 39,830,216 | 38,805,867 | 31,167,355 | 6,981,793 |
| EBITDA |  | 162,968,804 | 122,748,039 | 102,710,461 | 55,148,094 | 6,981,792 |
| EBITDA per share (cents) | | 334.48 | 242.22 | 210.80 | 113.19 | 24.32 |
| Net interest-bearing debts / EBITDA ¹ |  | 1.96 | 1.69 | 0.35 | (0.89%) | n/a |
| EBITDA interest cover ² |  | 5.46 | 11.14 | 5.75 | 13.70 | n/a |

PTNA STAND-ALONE

| | | 12 MONTHS 30 JUNE 2023 | 12 MONTHS 30 JUNE 2022 | 12 MONTHS 30 JUNE 2021 | 16 MONTHS 30 JUNE 2020 | 12 MONTHS 28 FEBRUARY 2019 |
|------------------------|---|---------------------------|---------------------------|---------------------------|---------------------------|----------------------------------|
| Revenue | | 463,645,328 | 395,218,152 | 344,368,695 | 431,890,338 | 283,676,902 |
| Profit before taxation | | 33,271,965 | 43,799,518 | 37,327,894 | 36,719,145 | 13,832,170 |
| EBITDA |  | 163,580,218 | 122,518,557 | 101,368,839 | 101,247,260 | 49,690,240 |
| EBITDA margin |  | 35.3% | 31.0% | 29.4% | 23.4% | 17.5% |
| GP% | | 51.4% | 52.1% | 53.5% | 49.4% | 47.5% |
| Capital expenditure |  | 454,065,346 | 281,753,989 | 178,109,609 | 100,672,994 | 70,154,304 |

¹ not more than 3.5 times

² not less than 2.5 times

CAPITAL SYMBOLS LEGEND:



FINANCIAL CAPITAL



MANUFACTURED CAPITAL

PARATUS SOCIAL INVESTMENT REPORT

VALUE CREATION

Addressing stakeholder interests:



Business model:



Apart from our main social investment focus on education through EduVision, refer page 65 for detail on EduVision project successes. Paratus is also very proud to be so involved in its community through the Paratus Cares initiative.

SPREAD KINDNESS - SPCA

#paratuscares #SPCA #AnimalShelter
#EveryLittleBitCounts #alwaysprepared



When the SPCA in Windhoek asked the public for simple household items such as empty toilet paper rolls, kitchen towel rolls, and egg cartons to assist with their cause; our incredible team at Paratus came together and collected the items to help make the animals' lives a little brighter. These items will help create a comfortable and safe environment for the animals at the shelter while they wait for their forever homes. Your kindness and compassion are what make our Paratus family truly special! It's amazing how a simple act of kindness can make a huge difference in the lives of our furry friends.



SPREAD JOY - SOS CHILDREN'S VILLAGE

#paratusnamibia #alwaysprepared #youvegottit
#paratuscares



In April Paratus participated in the annual community service project at SOS Children's Village in Khomasdal. The outreach accommodated 100 children, house moms, and support staff, and aimed to bring joy and happiness to those in need.

The event was organized by the director of the Rotary Club Windhoek youth service committee, Nathanael Nuulimba, and was assisted by four ladies from the Rotary Club and two ladies from Paratus.

The Rotary Club allocated N\$5,000 towards the project, which was used to buy easter eggs and stationery for the children. A special thanks to Angelo Helmut, the owner of Compass Stationery and Printing, for giving a discounted price to purchase the stationery, and Otto Atfeld and his team at SuperSpar Maerua, for the discounted price for the food and beverages. Paratus also donated additional easter eggs to add to the festive atmosphere.

The event was a huge success, and the children had a wonderful time during the event, enjoying the easter eggs and participating in the fun activity. Paratus believes in giving back to the community and supporting those in need.

The company is committed to making a positive impact in the communities where it operates, and events like this are just one way of achieving that goal.



SYMBOLS LEGEND:



LOCAL COMMUNITIES



NATURAL CAPITAL



S&R CAPITAL



SPREAD KNOWLEDGE - ROTARY CLUB WINDHOEK
 #paratusnamibia #alwaysprepared #youvegotit
 #paratuscares

Paratus accompanied Rotary Club Windhoek in visiting two schools as part of their community service projects.

The aim of this initiative was to provide educational books to unprivileged schools outside Windhoek. The team was greeted with great enthusiasm by the students and teachers alike, who were thrilled to receive the new educational material. The team from Paratus and Rotary Club Windhoek left the schools feeling proud of their contribution towards the students' education and hopeful that their efforts would make a positive impact.

SPREAD LOVE - STATE HOSPITAL

#paratusnamibia #alwaysprepared #youvegotit
 #paratuscares



Paratus Team visited the Children's Cancer Ward at the State Hospital. We dropped off teddies for some comfort. Paratus is committed to being there for the community no matter how difficult. Being in such challenging situations keep us humble and thankful. We are very fortunate to be able to give back, even in a small way to everyone in the Paratus community.





Options

Queue View

NOC Queue 1000

75%

62°F
Partly cloudy

14

00:00

CORPORATE GOVERNANCE AND RISK MANAGEMENT



BOARD OF DIRECTORS

BOARD OF DIRECTORS



Hans-Bruno (Habo) Gerdes (71) (Chairperson: Independent Non-Executive Director)

Appointed: 8 August 2017

Qualification: ACIS / BProc (UCT)

Nationality: Namibian

Function and Committees: Audit, Risk and Compliance Committee and Remuneration and Nomination Committee

Background: Habo is an Associate of the Institute of Chartered Secretaries and holds a B.Proc degree from the University of Cape Town and is an admitted legal practitioner at the High Court of Namibia. He was previously the Managing partner of Engling, Stritter and Partners and continues to consult on corporate/commercial matters and holds several directorships in both listed and unlisted companies including the NSX. He is the Honorary Consul for the Kingdom of Belgium to Namibia, an Advisory Board member of the Namibia Investment and Development Board and until recently the Chairperson of the Legal Practitioners' Fidelity Fund and a Commissioner of the Law Reform and Development Commission of Namibia.



Andrew Hall (41) (Executive Director)

Appointed: 25 September 2019

Qualifications: B. Comm with specialization in Entrepreneurship – Cum Laude (UNISA), Project Management (PMBOK) SBL UNISA

Nationality: Namibian

Function and Committees: Managing Director – Paratus Namibia

Background: Andrew has been in the telecommunications industry for 22 years. He is passionate about customer service and a firm believer in the under-promise but over-deliver philosophy. Andrew is very service delivery orientated and is a very good communicator; having numerous teams reporting to him. Andrew started out in the telecommunications industry as a technical apprentice in 2001. He progressed rapidly due to his passion for the industry and the commitment to ensure projects are completed, implemented and planned meticulously. He progressed to become the Managing Director of Vox Telecom. He is now the Managing Director of Paratus Namibia and is responsible for all operations across the entire product spectrum. Due to his technical background, he understands technology and has the ability to design, plan and implement projects across diverse deployments at all levels.



Stefanus Isaais (Stefan) de Bruin (50) (Executive Director)

Appointed: 8 August 2017

Qualifications: B Com (Hons), CA (Nam), H DIP (Tax)

Nationality: Namibian

Function and Committees: Group Chief Financial Officer – Paratus Group

Background: Stefan has more than 20 years of experience in operations and finance of which the last fifteen years were spent as an executive director of Namibian listed entities. Stefan is currently the Chief Financial Officer of the Paratus Group. Stefan joined Old Mutual Investment Group Property Investments (Proprietary) Limited ("OMIGPI") in August 2008 and served as a representative director of Oryx Properties Limited (NSX listed company) as well as Oryx Management Services (Proprietary) Limited, a subsidiary of OMIGPI until November 2010. Stefan resigned from OMIGPI with the internalisation of the asset and finance management functions of Oryx Properties Limited and was appointed by Oryx Properties Limited as Chief Executive Officer. He served as a non-executive director of the NSX from 2013 to 2016. During this period, he served as Chairman of the Audit and Risk Committee. Stefan also served as a non-executive director of the Old Mutual Orion Namibia Pension and Provident Funds from 2016 to 2019. During this period, he also served as Chairman of the Audit and Risk Committee. He is currently the Chairman of the Professional Provident Society Insurance Company (Namibia) Limited (PPS) board and was appointed as non-executive director of the NSX on 01 May 2023, representing the listed sector. He was previously a senior manager for Tax and Legal Services at PricewaterhouseCoopers from 2002 to 2003, Financial Manager at Siemens Namibia (Proprietary) Limited from 2003 to 2005 and Financial Director at Siemens Namibia (Proprietary) Limited from 2005 to 2008.



Morné Romé Mostert (38) (Independent Non-Executive Director)

Appointed: 30 June 2017

Qualifications: B Comm, Chartered Financial Analyst Charterholder

Nationality: Namibian

Function and Committees: Investment Committee and Remuneration and Nomination Committee (Chairperson)

Background: Romé is a CFA Charterholder with a BComm degree from the University of Stellenbosch. Romé is a co-founder and director of Cirrus Capital, a financial services company renowned for its corporate advisory, transaction advisory, capital raising and economic consulting services. Previously, Romé has run the research desk at two of Namibia's larger stockbrokers and was also the Managing Director of IJG Securities. Romé has a passion for financial markets and is extremely well regarded in this space. He developed both of Namibia's official bond and equity indices, to which billions of Namibian Dollars of invested funds are benchmarked by the country and region's asset managers. He has managed assets for various companies and individuals, focusing on customised segregated portfolios for specialised purposes. Romé served as a director of the NSX from July 2015 to April 2018 and has been involved in several debt and equity listings. He is a local valuation expert, having valued various companies from start-ups to large mining entities.



Josephine Naango Ndakulilwa Shikongo (40) (Independent Non-Executive Director)

Appointed: 8 August 2017

Qualifications: Associate Chartered Management Accountant (ACMA), Chartered Global Management Accountant (CGMA), MPA: Strategic Public Management & Leadership, CIMA Advanced Diploma in Management Accounting, CIMA Diploma in Management Accounting, CIMA Certificate in Business Accounting, National Diploma: Accounting & Finance

Nationality: Namibian

Function and Committees: Audit, Risk and Compliance Committee and Remuneration and Nomination Committee

Background: Josephine Shikongo is an accomplished finance executive with a proven track record spanning over 15 years in finance and administration roles. She possesses a wealth of expertise in financial KPI reporting, budget formulation, compilation, and tracking, cash flow forecasting, tax and regulatory compliance, financial modelling, as well as transaction structuring. Currently, Josephine holds the position of Senior Financial Advisor at a leading US-based EdTech company, where she assumes responsibility for overseeing the finance function and developing robust financial strategies in the rapidly evolving tech industry. Her role includes spearheading financial information for capital raising initiatives and mergers and acquisitions (M&A) and making significant contributions to enhancing the organization's financial performance. Concurrently, Josephine is actively pursuing the completion of her doctorate degree, further expanding her knowledge and professional qualifications. In addition to her executive role, Josephine serves on various boards, leveraging her expertise to contribute to the strategic direction and governance of esteemed organizations. With her strong leadership acumen, she excels at driving performance through teams, fostering collaboration, and delivering exceptional results.



Reagon Rupert Graig (48) (Independent Non-Executive Director)

Appointed: 26 January 2023

Qualifications: Bachelor of Business Science (B.Bus.Sc) (UCT)

Nationality: Namibian

Function and Committees: Environment, Social and Governance Committee (ESG) (Chairperson) and Investment Committee

Background: Reagon worked in the financial services industry for more than 20 years. Heading up growth strategies for some of the largest institutional investors into Africa and leading business relationships for asset managers with key financial services intermediaries. His passion for developing infrastructure assets and the community in general is evidenced through his leadership role (Chairman) in Ongos Valley Development, the largest affordable housing development in Namibia and the leadership roles he takes in the Namibian Hockey community (President of the Hockey Union) and being a Governor of St Paul's College. He also serves on the Energy Partners South Africa board as a non-executive director since 1 January 2022. Currently he is the Managing Director of Cadence Capital, an Unlisted Investment Manager in Namibia.



Schalk Leipoldt Van Zyl Erasmus (47) (Executive Director)

Appointed: 8 August 2017

Qualifications: Various diplomas (Bookkeeping, Accounting, Project Management) Microsoft Certified Systems Engineer (MCSE) and Cisco Certified Network Associate (CCNA)

Nationality: Namibian

Function and Committees: Group Chief Executive Officer – Paratus Group

Background: Schalk has been in the Service Provider and telecommunications Industry for almost twenty years and has co-founded various operating companies in Africa. Schalk is currently the Chief Executive Officer of the Paratus Group, operating in over 35 African countries with physical presence in 7 African Countries which include: Angola, Botswana, Mozambique, Namibia, South Africa, Zambia and Democratic Republic of the Congo. The Africa success story is a testament to his technical capabilities and leadership skills. Formerly, Schalk was a cofounder, shareholder, and Technical Director of Internet Technologies Namibia (Proprietary) Limited from inception in 2004 till 2014 when the Company was incorporated into Paratus Telecommunications (Proprietary) Limited. Prior to this Schalk managed his own business ventures from 2000 till 2004, offering technical support to the Corporate Companies and various NGO's including United States Agency for International Development ("USAID"), Family Health International ("FHI") and the United Nations ("UN"). Prior to 2000, Schalk obtained various Diplomas in Software Support, Bookkeeping and Accounting. Schalk also obtained his MCSE (Microsoft Certified System Engineer) and later his Cisco Certification. Schalk was also a Microsoft Certified Trainer ("MCT") where he conducted training on almost all Microsoft Products in Namibia and South Africa. During the late 90's Schalk became the Branch Manager of ISU Campus (Windhoek), an authorised Training and Certification Center in SADC. Schalk was also the Project Lead in the Gauteng province with the Lotus Notes integration to all Brokers during the reinvention of the ABSA brand in South Africa, with the consolidation of Volkskas, United Bank, Trust Bank and Allied.

BOARD OF DIRECTORS



Bartholomeus Roelof Jacobus (Barney) Harmse (53) (Executive Director)

Appointed: 25 September 2019

Nationality: Namibian

Function: Group Executive Chairman - Paratus Group

Background: Barney Harmse, the former CEO, is a Namibian who matriculated from Academia High School in Windhoek in 1988. Directly after high-school Barney took up employment in the Government as a computer programmer at the old Personnel Institution, which forms part of the Office of the Prime Minister today. After Government he joined BCS Computers in 1991 as a Programmer, which provided Insurance Systems to the Insurance industry for Brokers and Insurance companies on a Bureau basis. It is during this time at BCS Computers that Barney fell in love with his new passion, WAN Networking. Barney has an impressive 30-year career in the networking and telecommunications service industry in Africa and has reached multiple milestones during this period. Barney was instrumental in establishing commercial Internet in Namibia. He co-founded the original UUNET Internet Africa in Namibia which is MTN today. Since 1996, he was the MD of UUNET Namibia for 7 years until 2002. After UUNET, during the last 21 years, he has co-founded various companies in Angola, Namibia, Zambia, Botswana, Mozambique as well as South Africa.

Today these companies all form part of the Paratus Group, and deliver product and service to more than 35 African countries. In August of 2022, Barney took up the position of Executive Chairman of the Group. The Paratus Group has over 600 dedicated employees in Africa. These employees represent more than 5000 family members, to whom Paratus provides for daily.

ALTERNATE DIRECTORS



Rolf Peter Konrad Mendelsohn (41) (Alternate Director)

Appointed: 25 September 2019

Nationality: Namibia

Function: Board member, alternate director to Mr Harmse, Group Chief Technology Officer – Paratus Group

Background: Rolf matriculated from Pretoria Boys High School and is committed to driving innovation across the African continent. He registered and started his first business, at the age of 16. Doing network installations and PC Maintenance.

He co-founded various companies across Africa which, today, form part of the Paratus Group. After a civil war of 27 years that ended in 2002, Angola had fallen behind in its development. The conflict destroyed much of the infrastructure and had a negative impact on business and the economy. On 23 February 2003, Rolf arrived in war-torn Angola to start an Internet Service Provider ("ISP") business called Internet Technologies Angola (ITA). More than 20 years later, Angola is still known for not being the easiest place to do business. Nevertheless, Mendelsohn and his partners have proven that it is possible to run a successful company in Angola. Rolf, Miles October and Barney Harmse worked together at UUNET, until they started ITA - Internet Technologies Angola. In February 2003, Rolf and a colleague started out with the bare minimum with a company called Tesmi Angola, which was a Namibian-Angolan company. In 2022 he moved into his new role as Chief Technical Officer of the Group.



Gert Pieter Johannes Duvenhage (55) (Alternate Director)

Appointed:

Qualifications: B Eng. (Electronics)

Nationality: Namibian

Function: Board member, alternate director to Andrew Hall, Group Chief Operating Officer – Paratus Group

Background: Gert is a seasoned professional in the telecommunications industry, hails from Outjo, Namibia. He completed his engineering and electronics studies at the University of Pretoria and possesses over 31 years of telecom experience. Gert's impactful journey includes key roles at Telkom SA and Telecom Namibia before joining Paratus in 2015, where he now serves as Chief Operations Officer. His extensive background aids in his strategic approach to infrastructure roll-outs, exemplified by his leadership in projects like the Trans Kalahari Fiber initiative and Equiano Subsea cable landing. Gert's hands-on leadership style, commitment, and ability to envision and execute growth make him a driving force at Paratus, aligning with his admiration for Elon Musk's disruptive spirit. In his pursuit of excellence, Gert champions both professional achievement and a balanced life, valuing family and continuous innovation in telecommunications.

INDEPENDENT COMMITTEE MEMBER



Heinrich Jansen van Vuuren (36) (Independent Committee Member)

Qualifications: BAcc LLB (Stell), BCompt Hons (UNISA), PG Dip (Tax) (UNISA), CA (Nam), CA (SA)

Nationality: South African

Function and Committees: Independent member of the Audit, Risk and Compliance Committee (Chairperson) and Investment Committee (Chairperson)

Background: Heinrich is both a Namibian Attorney and a Chartered Accountant. He is a member of the Institute for Chartered Accountants and holds a BAcc LLB degree from the University of Stellenbosch, a BCompt Hons as well as a Postgraduate Diploma in Taxation from UNISA. He comes from a commercial background, having completed his training contract with Grant Thornton Neuhaus before being admitted as a Chartered Accountant in Namibia and thereafter in South Africa. He has gained experience in the corporate business environment during his employment as a financial manager in the short-term insurance industry. In 2017 he was admitted as a legal practitioner in the High Court of Namibia and he currently practices law at Cronjé Inc., with a focus on commercial law, transactions and advisory.

CORPORATE GOVERNANCE

The Group's corporate governance is established by the tone set at the top as the Board is responsible for the overall conduct of the Group's businesses. The Group is committed to the highest standard of governance and as such, we embrace the establishment of a corporate governance framework that takes into account the best practice recommendations as set by the Audit, Risk and Compliance ("ARC") Committee, the Companies Act of Namibia, the Namibian Code ("NamCode") report and the Namibian Stock Exchange Listings Requirements.

The Board of PNH fully subscribes to the principles of good corporate governance and regard these as fundamentally important to the business's success and sustainability of the Group.

CORE PRINCIPLES

The Company's core principles are based on a foundation of NamCode principles. It finds application in the overall strategic objectives, driven by an inclusive board of directors, communicating fairly, openly, and transparently to ensure all stakeholders benefit from the value created.

- 01 **ETHICAL STANDARDS**
The board leads effectively through ethical standards, serving as the lead implementer of corporate governance frameworks.
- 02 **STAKEHOLDER INCLUSIVITY**
The board ensures the adoption of a stakeholder-inclusive approach, balancing internal and external stakeholders' needs, interests, and expectations through accurate reporting from assurance functions supporting the integrity of the information that enables stakeholders to make informed decisions as to long-term financial sustainability.
- 03 **RESPONSIBLE CORPORATE CITIZEN**
The board ensures that the organisation is seen as a responsible corporate citizen through compliance with applicable laws, rules, and standards achieved through the implementation of environmental, social and governance pillars informed by ethical business practices.
- 04 **EFFICIENT PERFORMANCE**
The board should effectively delegate through a supportive structure allowing for delegation to various committees, chairs and individuals, its management teams and ensuring clarity, the exercise of authority, and distribution of power that promotes the efficient performance of duties and responsibilities.

7 PRINCIPLES

- 07 **HOLISTIC RISK MANAGEMENT**
The board ensures the implementation of holistic risk management to identify, monitor, and mitigate organisational risks, including IT, financial, operational, investment, infrastructure in a way that supports achieving its strategic goals.
- 06 **USE OF TECHNOLOGY**
The board ensures the full utilisation of technology to its advantage, complying with data security, process and protection of personal data, and all functions of Information Technology at its disposal to achieve its strategic goals.
- 05 **PEOPLE-CENTRIC APPROACH**
The Board should ensure a people-centric approach giving effect to the rights of the employee through open and transparent employment relationships, based on equality and fairness of basic conditions of employment and the structure of promotion leading to the achievement of human capital objectives in the short, medium, and long-term.

BOARD OF DIRECTORS AND INDEPENDENT COMMITTEE MEMBERS

The directors at date of this report are:

| DIRECTOR | DATE APPOINTED | DATE RETIRED | STATUS |
|-------------------------------|--------------------|-----------------|--|
| Habo Gerdes | 08 August 2017 | | Independent non-executive director Chairperson |
| Romé Mostert | 30 June 2017 | | Independent non-executive director |
| Josephine Shikongo | 08 August 2017 | | Independent non-executive director |
| Stuart Birch ¹ | 08 August 2017 | 26 January 2023 | Independent non-executive director |
| Reagon Graig | 26 January 2023 | | Independent non-executive director |
| Jaco Esterhuysen ¹ | 23 May 2018 | 26 January 2023 | Non-executive director |
| Stefan de Bruin | 08 August 2017 | | Group Chief Financial Officer, Executive director |
| Schalk Erasmus | 08 August 2017 | | Group Chief Executive Officer, Executive director |
| Andrew Hall | 25 September 2019 | | Managing Director: Namibia, Executive director |
| Barney Harmse | 25 September 2019 | | Group Executive Chairman, Executive director |
| Rolf Mendelsohn ² | 25 September 2019 | | Group Chief Technology Officer, Alternate director |
| Gert Duvenhage ³ | 13 June 2023 Group | | Chief Operations Officer, Alternate director |

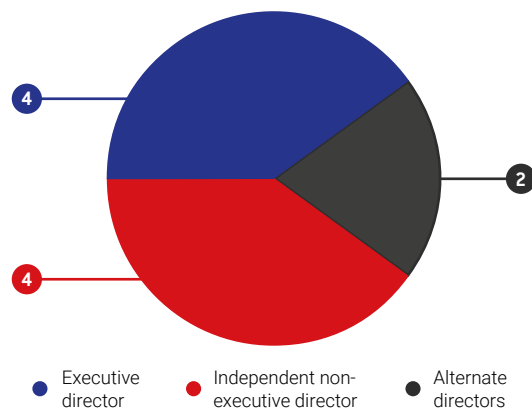
¹ South African

² alternate director to Barney Harmse

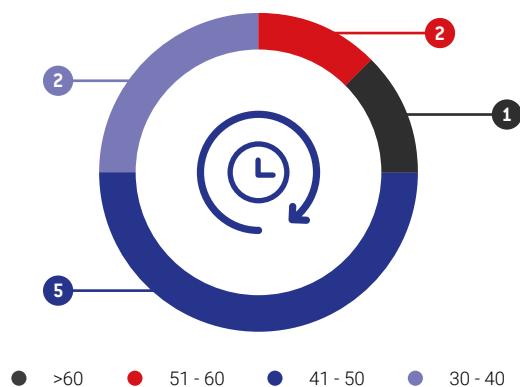
³ alternate director to Andrew Hall

CORPORATE GOVERNANCE

BOARD STATUS



AGE



Board skills and experience:

| SKILL/EXPERIENCE | NUMBER OF BOARD MEMBERS WITH SAID EXPERIENCE |
|---------------------------------------|--|
| Accounting, auditing and tax | 3 |
| Digital innovation | 10 |
| Information technology | 5 |
| Human resources | 1 |
| Legal | 1 |
| Investment management | 3 |
| Governance and stakeholder management | 10 |
| Strategy | 10 |

BOARD CHARTER

The Board charter provides guidelines to directors in respect of, inter alia, the Board's responsibilities, authority, composition, procedures, meetings and the need for performance evaluations. The Board charter also provides for a clear division of responsibilities to ensure a balance of power and authority to ensure that no single director has unfettered powers of decision-making.

The charter is reviewed on an annual basis by the Board.

The Board will on an annual basis consider its size, diversity, demographics and skills requirements as part of the assessment of the Board and directors' performance.

The Board subscribes to a unitary board structure with a balance of executive and non-executive directors. The Board of Directors will at all times be a majority of non-executive directors, the majority of whom must be independent as defined in NamCode.

The Chairperson of the Board is an independent non-executive director. The Chairperson will be appointed on an annual basis and will be responsible for the effective leadership of the Board. The Chairperson, together with the Board, will consider the number of outside appointments held and the Board will ensure a proper succession plan for the position of chairperson.

There is a clear division of responsibilities between the executive responsibility for the running of the business and the leadership of the Board, such that no one individual has unfettered powers of decision-making.

The Remuneration and Nomination Committee ("REMCO") of the Board will assist with the identification of suitable candidates for appointment to the Board and to board committees. Directors appointed by the Board based on the recommendation of the REMCO will stand down at the first annual general meeting of shareholders following such appointment and may offer themselves for re-election.

At least one third of the non-executive directors will retire by rotation on an annual basis.

The independence of all independent non-executive directors will be assessed on an annual basis with a specific focus on the independence of independent non-executive directors who have served for more than six (6) years.

The Directors of PNH and Paratus are aligned to create mirror boards.

ROLE AND FUNCTION OF THE BOARD

- As its primary function, the Board is responsible for determining the strategic direction and to exercise prudent control over the Company and/or Group and its affairs.
- The Board and the individual directors will at all times act in the best interest of the Company and/or Group and adhere to all relevant legal standards of conduct.
- The Board serves as the focal point and custodian of corporate governance in the Group and exercises its leadership role by:
 - steering the Group and setting its strategic direction;
 - approving policy and planning that give effect to the direction provided;
 - overseeing and monitoring of implementation and execution by management; and
 - ensuring accountability for performance by means of, among others, reporting and disclosure.
- The Board appoints the MD, CFO and COO and formally evaluates the performance of such officers annually against agreed performance measures and targets. The Board satisfies itself that there is succession planning for the MD, CFO and COO (emergency situations and succession over the longer term) and periodically review these plans. In addition, the Board, via the REMCO, provides input regarding senior management appointments, remuneration and succession plans.
- The Board approves and annually reviews a delegation of authority framework that articulates its set direction on reservation and delegation of power. The Board oversees that key management functions are headed by an individual with the necessary competence and authority and are adequately resourced.

- The Board implemented a formal governance framework in respect of subsidiary companies and other related entities in the Group.
- The Board, with the support and guidance of the REMCO, adopted remuneration policies that are fair, responsible and aligned with the strategy of the Company and/or Group while linked to individual performance. A remuneration report is included in the integrated report and the remuneration policy and implementation report shall be submitted to shareholders annually for a non-binding, advisory vote.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

- **In fulfilling due responsibility to the Company and/or Group, a director will at all times:**
 - act in the best interest of the Company and/or Group, in good faith and with integrity and adhere to all relevant legal standards of conduct;
 - conduct themselves in a professional manner;
 - avoid any conflict of interest between their personal affairs and that of the Company and/or Group or, where unavoidable, in writing disclose any such conflict or potential conflict;
 - disclose any information that they may be aware of that is material to the Company and/or Group and which the Board is not aware of, unless such director is bound by ethical or contractual obligations of non-disclosure;
 - only use their powers for the purposes for which they were conferred and not to gain an advantage for themselves or a third party or to harm the Company and/or Group in any way;
 - only act within their powers as formally delegated by the Board;
 - keep all information learned in his capacity as a director strictly confidential;
 - use their best endeavours to attend Board and relevant Board committee meetings where at all possible and devote appropriate preparation time ahead of each meeting to ensure that they are in a position to contribute to board and committee discussions and to make informed decisions on matters placed before the Board or Board committee;
 - exhibit the degree of skill and care as may be reasonably expected from a person of their skill and experience, but also exercise both the care and skill any reasonable person would be expected to show in looking after their own affairs; and
 - actively participate in and contribute to board deliberations in a constructive and frank manner under the leadership and guidance of the Chairperson.
- Individual directors will be expected to participate in the induction programme of the Company and/or Group on appointment and attend such professional development programmes as deemed necessary by the Chairperson based on the outcome of the annual assessment of the director's performance.
- Directors who are not able to attend a meeting of the Board must submit a formal written apology, with reasons, to the Chairperson or Company Secretary prior to the relevant meeting.
- The Directors are entitled to have access, at reasonable times, to all relevant Company and/or Group information and to management. Such access shall be arranged through the Chairperson of the Board or the Chief Executive Officer.

DEVELOPMENT OF DIRECTORS

A formal induction programme will be in place for new directors who will also be provided with a letter of appointment.

Inexperienced directors will be assisted, with the guidance of the Chairperson, to participate in mentoring programmes where available. The need for continuing professional development programmes will be identified as part of the annual assessment of the performance of the directors.

Directors will be provided with regular briefings on changes in risks, laws and the environment but will also be expected to keep abreast of developments in the business environment and markets that may have a material impact on the business.

As part of the succession policy of the Board, suitably qualified candidates

CORPORATE GOVERNANCE

can be appointed as members of board committees as to ensure that such candidates obtain sufficient exposure and experience.

NAMCODE REVIEW

The Board is committed to effective corporate governance, and the need to conduct the business of the Group in a manner which upholds the principles of responsibility, accountability, fairness and transparency advocated by the NamCode.

The review of the NamCode is done on an “apply or explain” basis.

Where items are indicated as applied, the Board evaluated and concluded that PNH complies with all requirements. Items indicated as partially applied, indicates that not all aspects as recommended by the NamCode were complied with and the exceptions are explained.

1. **Ethical leadership and corporate citizenship**
Status: Applied
2. **Boards and directors**
Status: Partially applied
 - 2.1 **The Board should ensure that there is an effective risk-based internal audit**
Status: Partially applied
Explanations: The Board decided to outsource this function to address specified risk areas.
3. **Audit committees**
Status: Applied
4. **The governance of risk**
Status: Applied
5. **The governance of Information Technology (“IT”)**
Status: Applied
6. **Compliance with laws, rules, codes and standards**
Status: Applied
7. **Internal Audit**
Status: Partially applied
 - 7.1. TO 7.5. **Principles dealing with internal audit**
Status: Explain

“
THE BOARD IS COMMITTED TO EFFECTIVE CORPORATE GOVERNANCE, AND THE NEED TO CONDUCT THE BUSINESS OF THE GROUP IN A MANNER WHICH UPHOLDS THE PRINCIPLES OF RESPONSIBILITY, ACCOUNTABILITY, FAIRNESS AND TRANSPARENCY ADVOCATED BY THE NAMCODE
”

9. **Integrated reporting and disclosure**
Status: Applied
8. **Governing stakeholder relationships**
Status: Applied

BOARD COMMITTEES

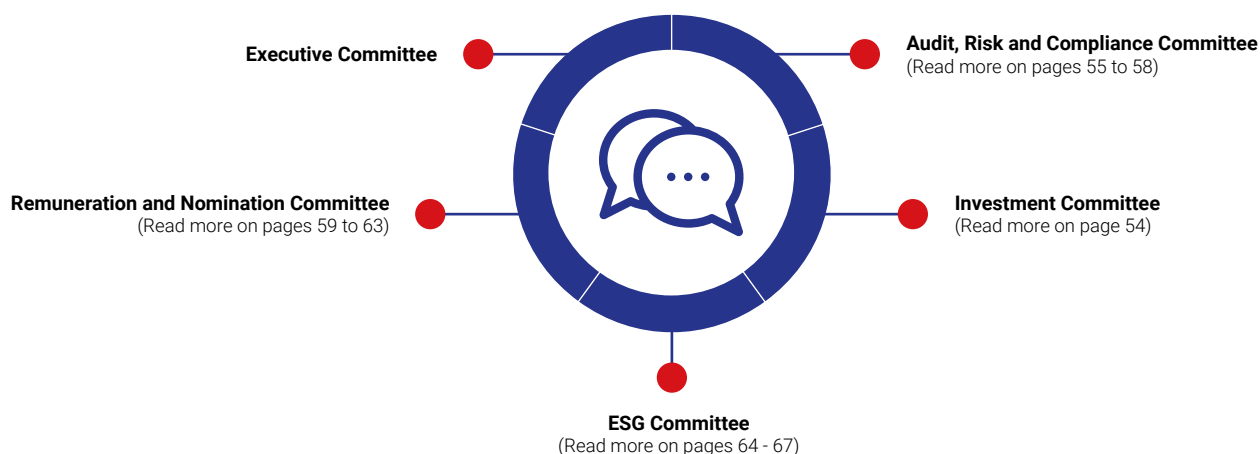
The Board has delegated certain of its functions to well-structured committees but without abdicating its own responsibilities.

Each board committee as established by the Board will have a committee charter to be approved by the Board and annually reviewed.

The Committees will be appropriately constituted with due regard to the skills required by each committee.

The Committees will be chaired by an independent non-executive director or by a suitably qualified non-executive committee member and the majority of committee members must be independent nonexecutive directors.

As a minimum, the Board has established an Audit, Risk and Compliance Committee ("ARC"), Investment Committee ("IC") a Remuneration and Nomination Committee ("REMCO") and an Environmental, Social and Governance Committee ("ESG").



The table below depicts the composition of the board committees:

| DIRECTOR | ARC | REMCO | IC | ESG |
|-------------------------------------|------------|--------------|-----------|------------|
| Habo Gerdes | ✓ | ✓ | | |
| Romé Mostert | | CP | ✓ | ✓ |
| Josephine Shikongo | ✓ | ✓ | | |
| Reagon Graig | | | ✓ | CP |
| INDEPENDENT COMMITTEE MEMBER | ARC | REMCO | IC | ESG |
| Heinrich Jansen van Vuuren | CP | | CP | |

CP - Chairperson

✓ - member

CORPORATE GOVERNANCE

BOARD PROCEDURES AND POLICIES

The Board has adopted and approved the policies and procedures it deemed necessary to ensure the proper governance and management of its affairs. Specifically, the Board adopted the following policies and procedures:

Conflict of Interest: The Board adopted a formal Code of Conduct and Conflict of Interest Policy in terms of which conflicts are defined and appropriate procedures for dealing with conflicts are prescribed.

Directors are at liberty to accept other board appointments so long as the appointment does not conflict with the business of the Company and/or Group and does not detrimentally affect the director's performance as a director on the Board of PNH.

Trading in company equities: The Board adopted and approved a formal procedure to regulate the trading by directors, officers and senior management in the Company's equities.

Dissemination of company information: The Board approved a policy in respect of the dissemination of Company and/or Group information in order to regulate the circulation of price sensitive information and to ensure equal treatment of all shareholders.

BOARD AND DIRECTOR EVALUATION

A regular assessment of the performance of the Board, chairman, individual directors and board committees will be done. Every second year this will be done by way of a formal process.

An overview of the evaluation process, results and action plans will be disclosed in the Integrated Annual Report.

DIRECTORS' FEES

Directors' fees will be approved by shareholders on an annual basis on recommendation by the Board with the input and assistance of the REMCO.

Full disclosure of all fees paid to directors for their services as directors will be made in the Integrated Annual Report, refer to the REMCO report.

BOARD MEETING ATTENDANCE FOR THE YEAR

The Board held sufficient meetings during the year to discharge all its duties. The agendas of the meetings covered the annual work plan and all relevant matters, as set out in the charter. Open and constructive discussions assisted the Board in reaching appropriate decisions.

Board meetings conducted via telephone or electronic communication, are permitted and all concerned could actively participate in the meeting. Directors participating via these facilities were counted for quorum purposes.



THE TABLE BELOW DEPICTS THE BOARD MEETING ATTENDANCE DURING THE YEAR:

| BOARD | SEP-22 | NOV-22 | MAR-23 | JUN-23 | TOTAL |
|--|--------|--------|--------|--------|-------|
| Hans-Bruno Gerdes | ✓ | ✓ | ✓ | ✓ | 4/4 |
| Romé Mostert | ✓ | ✓ | ✓ | ✓ | 4/4 |
| Josephine Shikongo | ✓ | ✓ | ✓ | ✓ | 4/4 |
| Stuart Birch | ✓ | ✓ | - | - | 2/2 |
| Jaco Esterhuysen | ✓ | ✓ | - | - | 2/2 |
| Reagon Graig (Sep & Nov attended but not yet appointed officially) | ✓ | ✓ | ✓ | ✓ | 2/2 |
| Heinrich Jansen van Vuuren | ✓ | ✓ | ✓ | ✓ | 4/4 |

RETIREMENT BY ROTATION OF BOARD MEMBERS

In accordance with the Articles of Association, one-third of non-executive directors are subject to retirement by rotation.

In this regard the Board resolved that the two most senior non-executive board members are to retire annually. Seniority is determined by the date of appointment. Where more than one director was appointed on the same day, the director who is older is deemed to be more senior.

Romé Mostert and Josephine Shikongo shall retire by rotation at the next Annual General Meeting.

COMPANY SECRETARY

The Board appoints and removes the Company Secretary and empowers the Company Secretary to enable him to properly fulfil his duties.

The Board ensures that the Company Secretary has the requisite knowledge,

skills and experience to fulfil the function of company secretary. The Company Secretary is not a director of the Company.

GOVERNANCE FRAMEWORK: SUBSIDIARY COMPANIES

The Board, on behalf of the Company, recognises the statutory and fiduciary duties of the Directors of subsidiary companies and in particular their duty to act in the best interests of the subsidiary company at all times whether or not the director is nominated to the Board of the subsidiary company by the holding company. In the case of a conflict between the duties of a director to a subsidiary company and the interests of the holding company, the duties of the Director to the subsidiary company must prevail.

To the extent provided for in the formal delegation of authority framework, adopting and implementing policies and procedures of the holding company in the operations of the subsidiary company is a matter for the Board of the subsidiary company to consider and approve, if the subsidiary company's board considers it appropriate.

INVESTMENT COMMITTEE

TERMS OF REFERENCE

The Committee has adopted a formal charter, approved by the Board, which informs its agenda and work plan to ensure that all the Committee's responsibilities are addressed in each financial period.

The members are detailed below:



HEINRICH JANSEN VAN VUUREN¹ (CP)



ROMÉ MOSTERT



REAGON GRAIG

CP - Chairperson

ATTENDANCE AT MEETINGS

The meetings and the attendance by the members are detailed below. In accordance with the charter adopted the Committee should meet at least twice per annum.

| MEMBERS | 14 NOVEMBER 2022 | 21 FEBRUARY 2023 | TOTAL |
|--|------------------|------------------|-------|
| Heinrich Jansen van Vuuren ¹ (CP) | ✓ | ✓ | 2/2 |
| Jaco Esterhuysen ² | ✓ | - | 1/1 |
| Stuart Birch | ✓ | - | 1/1 |
| Romé Mostert | ✓ | ✓ | 2/2 |
| Reagon Graig | - | ✓ | 1/1 |

✓ - present

CP - Chairperson

¹ - independent member

² - retired during the year

COMPOSITION

The Committee is constituted as a committee of the Board of Directors. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The Committee comprises of at least three non-executive directors and/or other suitably qualified person(s) appointed by the Board. A majority of the members of the Committee shall be independent non-executive directors.

The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

The members of the Committee as a whole have sufficient qualifications and experience to fulfil their duties.

ROLE AND RESPONSIBILITIES

The Committee has an independent role, operating as an overseer and makes recommendations to the Board for their consideration and final approval. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

MEMBERS

Jaco Esterhuysen and Stuart Birch retired as directors and members of the Committee during the year.

The Committee meets as required.

The Committee is responsible for:

- setting criteria and targets for investments;
- advising on and/or effecting disposals, acquisitions and developments within the approved investment policy and approval framework;
- recommending disposals, acquisitions and developments to the Board which exceed the authority limits; and
- developing and recommending sustainability practices for the Company and Group.

The Committee has the authority to approve expenditure relating to potential transactions, disposals and/or acquisitions.

STATEMENT BY THE COMMITTEE

The Investment Committee executed its duties for the period in line with its roles and responsibilities as outlined above under role and responsibilities.

Heinrich Jansen van Vuuren
Chairperson - Investment Committee
29 November 2023

AUDIT, RISK AND COMPLIANCE COMMITTEE

VALUE CREATION

Business model:



The ARC is constituted as a committee of the Board of Directors. The ARC is appointed for a three-year term. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

TERMS OF REFERENCE

The Committee has adopted a formal charter, approved by the Board, which inform its agenda and work plan to ensure that all the responsibilities of

the Committee are addressed in each financial period. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

MEMBERS

Jaco Esterhuysen retired as director and member of the Committee during the year.

The members are detailed below:



HEINRICH JANSEN VAN VUUREN¹ (CP)



HABO GERDES



JOSEPHINE SHIKONGO

CP - Chairperson

¹ - independent committee member

ATTENDANCE AT MEETINGS

The meetings and the attendance by the members are detailed below. In accordance with the charter adopted the Committee should meet at least twice per annum.

| MEMBERS | 6 JUNE 2023 | 14 MARCH 2023 | 14 SEPTEMBER 2022 | TOTAL |
|--|-------------|---------------|-------------------|-------|
| Heinrich Jansen van Vuuren ¹ (CP) | ✓ | ✓ | ✓ | 3/3 |
| Habo Gerdes | ✓ | ✓ | ✓ | 3/3 |
| Jaco Esterhuysen ² | - | - | ✓ | 1/1 |
| Josephine Shikongo | ✓ | ✓ | ✓ | 3/3 |

✓ - present

CP - Chairperson

¹ - independent member

² - retired during the year

COMPOSITION

The Board appoints the ARC for a three-year term.

The Committee comprises of at least three non-executive directors and/or other suitably qualified person(s) appointed by the Board. A majority of the members of the Committee shall be independent non-executive directors.

The Chairperson of the Committee understands the function of the ARC and is able to lead constructive dialogue with management, the internal and external auditors, other external assurance providers and the Board. The Chairperson is afforded sufficient time to participate in and agree the Committee agenda before meetings are convened.

The Committee has a basic level of qualification and experience. The REMCO and the Board evaluate whether collectively (but not necessarily individually) the ARC has an understanding of:

- integrated reporting, which includes financial reporting;
- internal financial controls;
- external audit process;
- internal audit process;
- corporate law;
- risk management
- sustainability issues;
- information technology governance as it relates to integrated reporting; and
- the governance processes within the Group.

CAPITAL SYMBOLS LEGEND:



INTEL CAPITAL

AUDIT, RISK AND COMPLIANCE COMMITTEE

The collective skills of the members of the ARC are deemed appropriate to the Group's size and circumstances, as well as its industry.

It is the ARC's responsibility to oversee integrated reporting, and as such the Committee, collectively, has an understanding of IFRS, and any other financial or sustainability reporting standards, regulations or guidelines applicable to the Group.

SCOPE AND RESPONSIBILITIES

The roles and responsibilities include, but are not limited to:

- consider and recommend the strategic objectives to Board;
- review of internal controls and systems;
- monitoring that decisions taken by the Board affecting the Committee are followed through;
- monitoring compliance with the Articles of Association, NSX Listings Requirements, Companies Act of Namibia and NamCode on corporate governance and other applicable legislation;
- review the audit management letter;
- recommend letters of representation and other documentation for Board approval;
- recommend approval of annual reports and interim results to Board;
- recommend approval of annual budgets to Board;
- recommend approval of NSX announcements to Board;
- agree and recommend accounting policies to Board;
- approve funding structures and hedges;
- approve valuations of fixed property;
- agree and recommend the declaration and payment of dividends to Board;
- reporting to Board on proceedings of the Committee;
- monitor the corporate risk assessment process;
- monitor the financial risk assessment process and the Committee must review;
- financial risks;
 - internal financial controls;
 - fraud risk as they relate to financial reporting;
 - IT risk as they relate to financial reporting; and
 - reporting to the NSX in the annual NSX compliance, that the Committee has monitored compliance during the year concerned;
- consider problems identified in the going concern assumption;
- consider the appropriateness and disclosure of related party transactions;
- the Committee oversees integrated reporting;
- have reasonable regard to all material factors and risks that may impact on the integrity of the Integrated Report;
- review the financial statements, interim reports, preliminary or provisional results announcement, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- the Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities;
- the Committee satisfies itself of the expertise, resources and experience of the finance function of the Group; and
- the Committee shall be responsible for overseeing any internal audit function.

EXTERNAL AUDIT

As regards External Audit, the Committee:

- is satisfied with their independence especially where non-audit services are performed;
- agreed the principles with the external auditors without limiting their statutory obligations;
- decided on the extent of external verification of non-financial information;
- decided on the external review of interim results; and
- recommends that PricewaterhouseCoopers ("PwC") be re-appointed for the financial year ending 30 June 2024 and has overseen the external audit process; and
- recommended the proposed audit fees by the external auditors to the Board during June 2023.

The external auditor attended the majority of committee meetings and has unfettered access to the ARC chairperson and the Board.

The ARC meets at least once a year with the external auditors without management present, if so required.

These may be separate meetings or meetings held before or after a scheduled ARC meeting.

INTERNAL AUDIT

The Committee has established an appropriate internal audit function taking into consideration the size of the Company and/or Group.

The Committee outsourced this function to address specified risk areas to external service providers.

INTERNAL CONTROLS

These financial statements support the viability, accountability and effective internal control processes of PNH.

The system of internal financial and operational controls is the responsibility of the Board. Management ensures that assets are protected, systems operate effectively, and all valid transactions are recorded properly.

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. Internal controls are designed to mitigate and not to eliminate significant risks faced. Such a system provides reasonable but not absolute assurance against error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision-making, assurance and control functions such as risk management and compliance.

Based on reviews, information and explanations given by management, reports from the internal audit function and discussions with the external auditors on the results of their audit, the Committee is satisfied that the system of internal controls of PNH operated effectively in the year under review. Nothing has come to the Committee's attention that causes it to believe that the system of internal financial controls is not effective.

FINANCE FUNCTION

The Committee has reviewed the financial statements of the Company and Group and is satisfied that they comply with IFRS.

The external auditor has expressed an unmodified opinion on the financial statements for the year ended June 2023, refer to pages 77 to 79.

The Committee is satisfied that Stefan de Bruin, the Group CFO for the financial year ended 30 June 2023 has the appropriate expertise and experience to meet his responsibilities in the position. The expertise, experience and adequacy of the resources making up the finance function were also considered, and the Committee is satisfied that these are appropriate.

GOING CONCERN

The Committee has reviewed a documented assessment, including key assumptions prepared by Management. The group is in a sound financial position (total assets exceed total liabilities).

Current liabilities exceed the current assets, but do not require cash flow to settle. Current liabilities exceed current assets due to the following:

- N\$37.65 million payable relates to a portion of the Equiano Submarine Cable Branch acquisition price, which was not converted to a service yet. Once the fiber route running between Buitepos and Lobatse in Botswana is completed, the remaining liability of N\$37.65 million will be converted to a service on this route and the liability will be settled;
- The N\$175 million bond maturing during June 2024, which is currently reflected under current liabilities, is to be rolled over. It is therefore not the intention to settle this bond at maturity;
- No cash flow is required to settle the N\$21.6 million contract liability. This is to be settled during the next 12 months through services on current Paratus infrastructure.

The Group has adequate access to borrowing facilities and investments to meet foreseeable cash requirements; no non-compliance with statutory or

regulatory requirements; no pending changes to litigation which may affect the Group; no pending legal action or litigation against the companies in the Group; all key management positions have been filled; the forecasted cash flows and operational budgets indicate that the Group has sufficient operating profit and cash flows to service its financial obligations and no breach of loan/bond covenants. There are no material events after the reporting period which may impact the going concern.

The Committee, reported to the Board that it supports management's view that the Company and Group will continue as a going concern for the foreseeable future. The going-concern basis has been adopted in preparing the financial statements.

RISK MANAGEMENT

The Board affirms its responsibility towards upholding risk management, including the governance of technology and information.

The governance model reflects both business and IT requirements, focusing on strategic alignment, value delivery, risk management (including information security, resilience, as well as legislative, health and safety compliance), resource management and performance management. The Committee assists the Board in carrying out its responsibilities for risk management, including risk appetite and IT risk.

The Committees and the management team promote a culture of risk governance and awareness throughout the organisation.

Management is accountable to the Board, through the Committee, for:

- the implementation of the risk frameworks and methodologies and the recommendation for approval thereof to the Board;
- embedding the risk management process in the business;
- regularly provide the Committee with a register of the Group's key risks and potential material risk exposures; and

- reports to the Board any material changes and/or divergence to the risk profile of the Group.

INFORMATION COMMUNICATION TECHNOLOGY COMMITTEE

This management committee sprouted out of the need to maintain and execute the duties and roles set out in the Information Security Framework of the Group. The Group recognises information is an asset exposed to dynamic risks, and threats may come from the inside and outside of the organisation and might be intentional or accidental.

These risks may cause property and economic loss, damage to the corporate image and customer trust, legal breaches, regulatory non-compliance, and violation of employees' and third party rights. For this reason, the organisation developed a framework to mitigate these risks and safeguard the organisation.

Management is also accountable for the following key matters specifically related to IT risk:

- IT strategy;
- IT policy;
- IT reference architecture;
- IT organisational and governance structures;
- IT risk management inclusive of information security/cybersecurity;
- Strategic projects;
- Significant outsourcing; and
- Adequacy of IT resources.

The ARC oversees the integrated risk management process and receives regular feedback from management on all risk-related activities. The Committee regularly assess all risk governance structures and lines of defence to ensure that roles, responsibilities and accountabilities for identifying, managing, mitigating, reporting and escalating risks and opportunities within the Group are appropriately defined and responded to.

RISK ASSESSMENTS

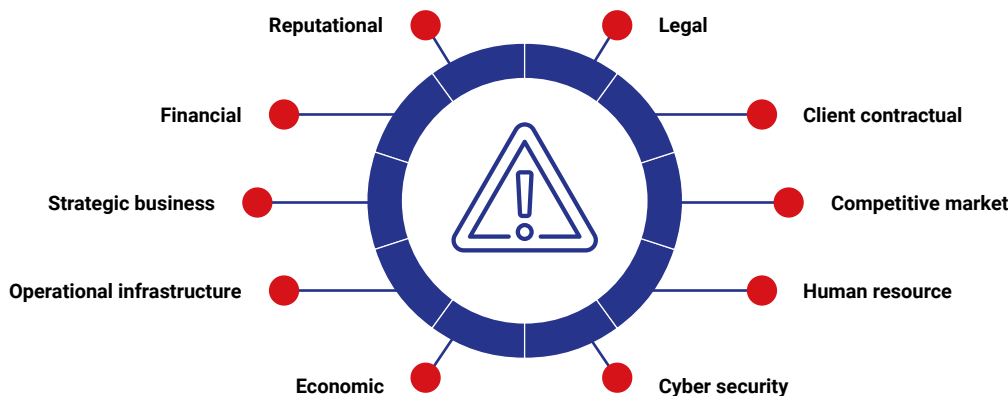


1. Ensure that appropriate controls and responses are in place to mitigate the risks and manage identified opportunities (recorded in risk registers)

2. Regularly analysing and monitoring the effectiveness of current controls. Regular and timely reporting to the ARC and the Board.













Risk management is integrated within management's everyday agenda to ensure that mitigation actions for identified risks are implemented.

Risks identified are classified under 1 of the following 10 risk categories:



AUDIT, RISK AND COMPLIANCE COMMITTEE

MANAGING RISK TOP RISKS (PRE-MITIGATION)

| RISK CATEGORY | OUR RESPONSE | RISK LINK TO SIX CAPITALS |
|--|--|--|
| Client Contractual Risks Significant client reliance | <ul style="list-style-type: none"> Maintain good service levels Provide competitive pricing on broadband and other last miles Regular client engagement |     |
| Competitive Market Risks Price wars | <ul style="list-style-type: none"> Deploy own infrastructure Product innovation Competitor analysis Negotiations with our upstream providers on contracts Maintain our service levels |     |
| Human Resource Risks Attraction of skilled staff / key staff retention | <ul style="list-style-type: none"> Career Planning In-house training / Udemy Online training Internship Management Training |  |
| Economic Risks Depressed local economy | <ul style="list-style-type: none"> our service levels Manage costs Risk assessment of customers at onboarding Early legal action (if required) Suspension of service in timely manner Annual budget and updated forecasts Make provision for emergency Reserves |  |
| Operational Infrastructure Risks Billing | <ul style="list-style-type: none"> Automation of billing Billing process review Documentation of process flows Dedicated Revenue Assurance department Maintain adequate resource levels |  |
| Legal Risks Institutional interruptions | <ul style="list-style-type: none"> Reputable legal firm to provide legal assistance Strict compliance with Section 62 of Communication Act Regular feedback to the Board Managing contractors |  |

INTEGRATED REPORT

The Committee is responsible for overseeing the Group's Integrated Report and the reporting process.

This Integrated Report for the year ended 30 June 2023, which has been reviewed by the committee, focuses not only on the Group's financial performance, but also its economic, social and environmental performance. This report sets out how the Group has engaged with stakeholders, addressed its material issues and governed its business.

The Committee is satisfied with the quality and integrity of the information contained in the Integrated Report for the year ended 30 June 2023 and recommended it to the Board for approval.



Heinrich Jansen van Vuuren
 Chairperson – Audit, Risk and Compliance Committee
 29 November 2023

CAPITAL SYMBOLS LEGEND:



FINANCIAL CAPITAL



HUMAN CAPITAL



MANUFACTURED CAPITAL



S&R CAPITAL

REMUNERATION AND NOMINATION COMMITTEE

VALUE CREATION

Business model:



The REMCO is constituted as a sub-committee of the Board of directors.

TERMS OF REFERENCE

The REMCO has adopted a formal charter, approved by the Board, which inform its agenda and work plan to allow for the specific responsibilities to be discharged by committee members collectively.

The members are detailed below:



ROMÉ MOSTERT (CP)



HANS-BRUNO GERDES



JOSEPHINE SHIKONGO

CP - Chairperson

| MEMBERS | 6 JUNE 2023 | 14 MARCH 2023 | TOTAL |
|--------------------|-------------|---------------|-------|
| Romé Mostert (CP) | ✓ | ✓ | 2/2 |
| Hans-Bruno Gerdes | ✓ | ✓ | 2/2 |
| Josephine Shikongo | ✓ | ✓ | 2/2 |

✓ - present

OVERVIEW OF COMMITTEE

The committee is constituted as a subcommittee of the Board of Directors. The deliberations of the Committee do not reduce the individual and collective responsibilities of the Board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

COMPOSITION

The Committee comprises of at least three non-executive directors and/or other suitably qualified person(s) appointed by the Board, a majority of whom are independent non-executive directors. The chairperson of the Board is not the chairperson of the Remco. The Committee has an independent role, operating as overseer and formulator of recommendations to the Board for their consideration and final approval. The members of the Committee have sufficient qualifications and experience to fulfil their duties.

SCOPE AND RESPONSIBILITIES REMUNERATION AND NOMINATION

The Committee assists the Board to ensure that:

- the Board of Directors and executives are fairly and responsibly remunerated;
- the disclosure of directors' remuneration is accurate, complete and transparent;
- the overall remuneration philosophy promotes the achievement of the strategic objectives;
- the Board has the appropriate composition to execute its duties effectively;
- directors are appointed through a formal process; and
- formal succession plans for the members of the Board, Chief Executive Officer and senior management appointments are in place.

SYMBOLS LEGEND:



HUMAN CAPITAL



EMPLOYEES

Addressing stakeholder interests:



MEMBERS

There has been no change to the membership of the Committee during the year.

Committee responsibilities:

- approve annual increases of all staff;
- approve new year performance contracts in conjunction with Board approved strategy for the Executive Committee ("EXCO");
- assess performance of EXCO;
- select an appropriate peer group when comparing remuneration levels;
- consider candidates and recommend appointments to Board (EXCO, executive directors and non-executive directors and other committee members of the Board);
- finalise employment contracts of EXCO;
- recommend non-executive directors' fees to the Board;
- recommend company secretary fees to the Board;
- consider Board composition for recommendations to the Board;
- consider succession planning for recommendation to the Board;
- assess committee compliance with its charter and report to the Board; and
- oversee the preparation of the remuneration report included in the integrated report to ensure that it is accurate, complete, transparent, and provides a clear explanation of how the remuneration policy has been implemented.

EMPLOYEE OVERVIEW

Paratus has formally constituted its Affirmative Action ("AA") Committee to serve in the interest of employment equity. The team will develop, manage, and implement the new 3-year company employment strategy, be representative of the Paratus nation by focusing on inclusivity, transparency and fairness in all dealings with employees, and ensure monitoring and reporting are aligned to the Employment Equity Commission's framework requirements.

REMUNERATION AND NOMINATION COMMITTEE

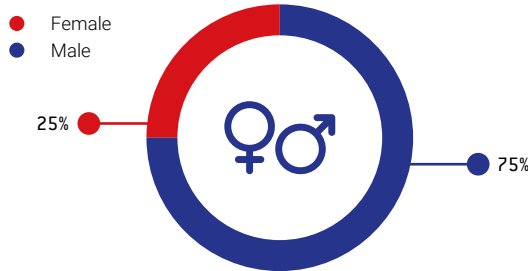
AFFIRMATIVE ACTION COMMITTEE

Individuals act on behalf of employees as workplace representatives and may be called upon by staff whenever the need arises. This includes, but is not limited to, the issuing of warnings, counselling sessions, disciplinary hearings and grievance procedures and any other proceedings deemed necessary. Their role is to advise employees on disciplinary processes and the application thereof in the workplace, as well as to assist employees wherever needed. Furthermore, they are required to bring any concerns and/or grievances to management on your behalf.

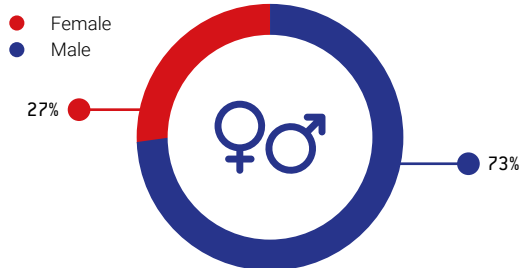
The AA Committee consists of six (6) primary members, including a chairperson, secretary, and four (4) representative members of employees in various categories. For consistency in employee representation, four (4) alternative nominated representatives have been appointed and selected should the primary members not be available to deal with any matter that arises. To ensure legal compliance, the committee has nominated a legal team member to provide internal legal advice. For the AA Committee to act transparently, the legal team member appointed to support the AA Committee may not simultaneously offer advice to the Company on any mutual issue that arises.

EMPLOYEES STATISTICS

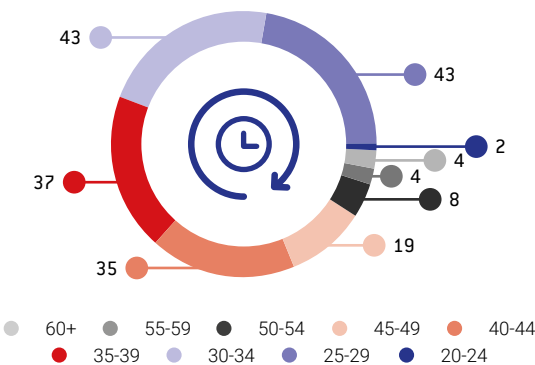
TOTAL EMPLOYEE RATIO OF MALE / FEMALE



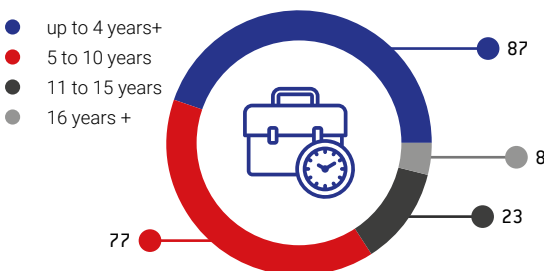
EXCO AND MANAGERS RATIO OF MALE / FEMALE



EMPLOYEES BY AGE GROUP



NUMBER OF EMPLOYEES – SERVICE YEARS



MEET THE EXECUTIVE TEAM

The executive team comprise of a group of dynamic individuals. The team consists of the executive directors, Samantha Geyser, Danie Malan, Genevieve Cloete and Stefan Frank-Schultz

SAMANTHA GEYSER GROUP CHIEF INFORMATION OFFICER



Samantha has worked in the telecommunications industry for 20 years and has a track record of success in customer service and project management. She is tasked with standardising the group's internal management systems to support its rapid expansion across Africa.

DANIE MALAN EXECUTIVE: CUSTOMER SERVICE



Appointed: 1 September 2022
Danie has been in the telecommunication industry for more than 22 years. He started sales and marketing with Ericsson where he progressed rapidly due to his passion for the industry. Over the past 7 years, Danie has been actively involved with the expansion into Africa mainly supporting international operators as the Carrier Service Manager for Paratus Group.

GENEVIEVE CLOETE EXECUTIVE: SALES



Appointed: 01 September 2022
Qualification: Senior Leadership Program – University of Stellenbosch; Senior Management Program – University of Stellenbosch; Management Program – University of Stellenbosch
Genevieve has been in the telecommunication industry since 1995 when she started off as a Switchboard operator for MTC Namibia Limited. She joined Paratus as an Account Manager in 2012 and was promoted to Head of Sales. In 2017 she was again promoted to Sales Manager before taking the Sales Executive role for Paratus Namibia in 2022. She is very passionate about sales and customer service and places great value on customer satisfaction and achieving sales targets.

STEFAN FRANK-SCHULTZ EXECUTIVE: TECHNICAL



Appointed: 01 September 2022
Qualification: ND: Information Technology
Stefan Frank-Schultz joined the formidable Paratus team in 2015 in order to oversee the implementation of the new OSS/BSS business solution. In 2016, Stefan headed the Revenue Assurance Team within Paratus Telecom. He progressed to become Executive: Technical of Paratus Namibia in September 2022. Working within large telecommunications-based corporates for more than 18 years with the responsibility for a diverse client/technology portfolio has given him the opportunity to work both collaboratively and autonomously, from understanding business and overseeing company-wide deployments.

REMUNERATION REPORT

It is our belief that all factors which underpin enhanced performance require the highest calibre of leadership and specialist technical expertise, and that stakeholders’ interests are best served by aligning strategy, the business model, the structure, staffing and compensation.

Attracting and retaining high-calibre talent depends on providing both intrinsic and extrinsic rewards. To complement this, compensation policies are directed at sustaining a performance-driven culture.

This remuneration report focuses on the following fixed and variable elements of remuneration and fees paid to non-executive directors.

This is in keeping with the commitment to fair, responsible, and transparent remuneration and remuneration disclosure.

OVERVIEW OF REMUNERATION POLICY AND IMPLEMENTATION REPORT

The remuneration philosophy and policy are key components of the HR strategy and govern the remuneration of executive management (executive directors and prescribed officers), non-executive directors and other employees and fully support the overall business strategy. We recognise that our employees are fundamental to our success. Paratus therefore needs to be able to attract and retain employees of the highest calibre and a strategic, professional approach to recruitment is essential to do this.

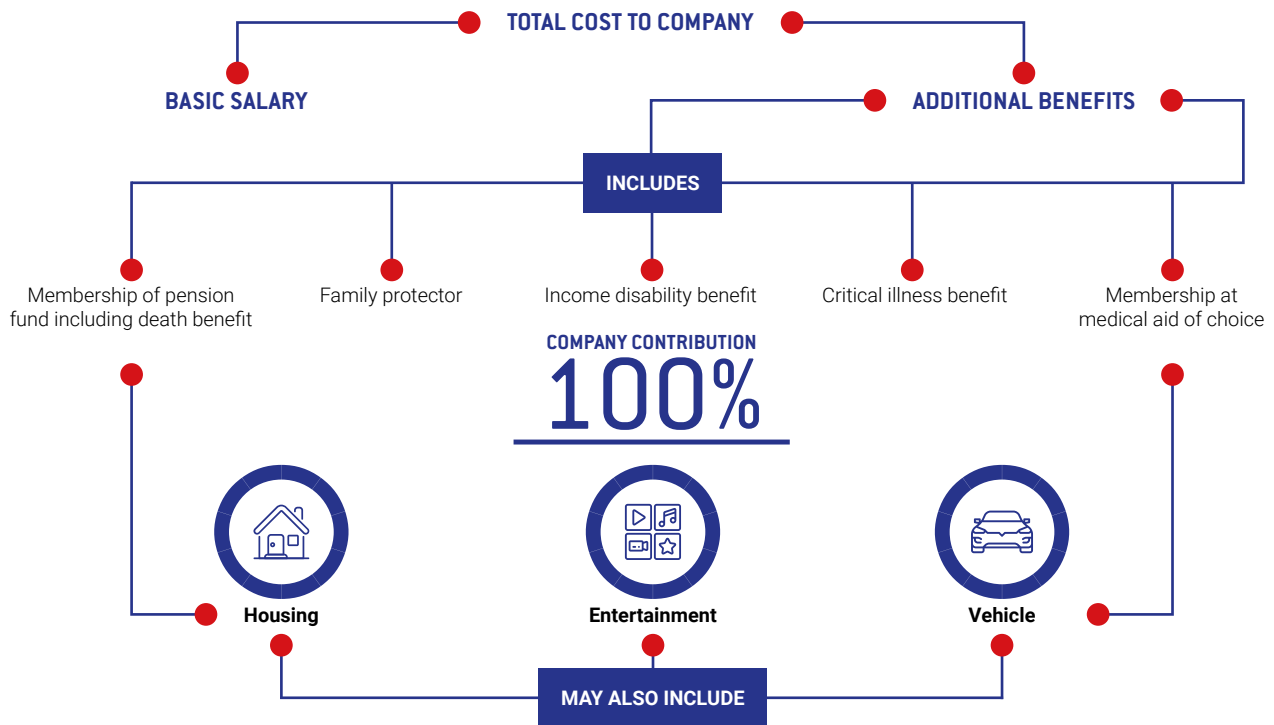
The purpose of the Remuneration policy is to provide a sound framework for the recruitment and selection of employees based upon the principles outlined in the policy, which also meet the requirements of the AA policy and other relevant employment legislation.

| EMPLOYEES | METHOD OF REMUNERATION |
|---|--|
| Executive directors and executive management | <ul style="list-style-type: none"> - Total cost to company - Annually reviewed (*) after consideration of: <ul style="list-style-type: none"> • the annual PWC South Africa report on executive directors’ remuneration practices and trends; and • norms of director’s remuneration in Namibia |
| Management | <ul style="list-style-type: none"> - Total cost to company - Annually reviewed (*) after consideration of: <ul style="list-style-type: none"> • Cost of living adjustments; and • Performance |
| Non-management | <ul style="list-style-type: none"> - Total cost to company - Annually reviewed (*) after consideration of: <ul style="list-style-type: none"> • Cost of living adjustments; and • Performance |

(*) Annual reviews effective from 1 November each year

Total cost to company is made up of basic salary and additional benefits. Additional benefits include membership of a pension fund including death benefits, family protector, income disability benefit and critical illness benefit. For these benefits the Company contributes 100% of the premium relevant to

all employees. Membership to a medical aid fund of choice is a compulsory benefit paid by the employee, but forms part of the cost to company calculation. Benefits may also include housing, car, entertainment or other allowances, depending on the job description and seniority of the employee.



REMUNERATION AND NOMINATION COMMITTEE

ADDITIONAL OFFERINGS TO STAFF

The company maintains a people-centric culture and takes great pride in celebrating successes with its employees – both big and small.

Paratus provides an on-site canteen at head-office that serves various snacks, meals and drinks. The Company has a month-end braai to celebrate the successes of employees and the Company's achievements and share valuable company information.

EMPLOYEE INTERNET BENEFIT

Paratus employees have the benefit of having Paratus connectivity at their homes at a discounted rate based on levels of seniority.

STAFF PURCHASES

The company allows employees to purchase hardware or software for personal needs. Such purchases can only be made in terms of the relevant company policy and subject to affordability.

TRAINING AND CAREER DEVELOPMENT

The company is fully committed to its employees' continuous training and development to ensure that both employees and the business can succeed. The more you dedicate to your personal growth and development, the further you can go.

Paratus has subscribed to a well-known online training platform, Udemy, which provides a wide range of training opportunities to its members. Paratus strives to develop its employees by setting goal-orientated training in line with the career development goals of its employee utilising the vast training programs available through the platform.

Paratus has engaged in numerous training sessions with Barry Mitchell, an international Trainer, Speaker and Author. His expertise, spanning sales, business, and personal development, has become an integral part of the Paratus ethos. Paratus employees who have undergone Barry Mitchell's training speak of a paradigm shift in their approach to sales and business. The impact is not just professional but extends to personal development, creating well-rounded individuals who contribute significantly to the Company's success.

PERFORMANCE INCENTIVES

Paratus believes in adequately rewarding employees for their contribution to the overall success of the Company.

PROFIT SHARE INCENTIVE

Executive management and management participate in the profit share incentive. The profit share incentive pool is derived from the portion of the after-tax profits exceeding the approved budget.

| EMPLOYEES | INCENTIVE |
|-----------------------------|--|
| Executive management | <ul style="list-style-type: none"> 10% of the available bonus pool is to be allocated to the executive management only the maximum incentive amount for executive management is limited to 110% of total cost to company for one month. |
| Management | <ul style="list-style-type: none"> A manager's performance appraisal should achieve at least a "meet expectation" rating, failing that the manager will be barred from earning a profit share incentive The maximum incentive amount for Management is limited to 100% of total cost to company for one month. |

PERFORMANCE BONUS

All employees participate in the performance bonus and is payable when Paratus meets the approved budget. The performance bonus is equivalent to a 13th cheque and is payable in December. During the year the limit for the 13th cheque was increased from 75% to 85% of one month's salary, depending on the performance in terms of the budget.

INCENTIVES FOR THE 2023 FINANCIAL YEAR

It is the group's practice that all employees receive an increase to mitigate the impact of inflation as well as a performance-based increase. At the November 2022 REMCO meeting a salary increase was recommended to the Board for all employees and was subsequently approved at the following Board meeting. The actual incentives paid during the 2023 financial year was N\$10,123,517 (2022: N\$8,246,680).

NON-EXECUTIVE DIRECTORS' FEES FOR THE 2023 FINANCIAL YEAR

Non-executive directors earn a retainer fee and a portion as a sitting fee for Board meetings attended. Furthermore, non-executive directors and members of subcommittees of the Board earn a retainer fee and a portion as a sitting fee for such meeting attended.

The actual fees paid to non-executive directors during the 2023 financial year are as follows:

| DIRECTOR/MEMBER | BOARD FEES N\$ | ARC FEES N\$ | IC FEES N\$ | REMCO FEES N\$ | ESG FEES N\$ | AGM FEES N\$ | TOTAL FEES N\$ |
|--------------------------------------|-------------------|-----------------|----------------|-------------------|-----------------|-----------------|-------------------|
| Habo Gerdes | 155,812 | 31,878 | - | 27,720 | - | 38,953 | 254,363 |
| Stuart Birch ¹ | 70,933 | - | 13,860 | - | - | - | 84,793 |
| Jaco Esterhuysen ¹ | 70,933 | 15,477 | 17,324 | - | - | - | 103,734 |
| Josephine Shikongo | 127,044 | 31,878 | - | 27,720 | - | - | 186,642 |
| Heinrich Jansen van Vuuren | 35,959 | 39,846 | 31,184 | - | - | - | 106,989 |
| Romé Mostert | 127,044 | - | 27,720 | 34,648 | 22,164 | - | 211,576 |
| Reagon Graig ² | 75,725 | - | - | - | 22,653 | - | 98,378 |
| Total | 663,450 | 119,079 | 90,088 | 90,088 | 44,817 | 38,953 | 1,046,475 |

¹ retired effective 26 January 2023

² appointed effective 26 January 2023

PROPOSED NON-EXECUTIVE DIRECTORS' FEES FOR THE 2024 FINANCIAL YEAR

The REMCO has proposed to the Board the non-executive directors' fees for the 2024 financial year as set out in the table below:

| | NUMBER OF MEMBERS | FEE PER MEMBER | MEETINGS PER YEAR | TOTAL COST | 70% MONTHLY RETAINER | 30% SITTING FEE PER MEETING |
|-----------------------|-------------------|----------------|-------------------|----------------|----------------------|-----------------------------|
| BOARD | | N\$ | | N\$ | N\$ | N\$ |
| Chairperson | 1 | 41,290 | 4 | 165,160 | 9,634 | 12,388 |
| Member | 5 | 33,667 | 4 | 134,668 | 39,280 | 50,495 |
| Total | | | | 299,828 | 48,914 | 62,883 |
| ARC | | N\$ | | N\$ | N\$ | N\$ |
| Chairperson | 1 | 18,363 | 2 | 36,726 | 2,142 | 5,511 |
| Member | 2 | 14,692 | 2 | 58,768 | 3,428 | 8,816 |
| Total | | | | 95,494 | 5,570 | 14,327 |
| REMCO | | N\$ | | N\$ | N\$ | N\$ |
| Chairperson | 1 | 18,363 | 2 | 36,726 | 2,142 | 5,511 |
| Member | 2 | 14,692 | 2 | 58,768 | 3,428 | 8,816 |
| Total | | | | 95,494 | 5,570 | 14,327 |
| ESG | | N\$ | | N\$ | N\$ | N\$ |
| Chairperson | 1 | 18,363 | 2 | 36,726 | 2,142 | 5,511 |
| Member | 1 | 14,692 | 2 | 29,384 | 1,714 | 4,408 |
| Total | | | | 66,110 | 3,856 | 9,919 |
| IC³ | | N\$ | | N\$ | N\$ | N\$ |
| Chairperson | 1 | 18,363 | 2 | 36,726 | - | 36,726 |
| Member | 2 | 14,692 | 2 | 58,768 | - | 58,768 |
| Total | | | | 95,494 | - | 95,494 |

³ The Investment Committee meets on an ad-hoc basis when projects are evaluated.

The proposal is that this fee remains on a sitting fee basis due to the uncertainty regarding number of meetings per annum.



PARATUS STRIVES TO DEVELOP ITS EMPLOYEES BY SETTING GOAL-ORIENTATED TRAINING IN LINE WITH THE CAREER DEVELOPMENT GOALS



A fee of N\$3,465 per hour will be paid to attend unscheduled ad-hoc meetings (excluding Investment Committee meetings).

STATEMENT BY THE COMMITTEE

The Remuneration and Nomination Committee executed its duties, during the period, in line with its roles and responsibilities as outlined above under role and responsibilities.

Romé Mostert

Chairperson - Remuneration and Nomination Committee
29 November 2023



CORPORATE GOVERNANCE AND RISK MANAGEMENT

ESG COMMITTEE

VALUE CREATION

Business model:



As a listed entity on the Namibian Stock Exchange ("NSX"), Paratus, through its holding company, maintains its regulatory compliance with the exchange. This includes regular and timeous NENS notifications (where applicable) as well as complying with any other regulatory directives that may be published from time to time i.e. such as the latest Gazette 159, which regulates the establishment of an SES Committee, which Paratus calls the ESG Committee.

Paratus strives to do the right thing for the environment, society and the organisation while promoting good governance, going beyond mere legal compliance. Our commitment to these entities is founded on three pillars, namely environmental stewardship, corporate governance and Paratus social investment. For some of our highlights on Paratus Social Investment, please refer pages 40-41.

Paratus' main social investment focus is on education in partnership with EduVision. EduVision provides remote and underserved schools with access to first-class teaching via digital interactive platforms. Providing connectivity to schools in underserved areas is an important part of the Paratus promise to transform Africa through exceptional digital infrastructure and customer

service. The Paratus Group has pledged over NS2 million worth of satellite equipment and infrastructure, technical support, consulting, and capital to help EduVision deliver online e-learning to more rural schools throughout Namibia.

Since 2018, Paratus has helped EduVision connect numerous schools and over 10,000 learners directly. Indirectly, thousands of additional learners benefit from the learning materials received online. Future schools to be connected are located in Sesfontein, Tses, and Schlip – which are graciously being sponsored by the Gondwana Care Trust. Our pledge is to supply and install 50 satellite connections as EduVision signs up more and more rural schools.

Helping to advance education through connectivity is one of the Paratus Group's key focus areas under its Paratus Social Investments initiative (PSI). When Paratus has approval from municipalities to install fiber networks in an area, the company automatically lays fiber to any schools en route at their own cost, so that these schools and areas may take advantage of the Paratus high-quality connection infrastructure.

MEMBERS

The members are detailed below:



REAGON GRAIG (CP)

CP - Chairperson



ROMÉ MOSTERT

CAPITAL SYMBOLS LEGEND:



INTEL CAPITAL



NATURAL CAPITAL



S&R CAPITAL

The following exceptional results were recorded in 2022 at some of the schools assisted by the EduVision program:

- Tsumkwe boosted its school rankings due to the overall improvement of its students' results. One student in Tsumkwe received an A+ in Biology, which was ranked the 11th best in the country.
- Tsumkwe's National Ranking (incl. private schools) jumped a massive 149 places, from number 183 in 2018 to number 34 in 2020.
- In public schools, Tsumkwe's ranking drastically shot up from number 59 in 2019 to number 14 in 2020.



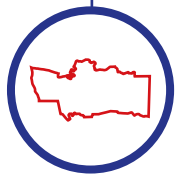
OTJOZONDJUPA

Biology – Grade 11

- Waterberg SS – 3 (B symbols), 1 (C symbol)
- Tsumkwe SS – 2(b symbols) 3 (C symbols)
- Okakarara SS – 1(A symbol), 4 (B symbols), 8 (C symbols.)

Physics – Gr 11

- Waterberg SS – 3 (C symbols)
- Tsumkwe SS – 2 (C symbols)
- Okakarara SS – 2 (C symbols)



HARDAP REGION

C//Oaseb SS (Gibeon)

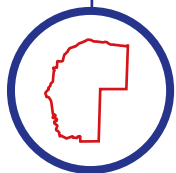
- Number of learners from Grade 11 (who passed with A*, A, B, C symbols) promoted to Grade 12 increased by 4,5% compared to 2021.

Pionier SS (Schlip)

- Number of learners from Grade 11 (who passed with A*, A, B, C symbols) promoted to Grade 12 increased by 8,5% compared to 2021.

P.I. Groenewaldt SS (Gochas)

- Number of learners from Grade 11 (who passed with A*, A, B, C symbols) promoted to Grade 12 increased by 3% compared to 2021.



OMAHEKE REGION

Epkuroi Pos 3 Secondary School

The pass rate in the 4 subjects (as offered by EduVision) are as follow:

- Physics – 77%
- Biology – 67%
- Chemistry – 60%
- Mathematics – 54%



KAVANGO WEST

(21 secondary schools in the region)

Himarwa lithete SS

- Rated second in the region regarding Grade 11 results (A*, A, B, C symbols)

Kandjimi Murangi SS

- Rated 5th place in the region with a 28% improvement in the Grade 11 results (A*, A, B, C) comparing with 2021.
- Grade 12 AS results in 2022
- Physics – 82.6%
- Chemistry – 61.4%

1. ENVIRONMENTAL STEWARDSHIP

- 1.1. Climate change & vulnerability
- 1.2. Natural resources
- 1.3. Green building
- 1.4. Reducing our footprint
- 1.5. Recycling

Paratus operates with a growth mindset. We are highly cognisant of the fact that we operate in a sensitive environment with limits imposed by geographic challenges. Namibia has a large geographic area and low population density, the lowest on the African continent. It has approximately 40% of its surface under conservation management, less than 5% arable land due to being situated between the Namib and Kalahari deserts, and extremely variable rainfall. All these factors equate not only to a challenging geographic landscape to overcome but also a very sensitive economic environment. As a responsible corporate citizen, we take measures to mitigate the impact of our growth strategies and improve the community we operate in.

HOW WE DO IT

a. The cultivated area of insect-dependent crops has increased worldwide, raising the demand for insect pollination. Social and solitary bees, wasps, flies, beetles, butterflies, and moths comprise the vast majority of the world's pollinators. Insect pollinators of crops and wild plants are under threat globally, and their decline has profound economic and environmental consequences. Pollinators provide an essential ecosystem service by improving or stabilising yields of crop-plant species globally.

Surprisingly the telecoms industry has a chance to contribute to the protection of a particular and prolific pollinator - the African Honeybee (*Apis Miliifera Scutellata*). Manholes are lined with concrete and keep the bees cool during the summer and warm during the winter, making them a preferred nesting site for bees.

Paratus saw the opportunity to conserve the bees and forged partnerships with a few local beekeepers. Over the past two years we have successfully removed and relocated 13 swarms of bees.

Collectively, these bees could pollinate 10 hectares of pumpkins or 8 hectares of apple orchards twice a year, and the total pumpkin yield could be upwards of 5 tons. If we counted the number of bees relocated successfully, that number would most definitely surpass 390 000 bees!

b. We currently perceive exposure to environmental risks as below average but rising. Although the telecoms industry uses energy to power its communication networks, data centers, and operations, its usage is less intensive than that of industries such as utilities or natural resources. According to Statista, a German online statistics portal, the telecoms sector contributes about 2% of global carbon dioxide emissions. However, rapid and exponential growth in the demand for data as well as the drive to enhance the country's path to the 4th industrial revolution can quickly increase energy consumption in the industry.

As a responsible corporate citizen aimed at sustainability, Paratus' head office in Windhoek generates power from its 194-panel PV (Photo Voltaic) solar installation, producing on-premise capacity using the sun as a natural resource. Since commissioning the panels in 2015, Paratus has saved a total of 129.81 tons of carbon emissions. This amount can be equated to about 865,407km of fuel emissions.

The Armada Data Center has a 400 kVA solar power system with a total of 727 solar panels set up. This system produces adequate energy for the needs of the Data Center.

Fiber-to-the-home ("FTTH") is about 85% more energy-efficient than copper networks because it reduces the need for cooling systems and the number of central offices. Deployment of FTTH is fuelled by the need to improve speed to customers, but wider use of this technology will also help to achieve energy reduction targets. As a result, Paratus has turned its attention to increasing its energy efficiency for the powering of its communication networks, data Centers, call Centers, points of presence, and IT systems.

c. Many of the challenges for companies operating in the technological sector is the rapid growth and evolution of software, hardware, work methodology and the disposal of obsolete equipment. While there is no regulatory and policy framework in place in Namibia governing the consequences of

CORPORATE GOVERNANCE AND RISK MANAGEMENT

ESG COMMITTEE

Electrical and Electronic Waste ("EEW"), Paratus has taken the necessary steps to ensure that we operate and handle all obsolete equipment that may pose a threat to the environment in a controlled manner. We understand the importance of utilizing our country's natural resources in a sustainable way to conduct business.

Paratus has its own e-waste skip on-premises at its headquarters in Prosperita for electronic equipment. We have an agreement with SKIPGO for the e-waste removal to have all redundant electronic equipment periodically emptied and disposed of. Paratus has entered into an agreement with the service provider to provide detailed information on the amount of e-waste recycled for improved reporting.

d. Furthermore, Paratus has implemented a re-use and recycle culture to create awareness towards the protection of the environment. Our head office has been constructed with minimal and mostly recycled material. The building houses a water cooler system that uses significantly less energy than a conventional air-conditioning system, and is run at 22 degrees instead of 16, which reduces its impact on the environment. Aluminium cans are crushed, collected and recycled; coffee grounds are re-used as compost; all paper waste is shredded and recycled, we have no single-use coffee cups and are working on eliminating excessive packaging on foods sold in the canteen.

The other offices in Namibia in general are built with an environmentally friendly focus. The offices are cooled with fans instead of air conditioner, where feasible; documents are printed double-sided on recycled paper if something is still printed, as most systems are moving to paperless format; waste water is recycled; office furniture is made from recycled fiber drums and pallets.

2. CORPORATE GOVERNANCE

- 2.1.** Business ethics
- 2.2.** Regulatory compliance
- 2.3.** Corporate behaviour

Paratus knows that good corporate governance fosters a culture of integrity and leads to a positive performing and sustainable business. In addition to our strong company culture we strive to foster an even stronger corporate governance culture. Our good governance signals to the market that Paratus is well managed and that the interests of management are aligned with other stakeholders providing us with a competitive advantage.

HOW WE DO IT

a. The Communications Regulatory Authority of Namibia ("CRAN") regulates the manner in which we do business in the industry. Paratus submits quarterly reports to CRAN based on various operational matters, including technological, network, security, expansion plans as well as consumer complaints. Paratus holds a clean reporting record with the regulator. Paratus has maintained a transparent relationship with CRAN. Where legislation is ambiguous, Paratus engages in consultative meetings with CRAN to

establish clarity on the ambit of the law, its relevant provisions, and any applicable regulations. CRAN provides access to their reporting portal to all telecommunications operators thereby establishing a transparent reporting process, which streamlines stakeholder engagement with the regulator.

b. As a listed entity on the NSX, Paratus, through its holding company, maintains its regulatory compliance with the exchange. This includes regular and timeous NENS notifications (where applicable) as well as complying with any other regulatory directives that may be published from time to time i.e. such as the latest Gazette 159, which regulates the establishment of an SES Committee, which Paratus calls the ESG Committee.

c. Paratus, as a responsible corporate citizen, maintains various policies and procedures adhering to the requirements of various statutory and ethical business practices, which include: anti-bribery, anti-corruption, anti-money laundering, prohibition of child labour, dignity in the workplace, protection against harassment, and prohibition of drug, alcohol and dependence-producing substance abuse.

d. Paratus maintains a risk register which is constantly reviewed to ensure that the Board is aware of the perceived risks that the Company may be faced with, the mitigating actions to minimise risks and the re-evaluated risk potential or the removal of such risk by fully complying with its requirements. As statutory measures (new or amended) are enacted by legislative and regulatory bodies, the team evaluates its impact on the business and makes the relevant recommendations to ensure compliance and risk management.

3. PARATUS SOCIAL INVESTMENT

- 3.1.** Employee development
- 3.2.** Supply chain labour standards
- 3.3.** Product liability
- 3.4.** Information Security

Paratus' employees will attest to the fact that Paratus creates a community that its employees want to be part of with heart and soul. We strive to extend that community support structure to the suppliers we use and the customers we serve.

HOW WE DO IT

a. Udemy is an online training platform with thousands of courses ranging from how to be a better manager to how to splice fiber. We provide access to Udemy to all staff to improve their skills on an on-going basis in an effort to develop the necessary skills for the industry, whether soft skills or technical skills. Employees also have the opportunity to further their formal education through entering into favourable work-back agreements. The company is willing to finance formal education in exchange for the certainty that the employee will plough back that knowledge into Paratus and the industry. The success of this platform has been recognised by other group operations and the Company is investigating the expansion thereof into the SADC operations.

b. To provide on-the-job exposure Paratus runs a non-formalised internship program for university students that must complete practical hours to obtain their degree.

c. Keeping fit and healthy is one of the Company's core internal focus points. In September 2022 "Spring in your Step" was successfully hosted which entailed going for a 2km walk each morning from 7:30 to 8pm during the week as a group from the Head Office. The initiative was so well received that other companies in the area contacted the Head Office to join the walk. Paratus also negotiated a 10% discount at Virgin Active for all employees and the canteen provides a range of healthy meals for breakfast and lunch.

d. Our supplier contracts are drafted in accordance with our company policies and code of conduct. We firmly oppose the use of child labour and modern-day slavery. We ensure that new suppliers undergo proper KYC procedures to determine whether their ethical standards are in line with ours. To meet the strict ISO standards we abide by, the suppliers are evaluated to ensure that our standards are met.

e. The development of the Armada Data Center and the landing of the Equiano submarine cable is a testament to our dedication to improving product liability, safety, quality and security. The strict building standards we are following set the trend for future development in Namibia and is a

clear effort to take Namibia into the 4th industrial revolution. Paratus has been the leader in achieving the minimum broadband speeds of 2Mbps set out in the Broadband Policy of Namibia. Since 2007, when rolling out its WiMAX network, Paratus saw the need to allow more capacity to customers to alleviate congestion on its WiMAX radio access network and has been providing capacities more than the minimum since then.

f. We have the privilege of providing services to very large private and public institutions based in Namibia and abroad. Therefore, we are constantly improving our security and data integrity policies. Our staff undergo induction training during the onboarding process, but this year we have launched refresher training in data security.

g. Paratus provides the infrastructure to facilitate the national goals and reach international standards of information security. By building quality infrastructure and providing focused training to our employees, Paratus is at the forefront of secure digital transformation.

h. Further Paratus makes small contributions to the protection and preservation of the natural environment by sponsoring targeted initiatives such as The Environmental Information Service Namibia's website which provides information relating to environmental impact assessments and related environmental information.

4. SUSTAINABLE DEVELOPMENT GOALS

| SUSTAINABLE DEVELOPMENT GOAL | HARAMBEE PROSPERITY PLAN II | OUR CONTRIBUTION | KEY PERFORMANCE INDICATOR IN PARATUS TELECOMMUNICATIONS |
|--|--|---|---|
| 5. Quality education | Social progression Goals: • 4(1) (expand Education infrastructure) and • 4(3) (Improve quality of Higher Education) | EduVision | Roll out the program to 1,000 schools by 2030. |
| 9. Industry innovation and infrastructure | Infrastructure Development | Build, accredit and operationalise Armada Data Center | KPI - pass ISO certification audits to maintain certification. |
| 9. Industry innovation and infrastructure | Infrastructure Development | Landed Equiano Submarine Cable at Paratus owned Cable Landing Station | Maintain excellent partnership with Google and be chosen as future project partner in Africa. |
| 11. Sustainable cities and communities | | Partnership with Ongos Valley (first smart city) | Track increased sales in Ongos Fiber deployment. |
| 12. Responsible consumption and production | Economic Advancement Goals: • 3(1) ... attract private sector investment into Green and Blue economy. | Solar panels on data centers; Recycling; and Reduce e-waste | Supply and production of adequate energy for the DC |



OUR GOOD GOVERNANCE SIGNALS TO THE MARKET THAT PARATUS IS WELL MANAGED AND THAT THE INTERESTS OF MANAGEMENT ARE ALIGNED WITH OTHER STAKEHOLDERS PROVIDING US WITH A COMPETITIVE ADVANTAGE.



STATEMENT BY THE COMMITTEE

The ESG Committee executed its duties for the period in line with its roles and responsibilities as outlined above under role and responsibilities.

Reagon Graig
Chairperson - ESG Committee
29 November 2023



SHAREHOLDER INFORMATION



SHAREHOLDERS' DIARY



Financial year end
30 June



Interim financial reporting date
31 December



Annual general meeting
25 January 2024

Dividend declaration dates:

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 may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may pass on the payment of dividends. A dividend policy was adopted that provides for a dividend pay-out of not more than 50% of profit after taxation.

The directors declared a final dividend of 10c per ordinary share.

The salient dates of the dividend declared were as follows:

- Board declaration date: 19 September 2023
- Last date to trade cum dividend: 20 October 2022
- First day to trade ex dividend: 23 October 2022
- Record date: 27 October 2022
- Payment date: 10 November 2022



ANALYSIS OF SHAREHOLDERS - 2023

| SIZE OF HOLDING | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|-----------------|------------------------|-------------------|-----------------------|------------------|
| 1 - 99 | 11 | 3.1% | 255 | 0% |
| 100 - 499 | 59 | 16.6% | 13 554 | 0% |
| 500 - 999 | 40 | 11.3% | 25 843 | 0.1% |
| 1 000 - 1 999 | 49 | 13.8% | 62 531 | 0.1% |
| 2 000 - 2 999 | 38 | 10.7% | 88 464 | 0.2% |
| 3 000 - 3 999 | 11 | 3.1% | 36 295 | 0.1% |
| 4 000 - 4 999 | 10 | 2.8% | 43 539 | 0.1% |
| 5 000 - 9 999 | 30 | 8.5% | 205 436 | 0.4% |
| Over 10 000 | 107 | 30.1% | 48 247 206 | 99.0% |
| | 355 | 100% | 48 723 123 | 100.0% |

ANALYSIS OF SHAREHOLDERS - 2022

| SIZE OF HOLDING | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|-----------------|------------------------|-------------------|-----------------------|------------------|
| 1 - 99 | 11 | 3.0% | 255 | - |
| 100 - 499 | 58 | 16.0% | 13 224 | - |
| 500 - 999 | 38 | 10.5% | 24 275 | - |
| 1 000 - 1 999 | 52 | 14.4% | 64 761 | 0.1% |
| 2 000 - 2 999 | 34 | 9.4% | 79 035 | 0.2% |
| 3 000 - 3 999 | 16 | 4.4% | 53 710 | 0.1% |
| 4 000 - 4 999 | 10 | 2.8% | 43 539 | 0.1% |
| 5 000 - 9 999 | 27 | 7.5% | 180 823 | 0.4% |
| Over 10 000 | 116 | 32.0% | 48 263 501 | 99.1% |
| | 362 | 100% | 48 723 123 | 100.0% |

| TYPE OF SHAREHOLDERS - 2023 | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|-----------------------------|------------------------|-------------------|-----------------------|------------------|
| Individuals & estates | 289 | 81.4% | 8 491 357 | 17.4% |
| Trusts | 10 | 2.8% | 136 956 | 0.3% |
| Nominee Corporates | 37 | 10.4% | 17 197 269 | 35.3% |
| Corporate bodies | 19 | 5.4% | 22 897 541 | 47.0% |
| | 355 | 100.0% | 48 723 123 | 100.0% |

| TYPE OF SHAREHOLDERS - 2022 | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|-----------------------------|------------------------|-------------------|-----------------------|------------------|
| Individuals & estates | 295 | 81.5% | 9,197,872 | 18.9% |
| Trusts | 11 | 3.0% | 147,456 | 0.3% |
| Nominee Corporates | 39 | 10.8% | 17,137,027 | 35.2% |
| Corporate bodies | 17 | 4.7% | 22,240,768 | 45.6% |
| | 362 | 100.0% | 48,723,123 | 100.0% |

| SIGNIFICANT SHAREHOLDERS | NUMBER OF SHARES HELD | NUMBER OF SHARES HELD | % OF SHARES HELD | % OF SHARES HELD |
|--|-----------------------|-----------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Shareholders invested in 1% or more of the company | | | | |
| Paratus Group Holdings Limited | 22 172 427 | 21,526,953 | 45.5% | 44.2% |
| Government Intuitions Pension Fund ¹ | 8 615 176 | 8,615,176 | 17.7% | 17.7% |
| Erasmus, Schalk Leipoldt van Zyl | 2 620 557 | 2,610,557 | 5.4% | 5.4% |
| Old Mutual Life Assurance Company (Namibia) Limited ² | 2 020 000 | 2,000,000 | 4.1% | 4.1% |
| D'Alton, Edward John | 1 203 993 | 1,540,974 | 2.5% | 3.2% |
| Alexander Forbes Investments Namibia Limited ³ | 1 033 972 | 1,256,140 | 2.1% | 2.6% |
| Retirement Fund for Local Authorities and Utility Services in Namibia ³ | 818 562 | 792,079 | 1.7% | 1.6% |
| Investec Namibia Trustee Account (NANAM) ³ | 764 838 | 764,838 | 1.6% | 1.6% |
| Harmse, Bartholomeus Roelof Jacobus | 722 595 | 722,595 | 1.5% | 1.5% |
| | 39 972 120 | 39,829,312 | 82.0% | 81.7% |

¹ In care of FNB Namibia (Proprietary) Limited

² In care of CBN Nominee (Proprietary) Limited

³ In care of Standard Bank Namibia Nominees (Proprietary) Limited

SHAREHOLDERS' INFORMATION

2023

| SHAREHOLDER SPREAD | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|---------------------------------|------------------------|-------------------|-----------------------|------------------|
| Non-public | | | | |
| Held by Directors: Direct | 9 | 2.5% | 4 148 932 | 8.5% |
| Held by Directors: Indirect | - | 0.0% | - | 0.0% |
| Holdings > 10% of issued shares | 2 | 0.6% | 30 787 603 | 63.2% |
| Public | 344 | 96.9% | 13 786 588 | 28.3% |
| | 355 | 100.0% | 48 723 123 | 100.0% |

2022

| SHAREHOLDER SPREAD | NUMBER OF SHAREHOLDERS | % OF SHAREHOLDERS | NUMBER OF SHARES HELD | % OF SHARES HELD |
|---------------------------------|------------------------|-------------------|-----------------------|------------------|
| Non-public | | | | |
| Held by Directors: Direct | 8 | 2.2% | 4,128,842 | 8.5% |
| Held by Directors: Indirect | 2 | 0.6% | 112,500 | 0.2% |
| Holdings > 10% of issued shares | 2 | 0.6% | 30,142,129 | 61.8% |
| Public | 350 | 96.6% | 14,339,652 | 29.4% |
| | 362 | 100% | 48,723,123 | 100% |

SHARES TRADED AND ISSUED

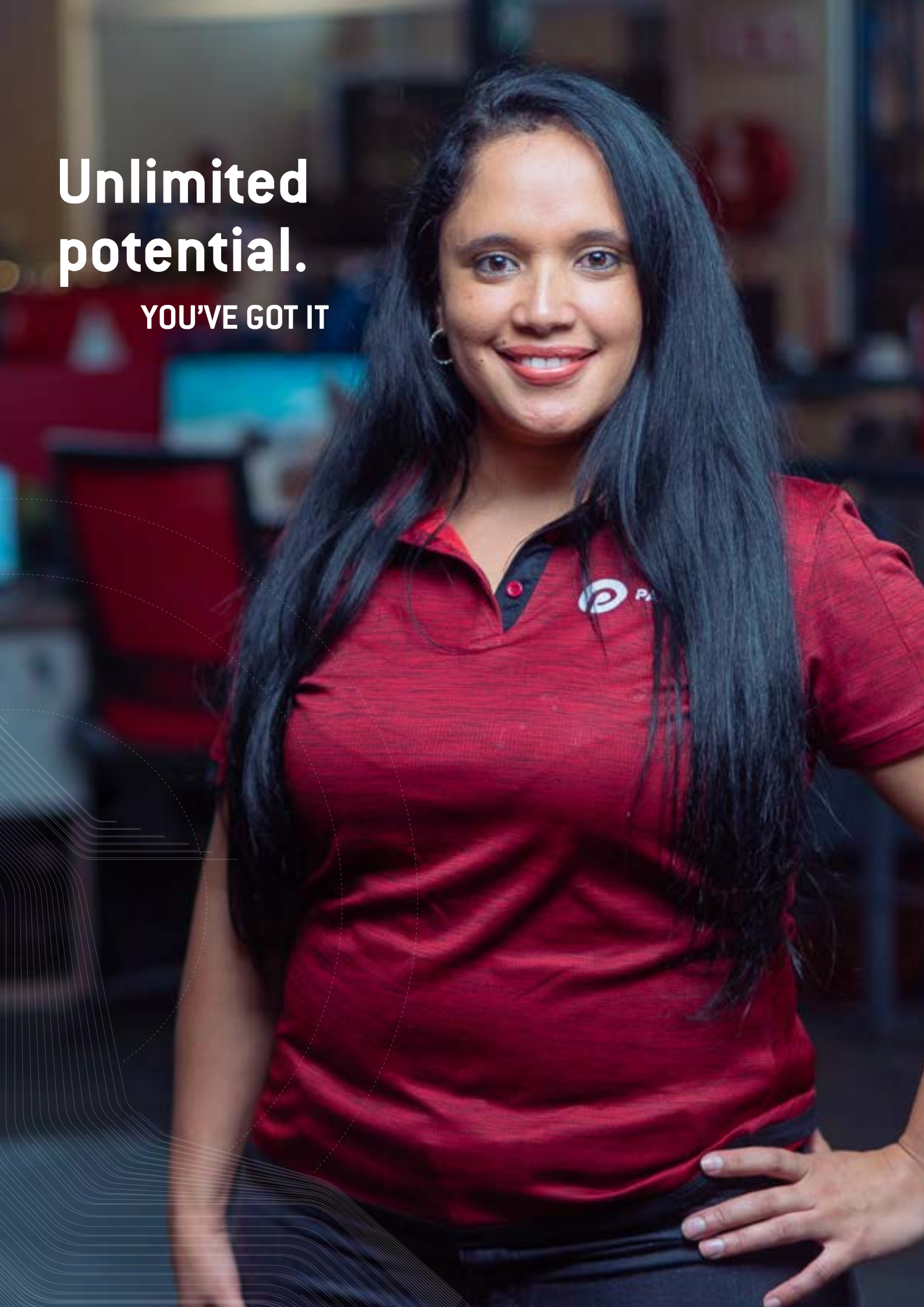
| | 2023 | 2022 |
|--|---------|---------|
| Number of shares traded on the NSX for 12 month period | 955 207 | 522,015 |
| Number of shares traded off market for 12 month period | - | - |
| Shares traded as a weighted percentage of issued capital | 1.96% | 1.11% |

NSX PRICE HISTORY

| | 2023 | 2022 |
|-----------------------|-------|-------|
| 12 month high | 13.20 | 13.00 |
| 12 month low | 12.75 | 11.99 |
| Closing price 30 June | 12.75 | 12.90 |

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GROUP ANNUAL FINANCIAL STATEMENTS





GROUP ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are required by the Companies Act of Namibia to maintain adequate accounting records and are responsible for the content and integrity of the Consolidated and Separate Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Consolidated and Separate Annual Financial Statements fairly present the state of affairs of the Group 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 the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the Consolidated and Separate annual financial statements.

The Consolidated and Separate Annual Financial Statements are prepared in accordance with the International Financial Reporting 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 Group 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing, and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group 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 Consolidated and Separate 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 Group's and Company's cash flow forecasts for the year to 30 June 2024 and, in light of this review and the current



ARE SATISFIED THAT THE GROUP HAS OR HAS ACCESS TO ADEQUATE RESOURCES TO CONTINUE IN OPERATIONAL EXISTENCE FOR THE FORESEEABLE FUTURE.



financial position, they are satisfied that the Group has or has 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 Consolidated and Separate Annual Financial Statements. The Consolidated and Separate Annual Financial Statements have been examined by the Group's external auditors and their report is presented on pages 77 to 79.

The Consolidated and Separate Annual Financial Statements set out on pages 82 to 149, which have been prepared on the going concern basis, were approved by the Board of Directors on 29 November 2023 and were signed on their behalf by:

Hans-Bruno Gerdes
Chairman

Stefanus Isaias de Bruin
Group Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARATUS NAMIBIA HOLDINGS LIMITED

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Paratus Namibia Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.

WHAT WE HAVE AUDITED

Paratus Namibia Holdings Limited's consolidated and separate financial statements set out on pages 82 to 149 comprise:

- the directors' report for the year ended 30 June 2023;
- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 consolidated and separate financial statements* section of our report.

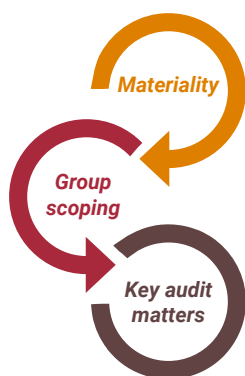
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Group 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.

OUR AUDIT APPROACH

OVERVIEW



OVERALL GROUP MATERIALITY

- NAD 13,933,588, which represents 1% of total assets.

GROUP AUDIT SCOPE

- Full scope audits were performed on four components based on their contribution to consolidated profit before tax and total assets.
- Analytical review procedures were performed on financially inconsequential components.

KEY AUDIT MATTER

- Impairment of intangible assets with indefinite useful lives.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

MATERIALITY

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

| | |
|--|---|
| OVERALL GROUP MATERIALITY | NAD 13,933,588 |
| HOW WE DETERMINED IT | 1% of total assets |
| RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED | We chose consolidated total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. The telecommunication industry requires intensive investment in technological infrastructure. As such, the Group is highly invested in property, plant and equipment to facilitate the provision of their services. This makes the total assets the most significant element of the consolidated financial statements and the key focus of the users of the consolidated financial statements. We chose 1% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using total assets to compute materiality. |

HOW WE TAILORED OUR GROUP AUDIT SCOPE

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

For purposes of our group audit scope, we identified the Company and each of its six subsidiary undertakings to be components. Full scope audits were performed on four of these components, based on their contribution to the consolidated profit before tax and total assets. Analytical review procedures were performed on financially inconsequential components.

The group audit was carried centrally by the group audit team. We obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report in respect of the separate financial statements.

KEY AUDIT MATTER

Impairment of intangible assets with indefinite useful lives

Refer to the following notes to the consolidated financial statements for the disclosures as it relates to this key audit matter:

Note 1.4 Significant judgements and sources of estimation uncertainty;

Note 1.6 Accounting policies: Intangible assets; and

Note 5 Intangible assets.

The Group has identified Goodwill and its Telecommunications licence/ Network Spectrum as intangible assets with indefinite useful lives. As at 30 June 2023, the carrying values of these intangible assets amounted to N\$ 12.3 million and N\$ 241 million respectively. No impairment was recognised in respect of these intangible assets.

In accordance with International Accounting Standard (IAS) 36 - Impairment of Assets, the Group is required to test goodwill and intangible assets with indefinite useful lives for impairment annually.

The Group has performed this impairment test by comparing the recoverable amount of each cash-generating unit (CGU) to which the Goodwill and its Telecommunications licence/Network Spectrum relate to the carrying amount of each respective CGU. The Group has determined the recoverable amounts for each respective CGU based on value-in-use calculations. These calculations represent the net present value of the discounted cash flows of the respective CGUs. The Group has identified each of its subsidiaries to constitute CGUs for purposes of its impairment test.

In determining the discounted cash flows for each CGU, management applied judgement in establishing the following key assumptions:

- discount rate; and
- perpetual growth rate.

We considered the Group's impairment assessment of intangible assets with an indefinite useful life to be a matter of most significance to our current year audit due to the following:

- the judgement applied in establishing the key assumptions to be used in determining the discounted cash flows for each CGU; and
- the magnitude of these balances in relation to the consolidated financial statements.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

Our audit addressed this key audit matter as follows:

With the assistance of our valuation expertise, we assessed the appropriateness of the value-in-use model applied by management in determining the recoverable amount of each CGU, with reference to market practice and the requirements of IAS 36. No material inconsistencies were identified.

We assessed management's future cash flow forecasts for reasonability as follows:

- We agreed the future cash flow forecasts to the latest director-approved budget. No material exceptions were noted.
- We compared the current year actual results for certain metrics to the 2023 financial year figures included in the prior year forecast to consider whether the forecasts included assumptions that, with hindsight, had been optimistic. We found management's cash flow forecasts to be within an acceptable range and consistent with the historical actual results and obtained corroboration from management where the budgeted numbers significantly differed from actuals.
- We assessed the reasonableness of the cash outflows, including the timing thereof, used in the discounted cash flow analysis through discussions with management and inspection of minutes of meetings of the board of directors to understand the basis for the assumptions used in respect of cash outflows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management, such as planned expansion projects. We assessed the cash outflows to be reasonable.

With the assistance of our valuation expertise, we performed the following:

- We independently calculated a discount rate and perpetual growth rate for the respective CGUs using our independently sourced data. We found that these independently calculated rates were lower than that applied by management, but still within an acceptable range as to not change our conclusion of whether an impairment should be recognised.
- We applied our independently calculated discount and perpetual growth rates to management's future cash flow forecasts and did not identify any impairment to be recognised.

We performed a sensitivity analyses to determine the minimum changes in perpetual growth and discount rates that would result in limited or no headroom being available. We noted that the recoverable amount was not sensitive to changes in the perpetual growth and discount rates, which would result in the recoverable amount being less than the carrying amount of the net assets.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Paratus Namibia Holdings Limited Integrated Annual Report 2023". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon. Our opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

*PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: Hans Hashagen
Partner
Windhoek
Namibia
Date: 6 December 2023*

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GROUP ANNUAL FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report, which forms part of the consolidated and separate annual financial statements for the year ended 30 June 2023.

NATURE OF BUSINESS

Paratus Namibia Holdings Limited ("PNH") was incorporated in Namibia and operates principally in Namibia as an investment holding company. Its subsidiaries operate in the property holding and Information and Communications Technology ("ICT") industries and are fast expanding into the Digital Service Provider industry. All its subsidiaries operate principally in Namibia.

PNH IS LISTED ON THE NAMIBIAN STOCK EXCHANGE

Sector: Technology, Technology Hardware and Equipment, Telecommunications Equipment' sector

Share Code: PNH

ISIN: NA000A2DTQ42

Company registration number: 2017/0558

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

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Consolidated and Separate Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRS IC"), effective at the time of preparing these Consolidated and Separate Annual Financial Statements and in the manner acquired by the Companies Act of Namibia and the Namibian Stock Exchange. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Group and Company are set out in these Consolidated and Separate Annual Financial Statements.

SHARE CAPITAL

| | 2023 | 2022 |
|--|-------------------------|--------------------|
| AUTHORISED | NUMBER OF SHARES | |
| 60,000,000 Ordinary shares of N\$0.01 each | 60,000,000 | 60,000,000 |
| ISSUED | NUMBER OF SHARES | |
| 48,723,123 (30 June 2022: 48,723,123) Ordinary shares of N\$0.01 each | 48,723,123 | 48,723,123 |
| SHARE CAPITAL AND SHARE PREMIUM | N\$ | N\$ |
| 48,723,123 (30 June 2022: 48,723,123) Ordinary shares of N\$0.01 each | 487,231 | 487,231 |
| Share premium (varied) | 500,187,472 | 500,187,472 |
| Total | 500,674,703 | 500,674,703 |



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.

**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 may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may pass on the payment of dividends.

A dividend policy was adopted that provides for a dividend pay-out policy of not more than 50% of the net income after tax.

An interim and final dividend of 10 cents per ordinary share, amounting to N\$4,872,312, respectively were declared during the 2023 financial year.

The total dividends declared for the 2023 financial year amounts to N\$9,744,624 (2022: N\$9,744,624).

INTEREST IN SUBSIDIARIES

Details of material interest in subsidiaries are presented in the consolidated and separate annual financial statements in notes 6.

GOING CONCERN

The Directors believe that the Group and Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Consolidated and Separate 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 Group and Company. The Directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

SUBSEQUENT EVENTS

On 19 September 2023 the Directors declared a final dividend of 10c per ordinary share amounting to N\$4,872,312. Bitstream Internet Solutions (Proprietary) Limited declared a dividend on 5 October 2023 and Paratus received N\$520,000 dividend on 31 October 2023. The Directors are not aware of any further material events or circumstances arising after the reporting date and up to date of this report, not otherwise dealt with in the Consolidated and Separate Annual Financial Statements, which significantly affects the financial position of the Group and Company.

DIRECTORATE**The Directors during the year were:**

| DIRECTOR | DATE APPOINTED | DATE RETIRED | STATUS |
|------------------------------|-----------------------|---------------------|--|
| Habo Gerdes | 08 August 2017 | | Independent non-executive director Chairperson |
| Romé Mostert | 30 June 2017 | | Independent non-executive director |
| Josephine Shikongo | 08 August 2017 | | Independent non-executive director |
| Stuart Birch ¹ | 08 August 2017 | 26 January 2023 | Independent non-executive director |
| Reagon Graig | 26 January 2023 | | Independent non-executive director |
| Jaco Esterhuyse ¹ | 23 May 2018 | 26 January 2023 | Non-executive director |
| Stefan de Bruin | 08 August 2017 | | Group Chief Financial Officer, Executive director |
| Schalk Erasmus | 08 August 2017 | | Group Chief Executive Officer, Executive director |
| Andrew Hall | 25 September 2019 | | Managing Director: Namibia, Executive director |
| Barney Harmse | 25 September 2019 | | Group Executive Chairman, Executive director |
| Rolf Mendelsohn ² | 25 September 2019 | | Group Chief Technology Officer, Alternate director |
| Gert Duvenhage ³ | 13 June 2023 Group | | Chief Operations Officer, Alternate director |

¹ South African² alternate director to Barney Harmse³ Alternate director to Andrew Hall**ATTENDANCE OF DIRECTORS AND SUB-COMMITTEE MEETINGS**

| DIRECTOR | BOARD | ARC | REMCO | IC |
|---|--------------|------------|--------------|-----------|
| Habo Gerdes | 4/4 | 3/3 | 2/2 | - |
| Stuart Birch | 2/2 | - | - | 1/1 |
| Reagon Graig | 2/2 | - | - | 1/1 |
| Romé Mostert | 4/4 | - | 2/2 | 2/2 |
| Josephine Shikongo | 4/4 | 3/3 | 2/2 | - |
| Jaco Esterhuyse | 2/2 | 1/1 | - | 1/1 |
| Stefan de Bruin | 4/4 | - | - | - |
| Schalk Erasmus | 4/4 | - | - | - |
| Andrew Hall | 4/4 | - | - | - |
| Barney Harmse | 4/4 | - | - | - |
| Rolf Mendelsohn ² | 4/4 | - | - | - |
| Heinrich Jansen van Vuuren ¹ | 4/4 | 3/3 | - | 2/2 |
| Gert Duvenhage ³ | - | - | - | - |

¹ - independent committee member² - alternate director to Barney Harmse³ - alternate director to Andrew Hall

GROUP ANNUAL FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' FEES

The actual fees paid to non-Executive Directors during the 2023 financial year are as follows:

| DIRECTOR | BOARD FEES | ARC FEES | IC FEES | REMCO FEES | ESG FEES | AGM FEES | TOTAL FEES |
|---|----------------|----------------|---------------|---------------|---------------|---------------|------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Hans-Bruno Gerdes ¹ | 155,812 | 31,878 | - | 27,720 | - | 38,953 | 254,363 |
| Stuart Birch | 70,933 | - | 13,860 | - | - | - | 84,793 |
| Reagon Graig ⁵ | 75,725 | - | - | - | 22,653 | - | 98,378 |
| Romé Mostert ³ | 127,044 | - | 27,720 | 34,648 | 22,164 | - | 211,576 |
| Josephine Shikongo | 127,044 | 31,878 | - | 27,720 | - | - | 186,642 |
| Jaco Esterhuysen | 70,933 | 15,477 | 17,324 | - | - | - | 103,734 |
| Heinrich Jansen van Vuuren ^{2 4} | 35,959 | 39,846 | 31,184 | - | - | - | 106,989 |
| Total | 663,450 | 119,079 | 90,088 | 90,088 | 44,817 | 38,953 | 1,046,475 |

¹ - Chairperson of the Board

² - Chairperson of the ARC

³ - Chairperson of the REMCO

⁴ - Chairperson of the IC

⁵ - Chairperson of the ESG

DIRECTORATE INTEREST IN SHARES

As at 30 June 2023, the Directors of the Group and Company and subsidiaries held direct and indirect beneficial interests in 35.70% (2022: 33.47%) of its issued ordinary shares, as set out below:

| DIRECTOR | DIRECT NUMBER OF SHARES | DIRECT NUMBER OF SHARES | INDIRECT NUMBER OF SHARES | INDIRECT NUMBER OF SHARES | TOTAL NUMBER OF SHARES | TOTAL NUMBER OF SHARES | % OF SHARES IN ISSUE | % OF SHARES IN ISSUE |
|------------------------------|-------------------------|-------------------------|---------------------------|---------------------------|------------------------|------------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Stuart Birch ¹ | - | - | - | 12,500 | - | 12,500 | 0.00% | 0.00% |
| Stefan de Bruin | 340,000 | 340,000 | - | - | 340,000 | 340,000 | 0.70% | 0.70% |
| Schalk Erasmus | 2,620,557 | 2,610,557 | 3,623,637 | 3,517,609 | 6,244,194 | 6,128,166 | 12.80% | 12.60% |
| Hans-Bruno Gerdes | 48,000 | 48,000 | 50,000 | 50,000 | 98,000 | 98,000 | 0.20% | 0.20% |
| Romé Mostert | 1 | 1 | - | 100,000 | 1 | 100,001 | 0.00% | 0.20% |
| Josephine Shikongo | 2,500 | 2,500 | - | - | 2,500 | 2,500 | 0.00% | 0.00% |
| Andrew Hall | 362,629 | 360,039 | - | - | 362,629 | 360,039 | 0.70% | 0.70% |
| Bartholomeus Harmse | 743,395 | 743,395 | 3,107,490 | 2,448,255 | 3,850,885 | 3,191,650 | 7.90% | 6.60% |
| Rolf Mendelsohn | 52,500 | 52,500 | 6,284,654 | 6,101,698 | 6,337,154 | 6,154,198 | 13.00% | 12.60% |
| Gert Duvenhage | 52,500 | 17,500 | 139,349 | - | 191,849 | 17,500 | 0.40% | 0.00% |
| Total shareholding | 4,222,082 | 4,174,492 | 13,205,130 | 12,230,062 | 17,427,212 | 16,404,554 | 35.70% | 33.60% |
| Total shares in issue | | | | | 48,723,123 | 48,723,123 | | |

¹ - Director has retired during the current financial year, included for purposes of comparative information only

² - New appointment during 2023 financial year, not included in comparative information

The register of interests of Directors and other can in shares of the Company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting year and the date of this report

AUDITORS

PricewaterhouseCoopers ("PwC") will continue to be the auditor of the Company in terms of the Namibian Companies Act, 2004 (28 of 2004), section 278(1).

COMPANY SECRETARY

Cronjé Secretarial Services CC
1 Charles Cathral Street
Olympia
Windhoek
Namibia

P.O. Box 81588
Olympia
Windhoek
Namibia

REGISTERED OFFICE

104-106 Nickel Street
Prosperita
Windhoek
Namibia

P.O. Box 81588
Olympia
Windhoek
Namibia

APPROVAL OF THE FINANCIAL STATEMENTS

Add Bitstream Internet Solutions (Proprietary) Limited declared a dividend on 5 October 2023 and Paratus received N\$520,000 dividend on 31 October 2023. The Consolidated and Separate Annual Financial Statements set out on pages 82 to 149, which have been prepared on the going concern basis, were approved by the Board on 29 November 2023.

GROUP ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| FIGURES IN NAMIBIA DOLLAR | NOTES | GROUP | | COMPANY | |
|--------------------------------|-------|----------------------|--------------------|--------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 3 | 993,867,043 | 614,606,160 | - | - |
| Right-of-use assets | 4 | 5,289,465 | 1,726,934 | - | - |
| Intangible assets | 5 | 288,666,541 | 291,266,200 | - | - |
| Investments in subsidiaries | 6 | - | - | 279,557,322 | 279,557,322 |
| Loans to related parties | 7 | - | - | 375,699,206 | 416,687,071 |
| | | 1,287,823,049 | 907,599,294 | 655,256,528 | 696,244,393 |
| Current Assets | | | | | |
| Inventories | 8 | 24,005,607 | 27,306,515 | - | - |
| Loans to related parties | 7 | - | 6,460 | 176,167,296 | 521,656 |
| Trade and other receivables | 9 | 62,619,749 | 51,690,516 | - | - |
| Investments at fair value | 10 | 2,447,532 | 4,691,541 | 31,620 | 4,668,455 |
| Current taxation receivable | | 1,982,481 | 1,972,681 | - | - |
| Cash and cash equivalents | 11 | 14,480,346 | 3,686,536 | 132,478 | 218,039 |
| | | 105,535,715 | 89,354,249 | 176,331,394 | 5,408,150 |
| | | 1,393,358,764 | 996,953,543 | 831,587,922 | 701,652,543 |
| Total Assets | | | | | |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Share capital | 12 | 487,231 | 487,231 | 487,231 | 487,231 |
| Share premium | 12 | 500,187,472 | 500,187,472 | 500,187,472 | 500,187,472 |
| Retained income | | 58,739,985 | 49,658,960 | (579,868) | (532,361) |
| Non-controlling interest | | 1,365,198 | 562,414 | - | - |
| | | 560,779,886 | 550,896,077 | 500,094,835 | 500,142,342 |
| Liabilities | | | | | |
| Non-Current Liabilities | | | | | |
| Borrowings | 13 | 155 000 000 | 200,020,010 | 155 000 000 | 200,000,000 |
| Lease liabilities | 4 | 4 184 713 | 787,905 | - | - |
| Contract Liabilities | 14 | 302 105 035 | 129,847,277 | - | - |
| Deferred taxation | 15 | 44 294 781 | 34,135,333 | - | - |
| | | 505 584 529 | 364,790,525 | 155 000 000 | 200,000,000 |



| FIGURES IN NAMIBIA DOLLAR | NOTES | GROUP | | COMPANY | |
|-------------------------------------|-------|----------------------|--------------------|--------------------|--------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Current Liabilities | | | | | |
| Loans from related parties | 7 | - | 23,460 | - | - |
| Trade and other payables | 16 | 116,906,342 | 41,802,722 | 23,433 | 818,416 |
| Borrowings | 13 | 176,187,447 | 597,354 | 176,167,296 | 521,656 |
| Lease liabilities | 4 | 1,232,208 | 1,266,989 | - | - |
| Contract Liabilities | 14 | 21,602,588 | 10,060,720 | - | - |
| Current tax payable | | 9,996 | 143,069 | - | - |
| Provisions | 17 | 10,982,831 | 13,623,751 | 229,908 | 121,900 |
| Dividend Payable | 18 | 72,450 | 48,229 | 72,450 | 48,229 |
| Bank overdraft | 11 | 487 | 13,700,647 | - | - |
| | | 326,994,349 | 81,266,941 | 176,493,087 | 1,510,201 |
| Total Liabilities | | 832,578,878 | 446,057,466 | 331,493,087 | 201,510,201 |
| Total Equity and Liabilities | | 1,393,358,764 | 996,953,543 | 831,587,922 | 701,652,543 |

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

AS AT 30 JUNE 2023

| FIGURES IN NAMIBIA DOLLAR | NOTES | GROUP | | COMPANY | |
|--|-------|--------------------|--------------------|-------------------|-------------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| Revenue | 19 | 471,878,706 | 404,857,007 | 11,013,565 | 10,007,257 |
| Cost of sales | 20 | (226,800,614) | (190,726,746) | - | - |
| Gross profit | | 245,078,092 | 214,130,261 | 11,013,565 | 10,007,257 |
| Other operating income | 21 | 1,114,088 | 871,390 | - | - |
| Other operating losses | 22 | (1,300,319) | (5,297) | - | - |
| Net impairment losses on financial assets | | (928,064) | (598,636) | - | - |
| Operating expenses | 23 | (160,220,275) | (147,358,195) | (1,316,588) | (1,335,216) |
| Operating profit | | 83,743,522 | 67,039,523 | 9,696,977 | 8,672,041 |
| Investment income | 24 | 36,334 | 7,696 | 29,181,785 | 13,951,588 |
| Finance costs | 25 | (52,790,440) | (22,487,003) | (29,181,644) | (13,951,588) |
| Revaluation loss on land and buildings | | - | (4,730,000) | - | - |
| Profit before taxation | | 30,989,416 | 39,830,216 | 9,697,118 | 8,672,041 |
| Taxation | 26 | (11,360,980) | (18,097,366) | - | - |
| Profit after taxation | | 19,628,436 | 21,732,850 | 9,697,118 | 8,672,041 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Loss on property revaluation | | - | (2,920,000) | - | - |
| Deferred taxation relating to items that will not be reclassified | 26 | - | 934,400 | - | - |
| Total comprehensive income | | 19,628,436 | 19,747,250 | 9,697,118 | 8,672,041 |
| Profit after taxation attributable to: | | | | | |
| Equity holders of the parent entity | | 18,825,653 | 21,321,410 | 9,697,118 | 8,672,041 |
| Non-controlling interests | | 802,783 | 411,440 | - | - |
| | | 19,628,436 | 21,732,850 | 9,697,118 | 8,672,041 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent entity | | 18,825,653 | 19,335,810 | 9,697,118 | 8,672,041 |
| Non-controlling interests | | 802,783 | 411,440 | - | - |
| | | 19,628,436 | 19,747,250 | 9,697,118 | 8,672,041 |
| Earning per share attributable to the ordinary equity holders of the group: | | | | | |
| Basic and diluted earnings per share (cents) | 27 | 38,64 | 43,76 | | |

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GROUP ANNUAL FINANCIAL STATEMENTS

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

| FIGURES IN NAMIBIA DOLLAR | GROUP | | | | | | |
|--|----------------------|--------------------|---------------------|---------------------------------|--------------------|---------------------------|--------------------|
| | STATED SHARE CAPITAL | SHARE PREMIUM | TOTAL SHARE CAPITAL | REVALUATION RESERVE ON PROPERTY | RETAINED EARNINGS | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| Balance previously reported at 01 Jul 2021 | 487,231 | 500,187,472 | 500,674,703 | 1,985,600 | 38,139,775 | 222,192 | 541,022,270 |
| Adjustments: | | | | | | | |
| Adjustments - Subsidiary | - | - | - | - | (57,603) | (71,217) | (128,820) |
| Adjusted balance as at 01 July 2021 | 487,231 | 500,187,472 | 500,674,703 | 1,985,600 | 38,082,172 | 150,975 | 540,893,450 |
| - Profit for the year | - | - | - | - | 21,321,410 | 411,440 | 21,732,850 |
| - Other comprehensive income | - | - | - | (1,985,600) | - | - | (1,985,600) |
| Total comprehensive income for the period | - | - | - | (1,985,600) | 21,321,410 | 411,440 | 19,747,250 |
| Dividends declared | - | - | - | - | (9,744,625) | - | (9,744,625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9,744,625) | - | (9,744,625) |
| Balance as at 01 July 2022 | 487,231 | 500,187,472 | 500,674,703 | - | 49,658,957 | 562,415 | 550,896,075 |
| - Profit for the year | - | - | - | - | 18,825,653 | 802,783 | 19,628,436 |
| - Other comprehensive income | - | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | - | 18,825,653 | 802,783 | 19,628,436 |
| Dividends declared | - | - | - | - | (9,744,625) | - | (9,744,625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | - | (9,744,625) | - | (9,744,625) |
| Balance as at 30 June 2023 | 487,231 | 500,187,472 | 500,674,703 | - | 58,739,985 | 1,365,198 | 560,779,886 |
| Note | 12 | 12 | 12 | | | | |

| FIGURES IN NAMIBIA DOLLAR | COMPANY | | | RETAINED EARNINGS | TOTAL EQUITY |
|--|----------------------|--------------------|---------------------|--------------------|--------------------|
| | STATED SHARE CAPITAL | SHARE PREMIUM | TOTAL SHARE CAPITAL | | |
| Balance as at 01 July 2021 | 487,231 | 500,187,472 | 500,674,703 | 540,223 | 501,214,926 |
| - Profit for the year | - | - | - | 8,672,041 | 8,672,041 |
| - Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 8,672,041 | 8,672,041 |
| Dividends declared | - | - | - | (9,744,625) | (9,744,625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | (9,744,625) | (9,744,625) |
| Balance as at 01 July 2022 | 487,231 | 500,187,472 | 500,674,703 | (532,361) | 500,142,342 |
| - Profit for the year | - | - | - | 9,697,118 | 9,697,118 |
| - Other comprehensive income | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 9,697,118 | 9,697,118 |
| Dividends declared | - | - | - | (9,744,625) | (9,744,625) |
| Total contributions by and distributions to owners of company recognised directly in equity | - | - | - | (9,744,625) | (9,744,625) |
| Balance as at 30 June 2023 | 487,231 | 500,187,472 | 500,674,703 | (579,868) | 500,094,835 |
| Note | 12 | 12 | 12 | | |

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

| FIGURES IN NAMIBIA DOLLAR | NOTES | GROUP | | COMPANY | |
|---|-----------|----------------------|----------------------|----------------------|---------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 28 | 201,231,980 | 128,421,214 | 2,646,836 | 22,962,633 |
| Interest paid | | (29,199,733) | (10,971,193) | (29,181,644) | (13,946,773) |
| Interest received | | 36,193 | 7,696 | 29,181,785 | 13,946,773 |
| Tax paid | 29 | (745,681) | (559,924) | - | - |
| Net cash generated from operating activities | | 171,322,759 | 116,897,793 | 2,646,977 | 22,962,633 |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 3 | (265,337,558) | (279,751,793) | - | - |
| Proceeds on disposal of property, plant and equipment | | 12,499 | 156,870 | - | - |
| Acquisition of intangible assets | 5 | (4,160,721) | (2,008,593) | - | - |
| Finance lease receipts | | - | 4,088 | - | - |
| Deposits into money market funds and similar securities | 10 | (151,200,000) | (34,540,000) | - | - |
| Withdrawals from money market funds and similar securities | 10 | 155,350,400 | 193,340,400 | - | - |
| Funds advanced to subsidiary | | - | - | (134 650 000) | (23 100 000) |
| Proceeds from loans to related parties | | 6,460 | 216,372 | 11,637,865 | - |
| Loans to related parties | | - | (19,409) | - | - |
| Net cash used in investing activities | | (265,328,920) | (122,602,065) | (123,012,135) | (23,100,000) |
| Cash flows from financing activities | | | | | |
| Repayment of borrowings | 30 | (82,020) | (65,764) | - | - |
| Proceeds from borrowings | 30 | 130,000,000 | - | 130,000,000 | - |
| Lease liability - principal payment | 30 | (1,384,640) | (1,105,048) | - | - |
| Repayment of loans from related parties | 30 | (23,460) | (309,813) | - | - |
| Dividends paid | 18 | (9,720,403) | (9,734,697) | (9,720,403) | (9,734,697) |
| Net cash generated from / (used in) financing activities | | 118 798 477 | (11,215,322) | 120 279 597 | (9,734,697) |
| Increase / decrease in cash equivalents | | 24,783,316 | (16,919,594) | (85,561) | (9,872,064) |
| Cash equivalents at beginning of period | | (10,014,111) | 6,953,020 | 218,039 | 10,090,103 |
| Effect of exchange rates on cash and cash equivalents | | (289,346) | (47,537) | - | - |
| Cash equivalents at end of period | 11 | 14,479,859 | (10,014,111) | 132,478 | 218,039 |

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all years presented, unless stated otherwise.

1.1 BASIS OF PREPARATION

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRS IC"), effective at the time of preparing these consolidated and separate annual financial statements and in the manner required by the Companies Act of Namibia and the Namibian Stock Exchange.

The consolidated and separate annual financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars, which is the functional and presentation currency of the Group and Company.

The preparation of the annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Group and Company's accounting policies. The area's involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated and separate financial statements, are disclosed in note 1.4.

Under IAS1, comparative information must be provided for all amounts reported in the consolidated and separate financial statements, except when a standard provides otherwise. IAS 1 further states that comparative information should also be provided for narrative and descriptive information when it is relevant to an understanding of the current period's consolidated and separate financial statements. Where necessary, comparative figures have been adjusted to conform to change in presentation in the current year.

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

1.2 SEGMENTAL REPORTING

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

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

1.3 CONSOLIDATION

BASIS OF CONSOLIDATION

The consolidated and separate annual financial statements incorporate the annual financial statements of the Company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group

and Company.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity at the non-controlling interest's proportionate share of the acquiree's net assets. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Consolidated and Separate Statements of Changes in Equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Group.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

INVESTMENTS IN SUBSIDIARIES IN THE SEPARATE FINANCIAL STATEMENTS

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

BUSINESS COMBINATIONS

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date. Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date. On acquisition, the acquiree's assets

ACCOUNTING POLICIES

and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill acquired is tested for impairment by analysing the profitability of the cash generating units. If CGU's are profitable, they are considered not to be impaired.

1.4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated and separate annual financial statements in conformity with IFRS 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:

DETERMINING THE LEASE TERM

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

FAIR VALUE ESTIMATION

Several assets and liabilities of the Group 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 and used for the determination and calculation of appropriate valuation techniques and inputs.

PROPERTY, PLANT AND EQUIPMENT

ESTIMATION OF USEFUL LIVES AND RESIDUAL VALUES

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 a number of 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, the estimation of useful lives could differ significantly on an annual basis due to unexpected changes in the rollout strategy of the Company.

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.

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 the assets as well as management's judgement of the period over which economic benefits will be derived from the assets.

The measurement of residual values of assets is also 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.

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.

INTANGIBLE ASSETS

ESTIMATION OF USEFUL LIVES

Intangible assets with finite useful lives include Paratus brand, computer software, customer bases, free right-of-use asset and customer relationships. 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. Management assesses the appropriateness of the useful lives of intangible assets at the end of each reporting period.

GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Assumptions used in the calculation of the recoverable amount of goodwill and intangible assets with indefinite useful lives, such as the discount rate and the perpetual growth rate, are deemed to be key sources of estimation that require significant judgement. Refer to note 5 for more information on these estimates.

INCREMENTAL BORROWING RATES AND DISCOUNT RATE 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.

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

Subsequent to initial recognition, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Buildings are revalued every two years and the carrying value is adjusted against the revaluation reserve within the Company's equity. Revaluation techniques is determined by the independent valuator used and disclosed accordingly.

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

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

| Item | Depreciation method | Average useful life |
|--------------------------------|---------------------|---------------------|
| Land | Not applicable | Indefinite |
| Buildings * | Straight line | 40 years |
| Fibre (passive equipment) | Straight line | 20 years |
| Equiano Submarine Cable Branch | Straight line | 15 years |
| Fibre (active equipment) | Straight line | 5 years |
| Infrastructure | Straight line | 20 years |
| Core network assets | Straight line | 5 years |
| Equipment | Straight line | 3 to 5 years |
| Furniture and fittings | Straight line | 5 years |
| Motor vehicles | Straight line | 4 years |

* Buildings include the Data Center, Cable Landing Station and Commercial Office Buildings.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

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

proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.6 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

ACCOUNTING POLICIES

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

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

| Item | Amortisation method | Average useful life |
|--|---------------------|---------------------|
| Paratus brand | Straight line | 6 years |
| Telecommunications License / Network Spectrum | Not applicable | Indefinite |
| Computer software | Straight line | 3 years |
| Goodwill (not amortised but is tested for impairment annually) | Not applicable | Indefinite |
| Customer base | Straight line | 12 years |
| Free right of use (Fiber capacity - Botswana) | Straight line | 18.17 years |
| Customer relationship – Botswana Fiber Network | Straight line | 20 years |

1.7 FINANCIAL INSTRUMENTS

Financial instruments held by the Group and Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group and Company, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading, or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income).
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 34 Financial instruments and risk management presents the financial instruments held by the Group and Company based on their specific classifications.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group and Company are presented below:

1.7.1 LOANS RECEIVABLE AT AMORTISED COST CLASSIFICATION

Loans to group companies (note7) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

RECOGNITION AND MEASUREMENT

Loans receivable are recognised when the Group and Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest).

IMPAIRMENT

The Group and Company recognise a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group and Company measure the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group and Company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

WRITE OFF POLICY

The Group and Company write off a loan 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. Loans written off may still be subject to enforcement activities under the Group and Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

MEASUREMENT AND RECOGNITION OF EXPECTED CREDIT LOSSES

The Group and Company uses the general approach to calculate expected credit losses on loans receivable- that are measured at amortised cost or at fair value through other comprehensive income. The general approach is based on a stage approach – stage one being 12-month expected losses and stage two being lifetime expected losses.

Impairments of all loans receivable that are not measured using the simplified approach will be calculated as the difference between the carrying value of the asset and the present value of the expected cash flows, discounted at the original effective interest rate of the instrument.

FORWARD-LOOKING INFORMATION CONSIDERATION

Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information.

RECOGNITION AND MEASUREMENT

If the Group and Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 23).

TRADE AND OTHER RECEIVABLES CLASSIFICATION

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group and Company's business model is to collect the contractual cash flows on trade and other receivables.

RECOGNITION AND MEASUREMENT

Trade and other receivables are recognised when the Group and Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest), adjusted for any loss allowance.

1.7.2 TRADE AND OTHER RECEIVABLES DENOMINATED IN FOREIGN CURRENCIES

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 22).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 34).

IMPAIRMENT

The Group and Company recognise a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

MEASUREMENT AND RECOGNITION OF EXPECTED CREDIT LOSSES

The Group and Company has elected the simplified approach to recognise lifetime expected losses for its trade receivables as permitted by IFRS 9. The historical loss rates are adjusted when their impact is material to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the financial asset.

For trade receivables, impairment losses calculated using the simplified approach are calculated using a provision matrix. The provision matrix is a probability-weighted model which applies an expected loss percentage, based on the net write-off history experienced on receivables, to each ageing category of receivables at the end of each month in order to calculate the total provision to be raised on the receivable balances.

Trade receivables have been grouped together based on similar credit characteristics and a separate expected credit loss provision matrix has been calculated for each of the categories based on the net loss history associated with the specific category of receivables.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. The Group implemented a process whereby trade receivable balances are only written off at the point where there is no longer any probable recovery on a trade receivable balance. Details of the provision matrix is presented in note 9.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 23).

FORWARD-LOOKING INFORMATION CONSIDERATION

Historical credit loss rates are adjusted by a forward-looking estimate when there is reason to believe that forward-looking information will have a significant impact. Forward-looking information can be based on the future projections of macro-economics and other available market information.

SIGNIFICANT INCREASE IN CREDIT RISK

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group and Company considers 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.

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;

ACCOUNTING POLICIES

- 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.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group and Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. 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 Group 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 Group 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.

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 data 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.

WRITE OFF POLICY

The Group writes off a receivable 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. Receivables written off may still be subject to enforcement activities under the Group and Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

1.7.3 BORROWINGS AND LOANS FROM RELATED PARTIES CLASSIFICATION

Loans from Group and Company companies (note 7), and borrowings (note 13) are classified as financial liabilities subsequently measured at amortised cost.

RECOGNITION AND MEASUREMENT

Borrowings and loans from related parties are recognised when the Group and Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Borrowings expose the Group and Company to liquidity risk and interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

1.7.4 TRADE AND OTHER PAYABLES CLASSIFICATION

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

RECOGNITION AND MEASUREMENT

They are recognised when the Group and Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Namibia Dollar equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 22).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 34).

1.7.5 CASH AND CASH EQUIVALENTS

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

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

1.7.6 BANK OVERDRAFTS

Bank overdrafts are initially measured at fair value and are subsequently measured at amortised cost. All bank overdrafts are presented in current liabilities on the statement of financial position.

1.7.7 MONEY MARKET FUNDS

Money market funds are measured at fair value through profit or loss ("FVTPL"). Money market funds are short-term, relative liquid investments with maturities of 12 months or less.

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

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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 the unused tax losses 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.

TAX EXPENSES

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 LEASES

LEASE WHERE GROUP IS LESSEE

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

At the start date of the lease, the Group recognises a right of use ("ROU") asset and lease liabilities on the statement of financial position. The ROU asset is initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

The Group apply the following practical expedients for the recognition of leases:

- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Include non-lease components in the lease liability for equipment leases;
- The short-term lease exemption, meaning that leases with a duration of less than a year are expensed in the income statement on a straight-line basis; and
- The low value lease exemption, meaning that leased assets with an individual value of N\$50,000 or less if bought new, are expensed in the income statement on a straight-line basis.

Lease liabilities are measured at the present value of the lease payments to be paid during the lease term, discounted using the incremental borrowing rate. Lease liabilities are subsequently increased by the interest cost on the lease liabilities and decreased by lease payments made. The lease liabilities will be re-measured when there is a change in the amount to be paid (e.g. due to indexation) or when there is a change in the assessment of the lease terms.

The lease term is determined as the non-cancellable period of a lease, together with:

- Periods covered by a unilateral option to extend the lease if the Group is reasonably certain to make use of that option; and
- Periods covered by an option to terminate the lease if the Group is reasonably certain not to make use of that option.

1.10 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventories include work in progress which relates to inventory issued to customers, which have not been invoiced.

1.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimates the recoverable amount of the asset.

ACCOUNTING POLICIES

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value are classified as 'share premium' in equity. Dividends are recognised as a liability in the Group and Company in which they are declared.

1.13 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised in respect of the employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group and Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement

will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group and Company recognise revenue from the rendering of ICT services, such as access to core network, internet services, IT services, voice call services and local area network services.

Revenue is measured based on the consideration specified in a contract with a customer. The Group and Company recognise revenue when it transfers control of a product or service to a customer.

PROVISION OF IT SERVICES

The standard sets out the requirements for recognising revenue from contracts with customers and has impacted how the Group and Company recognises revenue, using a five-step process which is applied below.

1. Identify the contract: the Group has contracts in each of the following revenue streams:

- **Voice traffic** - primarily revenue from international voice interconnects between international telecom carriers;
- **Connectivity** - data services sold to telecom operators; medium to large enterprises in Namibia; consumers and small businesses in Namibia;
- **Local Area Network** - primarily the development and installation of a local area network, telephones and telephonic systems with or without the use of wires;
- **Security** - primarily the installation and maintenance of security solutions; and
- **Cloud** - primarily the delivery of computing services—including servers, storage, databases, networking, software, analytics and intelligence.

2. Identify the performance obligations: The Group and Company identifies deliverables in contracts with customers that qualify as separate "performance obligations". Some of the contracts relating to the revenue sources above contain multiple deliverables or performance obligations. The Group and Company assess whether there are distinct performance obligations at the start of each contract and throughout the performance of the contracts. The performance obligations identified will depend on the nature of individual customer contracts, which will typically be the provision of equipment to customers and the delivery of services provided to customers.

3. Determine the transaction price: The transaction price is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group and Company recognise revenue when it transfers control of a product or service to a customer, that is, when the performance obligation is satisfied.

4. Allocate the transaction price: The transaction price receivable from customers is allocated across the Group's performance obligations under the contracts on a relative stand-alone selling price basis. Revenue will then be recognised either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer. Stand-alone selling prices will be based on observable sales prices and where stand-alone selling prices are not directly observable, estimates of stand-alone selling prices will be required.

5. Recognise revenue as and when the performance obligations are satisfied.

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

• Voice traffic:

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:

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").

• Local area network installations:

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 and secondly the provisioning of monthly services, the Recurring Revenue.

• Security:

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 and secondly the provisioning of monthly maintenance services, the Recurring Revenue.

• Cloud:

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 Non-Recurring Revenue and secondly the provisioning of monthly services, the Recurring Revenue.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. 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 Group 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 Group 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 Group 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 Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is less than one year.

The Group and Company hold investments in various ICT infrastructure related projects or entities in Namibia. Surplus cash is invested in money market funds. The Group and Company earn dividends from these investments.

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).

Dividends from investments are recognized when the Company's right to receive payment has been established. Interest is recognized on a time proportion basis with reference to the principal amount receivable and the effective interest rate applicable.

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

1.16 COST OF SALES

When inventories are sold, the carrying amount of those inventories is 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.

1.17 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 determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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.

1.18 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.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;



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**THE GROUP AND COMPANY
RECOGNISE REVENUE WHEN
IT TRANSFERS CONTROL OF
A PRODUCT OR SERVICE TO A
CUSTOMER, THAT IS, WHEN THE
PERFORMANCE OBLIGATION IS
SATISFIED.**

”

- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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.

1.19 EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings attributable to ordinary shareholders. Account is taken of the weighted average number of ordinary shares in issue for the period during which they have participated in the income of the Group. Earnings is defined as the profit for the year after taxation and non-controlling interest.

Headline earnings per share is calculated in terms of the requirement set out in Circular 1/2023 issued by SAICA.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED AFFECTING AMOUNTS REPORTED AND DISCLOSURES IN THE CURRENT FINANCIAL YEAR

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

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

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Group and Company have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group and Company's accounting periods ending on or after 1 July 2022 or later periods:

| Standards/ Interpretations | Effective date: Years beginning On or after | Expected impact |
|---|--|---|
| Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 | 1 January 2023 | Management is in the process of determining the impact. |
| Definition of accounting estimates: Amendments to IAS 8 | 1 January 2023 | Management is in the process of determining the impact. |
| Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2. | 1 January 2023 | Management is in the process of determining the impact. |
| Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12 | 1 January 2023 | Management is in the process of determining the impact. |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

| GROUP | 2023 | | | 2022 | | |
|---|----------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | COST / VALUATION | ACCUMULATED DEPRECIATION | CARRYING VALUE | COST / VALUATION | ACCUMULATED DEPRECIATION | CARRYING VALUE |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | - | - | - | 14,280,005 | - | 14,280,005 |
| Data Center | 136,668,889 | (647,382) | 136,021,507 | - | - | - |
| Cable Landing Station | 37,109,573 | (161,539) | 36,948,034 | - | - | - |
| Commercial Office Buildings | 43,013,322 | - | 43,013,322 | 38,400,000 | - | 38,400,000 |
| Equiano Submarine Cable Branch ¹ | 185,236,700 | (6,174,557) | 179,062,143 | - | - | - |
| Fiber passive equipment | 53,274,078 | (10,143,958) | 43,130,120 | 52,836,255 | (7,232,855) | 45,603,400 |
| Fiber active equipment | 22,566,535 | (10,867,342) | 11,699,193 | 14,195,098 | (6,718,334) | 7,476,764 |
| Infrastructure | 449,646,127 | (45,783,144) | 403,862,983 | 335,847,450 | (25,454,884) | 310,392,566 |
| Core network assets | 135,591,788 | (50,363,003) | 85,228,785 | 73,422,962 | (32,633,678) | 40,789,284 |
| Equipment | 67,115,529 | (41,798,634) | 25,316,895 | 42,108,241 | (24,860,943) | 17,247,298 |
| Office equipment | 2,749,111 | (1,751,813) | 997,298 | 2,294,075 | (1,455,425) | 838,650 |
| Furniture & Fittings | 3,192,930 | (1,868,448) | 1,324,482 | 2,015,222 | (1,315,627) | 699,595 |
| Motor Vehicles | 7,231,091 | (4,067,084) | 3,164,007 | 5,751,813 | (2,674,388) | 3,077,425 |
| Capital Work in Progress | 24,098,274 | - | 24,098,274 | 135,801,173 | - | 135,801,173 |
| Total | 1,167,493,947 | (173,626,904) | 993,867,043 | 716,952,294 | (102,346,134) | 614,606,160 |

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2023

| | OPENING BALANCE | ADDITIONS | REVALUATIONS | TRANSFERS | DISPOSALS | DEPRECIATION | TOTAL |
|---|--------------------|--------------------|--------------|---------------|-----------------|---------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | 14,280,005 | - | - | (14,280,005) | - | - | - |
| Data Center | - | 26,689,601 | - | 109,979,288 | - | (647,382) | 136,021,507 |
| Cable Landing Station | - | 977,673 | - | 36,131,900 | - | (161,539) | 36,948,034 |
| Commercial Office Buildings | 38,400,000 | 643,322 | - | 3,970,000 | - | - | 43,013,322 |
| Equiano Submarine Cable Branch ¹ | - | 185,236,700 | - | - | - | (6,174,557) | 179,062,143 |
| Fiber passive equipment | 45,603,400 | 437,823 | - | - | - | (2,911,103) | 43,130,120 |
| Fiber active equipment | 7,476,764 | 8,371,437 | - | - | - | (4,149,008) | 11,699,193 |
| Infrastructure | 310,392,566 | 113,802,611 | - | - | (3,934) | (20,328,260) | 403,862,983 |
| Core network assets | 40,789,284 | 62,168,826 | - | - | - | (17,729,325) | 85,228,785 |
| Equipment | 17,247,298 | 25,018,184 | - | - | (10,896) | (16,937,691) | 25,316,895 |
| Office equipment | 838,650 | 455,036 | - | - | - | (296,388) | 997,298 |
| Furniture & Fittings | 699,595 | 1,195,487 | - | - | (17,779) | (552,821) | 1,324,482 |
| Motor Vehicles | 3,077,425 | 1,479,278 | - | - | - | (1,392,696) | 3,164,007 |
| Capital Work in Progress | 135,801,173 | 24,098,284 | - | (135,801,183) | - | - | 24,098,274 |
| | 614,606,160 | 450,574,262 | - | - | (32,609) | (71,280,770) | 993,867,043 |

Note: ¹ Additions for the current year include N\$185 236 700 (USD11 000 000) from the Equiano Submarine Cable Branch, which was acquired in LIEU of services on existing infrastructure. This service contract resulted in a contract liability amounting to N\$151 557 300 (USD9 000 000) (refer note 14) and a portion which was not yet converted to services amounting to N\$33 679 400 (USD2 000 000). At 30 June 2023 the creditor amounted to N\$37 655 000 reflected under current liabilities, pertaining to the portion which was not converted to services yet (refer note 16).

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - GROUP - 2022

| | OPENING BALANCE | ADDITIONS | REVALUATIONS | TRANSFERS | DISPOSALS | DEPRECIATION | TOTAL |
|--------------------------|--------------------|--------------------|--------------------|-----------|------------------|---------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Land | 14,280,005 | - | - | - | - | - | 14,280,005 |
| Buildings ² | 46,050,000 | - | (7,650,000) | - | - | - | 38,400,000 |
| Fiber passive equipment | 48,496,542 | - | - | - | - | (2,893,142) | 45,603,400 |
| Fiber active equipment | 5,029,593 | 5,750,794 | - | - | - | (3,303,623) | 7,476,764 |
| Infrastructure | 203,029,041 | 122,028,334 | - | - | (144,544) | (14,520,265) | 310,392,566 |
| Core network assets | 25,818,990 | 26,474,965 | - | - | - | (11,504,671) | 40,789,284 |
| Equipment | 15,937,826 | 14,612,805 | - | - | (18,081) | (13,285,252) | 17,247,298 |
| Office equipment | 358,292 | 676,922 | - | - | - | (196,564) | 838,650 |
| Furniture & Fittings | 668,524 | 524,844 | - | - | - | (493,773) | 699,595 |
| Motor Vehicles | 2,840,641 | 1,547,439 | - | - | - | (1,310,655) | 3,077,425 |
| Capital Work in Progress | 27,507,208 | 108,293,965 | - | - | - | - | 135,801,173 |
| | 390,016,662 | 279,910,068 | (7,650,000) | - | (162,625) | (47,507,945) | 614,606,160 |

Note: ² Buildings are Commercial Office Buildings. During April 2022 the Buildings were revalued by an independent Sworn Appraiser. The outcome was a revaluation loss of N\$7,650,000. The revaluation loss occurred mainly due to lower market rentals and higher capitalisation rates, driven by the higher interest rate environment. Land and Buildings are classified as owner occupied in the consolidated annual financial statements, which required the revaluation loss to be accounted for net of deferred tax under Other Comprehensive Income. The Revaluation Reserve balance was N\$1,985,600 as at 1 July 2021 and therefore only N\$1,985,600 (net of deferred tax) was allocated to Other Comprehensive Income. The remainder N\$4,730,000 of the revaluation loss was accounted for on the face of the Statement of Profit or Loss.

In the current year, directly attributable staff expenses of N\$12,038,517 (2022: N\$10,485,008) were capitalised against property, plant and equipment.

PROPERTY, PLANT AND EQUIPMENT ENCUMBERED AS SECURITY

| | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |

The following assets have been encumbered as security for the secured long-term borrowings :

| | | | | |
|----------------|--------|---------|---|---|
| Motor vehicles | 66 728 | 172,088 | - | - |
|----------------|--------|---------|---|---|

The instalment sales agreement for bears interest at a rate of 11% (2022:9%), the average lease term is two years and is secured by motor vehicles with a book value of N\$66,728 (2022:N\$172,088) and is repayable in equal monthly instalments. (refer note 13)

DETAILS OF OWNER OCCUPIED LAND AND BUILDINGS

| | GROUP | | COMPANY | |
|---|------------------|------------------|--------------|--------------|
| ERF 232 (A PORTION OF ERF 231), PROSPERITA | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Land and building at cost | 470,000 | 470,000 | - | - |
| Improvements since acquisition | 1,125,306 | 1,125,306 | - | - |
| Revaluations since acquisition | 6,994,694 | 6,994,694 | - | - |
| | 8,590,000 | 8,590,000 | - | - |

Property consists of Erf No.232 (a portion of Erf 231), Prosperita, in the Municipality of Windhoek, Registration Division "K", measuring 1,343 square meters. Registered under Registered Deed of Transfer T0070/2008. The buildings on the property include the office building of the fleet manager, under roof structure used mainly for short term storage of large inventory items and Paratus fleet vehicles and additional office space recently renovated.

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

DETAILS OF OWNER OCCUPIED LAND AND BUILDINGS (CONTINUED)

| | GROUP | | COMPANY | |
|--------------------------------|-------------------|-------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| ERF NO. 348, PROSPERITA | N\$ | N\$ | N\$ | N\$ |
| Land and building at cost | 3,500,000 | 3,500,000 | - | - |
| Improvements since acquisition | 18,876,499 | 18,876,499 | - | - |
| Revaluations since acquisition | 11,403,501 | 11,403,501 | - | - |
| | 33,780,000 | 33,780,000 | - | - |

Property consists of Erf No. 348, Prosperita, in the Municipality of Windhoek, Registration Division "K", measuring 2,638 square meters. Registered under Deed of Transfer T5746/2008. The building is the Paratus Namibia headquarters.

| | GROUP | | COMPANY | |
|--------------------------------|-------------------|----------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| ERF 5360, SWAKOPMUND | N\$ | N\$ | N\$ | N\$ |
| Land at cost | 1,069,600 | 955,000 | - | - |
| Improvements since acquisition | 29,691,662 | - | - | - |
| | 30,761,262 | 955,000 | - | - |

Property consists of Erf 5360, 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).

| | GROUP | | COMPANY | |
|---|--------------------|------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| PORTION 361 (A PORTION OF PORTION 26) OF THE FARM BRAKWATER NO. 48 | N\$ | N\$ | N\$ | N\$ |
| - Land at cost | 9,355,005 | 9,355,005 | - | - |
| - Improvements since acquisition | 110,339,370 | - | - | - |
| | 119,694,375 | 9,355,005 | - | - |

Property consists of Portion 361 (a portion of portion 26 of the farm Brakwater no. 48, in the Municipality of Windhoek, Registration Division "K", measuring 12,986 square metres. The 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.

DETAILS OF VALUATIONS

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

recent experience in location and category of the property being valued.

The properties are valued as commercial properties by using the income capitalisation method, based on open market value for existing use.

Revaluation performed in the prior year, on Prosperita properties has resulted in a downward revaluation of N\$7,650,000. N\$1,985,600 (net of deferred tax) of this revaluation was reversed against prior gains on revaluations in other comprehensive income and the remainder amounting to N\$4,730,000 forms part of profit or loss.

At year-end the directors performed a desktop valuation of the Prosperita properties and based on the valuation the fair value of the properties approximates its carrying amount. The Data Center and Cable Landing Station are newly constructed properties, construction of which was only finalised in the current financial year. The carrying amounts of these properties at year end are deemed to be in line with the fair value.

DETAILS OF CAPITAL WORK IN PROGRESS - GROUP - 2023

| | OPENING BALANCE | ADDITIONS | TRANSFERS | TOTAL |
|------------------------------------|--------------------|-------------------|----------------------|-------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Cable Landing Station - Swakopmund | 35,176,900 | - | (35,176,900) | - |
| Data Center - Brakwater | 100,624,273 | - | (100,624,273) | - |
| Infrastructure assets | - | 24,098,274 | - | 24,098,274 |
| | 135,801,173 | 24,098,274 | (135 801 173) | 24,098,274 |

BORROWING COST CAPITALISATION

Borrowing costs are capitalised if it relates to a specific asset purchased or constructed. The borrowing costs capitalised for the 2023 year relates to Nil

(2022:N\$3,132,717) which directly link to the Armada Data Center and the Cable Landing Station.

This is a capitalisation rate of 0% (2022:22%).

COMPENSATION RECEIVED FOR LOSSES ON PROPERTY, PLANT AND EQUIPMENT - INCLUDED IN OPERATING PROFIT

| | GROUP | | COMPANY | |
|------------------------|---------------|----------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| Infrastructure | - | 143,389 | - | - |
| Core network equipment | - | 1,156 | - | - |
| IT equipment | 12,499 | 12,326 | - | - |
| | 12,499 | 156,871 | - | - |

The disclosure was enhanced from prior year to show details of capital work in progress for the current year and compensation received for losses on property, plant and equipment - included in operating profit.

4. LEASES (GROUP AS LESSEE)

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to profit or loss over the lease period so to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

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

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease

incentives receivable

- variable lease payment that are based on an index or a rate

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

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

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

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

Extension and termination options are included in the property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable by both parties, and considerations to this extent have been incorporated in the determination of the lease terms.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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

RIGHT-OF-USE ASSET

| GROUP | 2023 | | | 2022 | | |
|-----------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
| | COST / VALUATION | ACCUMULATED AMORTISATION | CARRYING VALUE | COST / VALUATION | ACCUMULATED DEPRECIATION | CARRYING VALUE |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Buildings | 9,700,856 | (4,411,391) | 5,289,465 | 4,954,191 | (3,227,257) | 1,726,934 |

RECONCILIATION OF RIGHT-OF-USE ASSETS - GROUP - 2023

| | OPENING BALANCE | ADDITIONS | DISPOSAL | DEPRECIATION | CARRYING AMOUNT |
|-----------|-----------------|-----------|----------|--------------|-----------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ |
| Buildings | 1,726,934 | 4,791,044 | (44,379) | (1,184,134) | 5,289,465 |

RECONCILIATION OF RIGHT-OF-USE ASSETS - GROUP - 2022

| | OPENING BALANCE | ADDITIONS | DISPOSAL | DEPRECIATION | CARRYING AMOUNT |
|-----------|-----------------|-----------|----------|--------------|-----------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ |
| Buildings | 2,013,764 | 685,600 | (22,800) | (949,630) | 1,726,934 |

Depreciation recognised on right-of-use assets

| DEPRECIATION RECOGNISED ON RIGHT-OF-USE ASSETS | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Buildings | 1,184,134 | 949,630 | - | - |

Depreciation recognised includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 23). Right-of-use assets are depreciated over the term of the respective lease and is assessed on a regular basis.

LEASE LIABILITY

| RECONCILIATION OF LEASE LIABILITY | GROUP | | COMPANY | |
|-----------------------------------|------------------|------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Opening balance | 2,054,894 | 2,497,143 | - | - |
| Additions | 4,791,044 | 685,600 | - | - |
| Disposals | - | (22,800) | - | - |
| Remeasurement | (44,379) | - | - | - |
| Interest expense | 173,101 | 157,136 | - | - |
| Payment for the year | (1,557,740) | (1,262,185) | - | - |
| Closing balance | 5,416,921 | 2,054,894 | - | - |

| OTHER DISCLOSURES | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Interest expense on lease liabilities (refer note 25) | (173,101) | (157,137) | - | - |
| Expenses on short term leases included in operating expenses (refer note 23) | (719,850) | (746,442) | - | - |
| Total cash outflow from leases (refer note 30) | (1,557,740) | (1,262,185) | - | - |
| - Payment - principal portion | (1,384,639) | (1,105,048) | - | - |
| - Payment - interest portion | (173,101) | (157,137) | - | - |

The maturity analysis of lease liabilities is as follows:

| | | | | |
|--------------------------------|------------------|------------------|---|---|
| Within one year | 1,629,087 | 1,383,146 | - | - |
| Two to five years | 4,777,545 | 899,154 | - | - |
| | 6,406,632 | 2,282,300 | - | - |
| Less finance charges component | (989,711) | (227,406) | - | - |
| | 5,416,921 | 2,054,894 | - | - |

| SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS | GROUP | | COMPANY | |
|--|------------------|------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Non-current liabilities | 4,184,713 | 787,905 | - | - |
| Current liabilities | 1,232,208 | 1,266,989 | - | - |
| | 5,416,921 | 2,054,894 | - | - |

OTHER INFORMATION

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

EXPOSURE TO LIQUIDITY RISK

Refer to note 34 Financial instruments and risk management for the details of liquidity risk exposure and management.

The disclosure was enhanced from prior year to show details of cost and accumulated depreciation of leases.

5. INTANGIBLE ASSETS

| GROUP | 2023 | | | 2022 | | |
|--|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| | COST / VALUATION | ACCUMULATED AMORTISATION | CARRYING VALUE | COST / VALUATION | ACCUMULATED AMORTISATION | CARRYING VALUE |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Paratus Brand | 16,616,400 | (9,692,900) | 6,923,500 | 16,616,400 | (6,923,500) | 9,692,900 |
| Telecommunications License / Network Spectrum | 241,408,500 | - | 241,408,500 | 241,408,500 | - | 241,408,500 |
| Computer software | 13,019,334 | (7,737,398) | 5,281,936 | 8,858,614 | (5,343,398) | 3,515,216 |
| Goodwill | 12,306,984 | - | 12,306,984 | 12,306,984 | - | 12,306,984 |
| Customer base | 1,029,250 | (1,029,250) | - | 1,029,250 | (964,922) | 64,328 |
| Free right of use (Fiber capacity - Botswana) | 25,200,000 | (4,855,046) | 20,344,954 | 25,200,000 | (3,467,890) | 21,732,110 |
| Customer relationship - Botswana Fiber Network | 2,909,900 | (509,233) | 2,400,667 | 2,909,900 | (363,738) | 2,546,162 |
| Total | 312,490,368 | (23,823,827) | 288,666,541 | 308,329,648 | (17,063,448) | 291,266,200 |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

RECONCILIATION OF INTANGIBLE ASSETS - GROUP - 2023

| | OPENING BALANCE | ADDITIONS | AMORTISATION | CLOSING BALANCE |
|--|--------------------|------------------|--------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Paratus Brand | 9,692,900 | - | (2,769,400) | 6,923,500 |
| Telecommunications License / Network Spectrum | 241,408,500 | - | - | 241,408,500 |
| Computer software | 3,515,216 | 4,160,720 | (2,394,000) | 5,281,936 |
| Goodwill | 12,306,984 | - | - | 12,306,984 |
| Customer base | 64,328 | - | (64,328) | - |
| Free right of use (Fiber capacity - Botswana) | 21,732,110 | - | (1,387,156) | 20,344,954 |
| Customer relationship - Botswana Fiber Network | 2,546,162 | - | (145,495) | 2,400,667 |
| | 291,266,200 | 4,160,720 | (6,760,379) | 288,666,541 |

RECONCILIATION OF INTANGIBLE ASSETS - GROUP - 2022

| | OPENING BALANCE | ADDITIONS | AMORTISATION | CLOSING BALANCE |
|--|--------------------|------------------|--------------------|--------------------|
| Paratus Brand | 12,462,300 | - | (2,769,400) | 9,692,900 |
| Telecommunications License / Network Spectrum | 241,408,500 | - | - | 241,408,500 |
| Computer software | 4,069,072 | 2,008,594 | (2,562,450) | 3,515,216 |
| Goodwill | 12,287,742 | 19,242 | - | 12,306,984 |
| Customer base | 450,297 | - | (385,969) | 64,328 |
| Free right of use (Fiber capacity - Botswana) | 23,119,266 | - | (1,387,156) | 21,732,110 |
| Customer relationship - Botswana Fiber Network | 2,691,657 | - | (145,495) | 2,546,162 |
| | 296,488,834 | 2,027,836 | (7,250,470) | 291,266,200 |

OTHER INFORMATION

At initial recognition the managements' expert investigated whether qualifying intangible assets met the criteria for separate recognition by discussion with management and inspection of management accounts, forecasts and relevant agreements / contracts relating the Company.

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

PARATUS BRAND

The Paratus brand arose as a result of a business combination. The brand is shown at cost less accumulated amortisation and impairment losses. Impairment is tested annually. 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\$ 10 918 408 (2022: N\$8 362 401) on advertising and marketing. The customer base has grown significantly since acquisition. In addition to this, the Company's revenue and profit after tax is growing, therefore there are no indications of impairment.

TELECOMMUNICATIONS LICENSE / NETWORK SPECTRUM

The telecommunications license / network spectrum arose as a result of a purchase price allocation at 30 June 2019. The purchase price allocation and the valuation of the telecommunications license / network spectrum was done by an independent expert. The Multi-period Excess Earnings Method ("MEEM") approach as the primary valuation methodology to value the Groups frequency spectrum license.

The telecommunications license / network spectrum was determined to have an indefinite useful life after taking the following into consideration:

- Management indicated that there is no reason to believe that the license will be revoked or not renewed given that the Group complies with the licensing requirements and pays the annual nominal renewal fee.
- The license was granted to the Group in 2012.
- In addition, the spectrum license enables the Group to operate and therefore is not considered to be separate from Paratus Namibia Holdings Limited.

Refer below for the assumptions applied in performing the recoverability assessment for these intangible assets.

GOODWILL

Goodwill that arose as a result of investment in subsidiary amounting to N\$12,306,984 (30 June 2022: N\$12,306,984) is included in intangible assets. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU's", or groups of CGU's, that is expected to benefit from the synergies of the combination.

The recoverable amount of goodwill and other intangible assets with indefinite useful lives are tested annually for impairment in accordance with the stated accounting policy. The recoverable amount of the CGU's has been determined based on value-in-use calculations, being the net present value of the discounted cash flows of the CGU's.

Assumptions used by management to determine discounted cash flows of each CGU was between the following ranges:

- discount rate of 13.56% to 20.36% (2022:14.41% to 20.4%) (based on each CGU's weighted average cost of equity and debt);

- perpetual growth rate of 5% (2022: 5%);

Goodwill is allocated to each subsidiary based on its initial acquisition. Each subsidiary is deemed to be an individual CGU. No instances were detected which indicated a material impairment of the goodwill amount.

SENSITIVITY TO CHANGE KEY ASSUMPTIONS OF INTANGIBLE ASSETS

Given the significant headroom computed, management has considered the sensitivity of the headroom with respect to a small change in the key assumptions used and concluded that the impact is immaterial and would not result in an impairment loss being recognised.

6. INTERESTS IN SUBSIDIARIES

The following table lists the entities controlled directly and indirectly by the Group and Company, and the carrying amounts of the investments in the Company's separate financial statements.

COMPANY INTEREST HELD DIRECTLY

PARATUS NAMIBIA HOLDINGS LIMITED

| NAME OF COMPANY | HELD BY | % VOTING POWER 2023 | % VOTING POWER 2022 | % HOLDING 2023 | % HOLDING 2022 | CARRYING AMOUNT 2023 | CARRYING AMOUNT 2022 |
|--|----------------------------------|---------------------|---------------------|----------------|----------------|----------------------|----------------------|
| | | % | % | % | % | N\$ | N\$ |
| Paratus Telecommunications (Proprietary) Limited | Paratus Namibia Holdings Limited | 100% | 100% | 100% | 100% | 279,557,322 | 279,557,322 |

GROUP INTEREST HELD INDIRECTLY

PARATUS TELECOMMUNICATIONS (PROPRIETARY) LIMITED

| NAME OF COMPANY | HELD BY | % VOTING POWER 2023 | % VOTING POWER 2022 | % HOLDING 2023 | % HOLDING 2022 | CARRYING AMOUNT 2023 | CARRYING AMOUNT 2022 |
|--|--|---------------------|---------------------|----------------|----------------|----------------------|----------------------|
| | | % | % | % | % | N\$ | N\$ |
| Internet Technologies Namibia (Proprietary) Limited | Paratus Telecommunications (Proprietary) Limited | 100% | 100% | 100% | 100% | 10,000 | 10,000 |
| Paratus Properties (Proprietary) Limited | Paratus Telecommunications (Proprietary) Limited | 100% | 100% | 100% | 100% | 8,933,207 | 8,933,207 |
| Paratus Property Two (Proprietary) Limited | Paratus Telecommunications (Proprietary) Limited | 100% | 100% | 100% | 100% | 14,498,004 | 14,498,004 |
| Paratus Voice Telecommunications (Proprietary) Limited | Paratus Telecommunications (Proprietary) Limited | 100% | 100% | 100% | 100% | 100 | 100 |
| Bitstream Internet Solutions (Proprietary) Limited | Paratus Telecommunications (Proprietary) Limited | 52% | 52% | 52% | 52% | 2,080,000 | 2,080,000 |
| | | | | | | 25,521,311 | 25,521,311 |

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

7. LOANS TO / (FROM) RELATED PARTIES

| RELATED PARTIES | BASIS OF ACCOUNTING | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
|--|---------------------|--------------|--------------|--------------|--------------|
| | | N\$ | N\$ | N\$ | N\$ |
| Paratus Telecommunications (Proprietary) Limited | Amortised cost | - | - | 220,699,206 | 216,687,071 |

Interest will be charged at a rate of 0% per annum. There are no fixed terms of repayment, other than a 12 months' notice period.

The loan is a variable long-term loan for inter alia the following:

- A share buy-back;
- Cash contributions towards capital projects within the Company;
- Payments of expenses on behalf of the holding company; and
- Dividends payable to replenish reserves to enable dividend payments to the shareholders of Paratus Namibia Holdings Limited.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

7. LOANS TO / (FROM) RELATED PARTIES (CONTINUED)

| RELATED PARTIES | BASIS OF ACCOUNTING | GROUP | | COMPANY | |
|--|---------------------|--------------|--------------|--------------|--------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | N\$ | N\$ | N\$ | N\$ |
| Paratus Telecommunications (Proprietary) Limited | Amortised cost | - | - | 331,167,296 | 200,521,656 |

The loan is a long-term loan for capital projects within the Group. Interest will be charged as per the Applicable Pricing Supplements for the Senior Unsecured Floating Rate Notes.

- The Three-year Unsecured Floating Rate Notes amounting to N\$175 million are due on 18 June 2024 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 300 basis points.
- The Three-year Unsecured Floating Rate Notes amounting to N\$30 million are due on 16 September 2025 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 270 basis points.
- The Five-year Unsecured Floating Rate Notes amounting to N\$25 million are due on 18 June 2026 at no premium. These notes carry interest at a

three month ZAR-JIBAR-SAFEX rate plus 325 basis points.

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

Interest payments to be made to the note holders by Paratus Telecommunications (Proprietary) limited on behalf of Paratus Namibia Holdings Limited.

Repayment terms to be back-to-back with the Medium Term Note Programme's Applicable Pricing Supplement for the Three-years and Five-years notes issued by Paratus Namibia Holdings Limited, respectively.

| RELATED PARTIES | BASIS OF ACCOUNTING | GROUP | | COMPANY | |
|--|---------------------|--------------|--------------|--------------|--------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | N\$ | N\$ | N\$ | N\$ |
| Misty Bay Investments One Hundred and Forty Close Corporation (a related entity of Bitstream Internet Solutions (Pty) Ltd) | Amortised cost | - | (23,460) | - | - |

This loan bears no interest and has no fixed repayment terms.

| RELATED PARTIES | BASIS OF ACCOUNTING | GROUP | | COMPANY | |
|---|---------------------|--------------|--------------|--------------|--------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | N\$ | N\$ | N\$ | N\$ |
| Synapse Business Solutions (Proprietary) Limited (a related entity of Bitstream Internet Solutions (Pty) Ltd) | Amortised cost | - | 6,460 | - | - |

This loan bears no interest and has no fixed repayment terms.

| SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Non-current assets | - | - | 375,699,206 | 416,687,071 |
| Current assets | - | 6,460 | 176,167,296 | 521,656 |
| Current liabilities | - | (23,460) | - | - |
| | - | (17,000) | 551,866,502 | 417,208,727 |

EXPOSURE TO CREDIT RISK

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

Group loans receivable will be assessed for impairment on an annual basis. The credit risk on group loans receivable have not increased significantly since

initial recognition and the expected credit losses calculated were immaterial.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Management did not consider group loans receivable to be impaired at year-end as the credit risk has not increased significantly since initial recognition and the expected credit losses calculated were immaterial. Group loans receivable will be assessed for impairment on an annual basis. Refer to note 34 Financial instruments and risk management for the details of credit risk exposure and management.

EXPOSURE TO CURRENCY RISK

Refer to note 34 Financial instruments and financial risk management for details of currency risk management for group loans receivable.

8. INVENTORIES

| | GROUP | | COMPANY | |
|-------------|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Merchandise | 24,005,607 | 27,306,515 | - | - |

Merchandise consists out of the following items:

- Cabling and cabinets;
- Telephony;
- Routers;
- Customer premises equipment;
- Core network equipment; and
- Other small inventories.

9. TRADE AND OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Financial instruments: | | | | |
| Trade receivables | 56,540,045 | 26,427,232 | - | - |
| Loss allowance | (4,636,003) | (3,707,939) | - | - |
| Trade receivables at amortised cost | 51,904,042 | 22,719,293 | - | - |
| Deposits | 680,482 | 664,332 | - | - |
| Sundry debtors | 200,897 | 1,627,266 | - | - |
| Non-financial instruments: | | | | |
| Prepayments | 7,171,249 | 8,973,116 | - | - |
| VAT Receivables ² | 2,663,079 | 17,706,509 | - | - |
| Total trade and other receivables | 62,619,749 | 51,690,516 | - | - |

Note 2: Included in VAT balances for the group is outstanding VAT and import VAT refunds amounting to N\$4 878 247 (2022:N\$2 628 235) and deferred VAT claims amounting to N\$9 807 661 (2022: N\$12 724 292).

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| | GROUP | | COMPANY | |
|--|-------------------|-------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| FINANCIAL INSTRUMENT AND NON-FINANCIAL INSTRUMENT COMPONENTS OF TRADE AND OTHER RECEIVABLES | N\$ | N\$ | N\$ | N\$ |
| At amortised cost | 52,785,421 | 25,010,891 | - | - |
| Non-financial instruments | 9,834,328 | 26,679,625 | - | - |
| | 62,619,749 | 51,690,516 | - | - |

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

All debtors of Paratus Telecommunications (Proprietary) Limited have been pledged as security to First National Bank of Namibia Limited, for its bank overdraft facility. The bank overdraft facility has not been utilised at year-end (2022:N\$13,701,061). (refer note 11).

EXPOSURE TO CREDIT RISK

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

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

To measure the expected credit losses, trade receivables and contract assets

have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

There has been no significant change in the estimation techniques or significant assumptions made during the current year.

The Group'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:

PARATUS TELECOMMUNICATIONS (PROPRIETARY) LIMITED

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT N\$ | LOSS ALLOWANCE (LIFETIME EXPECTED CREDIT LOSS) N\$ | ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT N\$ | LOSS ALLOWANCE (LIFETIME EXPECTED CREDIT LOSS) N\$ |
| Expected credit loss rate: | | | | |
| Current: 5% (2022: 5%) | 14,001,420 | 696,897 | 13,874,189 | 693,709 |
| 31 - 90 days past due: 14% (2022: 14%) | 5,051,829 | 707,256 | 5,413,442 | 757,882 |
| More than 90 days past due: 35% (2022: 35%) | 8,862,611 | 3,101,914 | 5,933,257 | 2,076,640 |
| Total | 27,915,860 | 4,506,067 | 25,220,888 | 3,528,231 |

BITSTREAM INTERNET SOLUTIONS (PROPRIETARY) LIMITED

Total trade receivables for the Company amounts to N\$1,320,319 (2022: N\$1,203,457) at year end.

Total expected credit loss calculated on this balance in the Company amounts to N\$129,936 (2022: N\$179,708) at year end.

| | GROUP | | COMPANY | |
|--|------------------|------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Opening balance as previously reported | 3,707,939 | 3,139,686 | - | - |
| Provision raised on trade receivables | 992,578 | 598,636 | - | - |
| Amounts recovered | (64,514) | (30,383) | - | - |
| Allowance account for credit losses - trade receivables | 4,636,003 | 3,707,939 | - | - |

Refer to note 34 Financial instruments and risk management for further details of credit risk exposure and management.

EXPOSURE TO CURRENCY RISK

Refer to note 34 for details of currency risk management for trade receivables.

10. INVESTMENTS AT FAIR VALUE

| | GROUP | | COMPANY | |
|---|------------------|------------------|---------------|------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Cirrus Capital Money Market Fund | 2,415,912 | 23,087 | - | - |
| Capricorn Corporate fund - money market fund | 19,841 | 467,938 | 19,841 | 467,938 |
| Old Mutual Corporate Fund - money market fund | 11,779 | 4,200,516 | 11,779 | 4,200,516 |
| | 2,447,532 | 4,691,541 | 31,620 | 4,668,454 |

Details of money market fund:

| | GROUP | | COMPANY | |
|---|------------------|---------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| CIRRUS CAPITAL MONEY MARKET FUND | | | | |
| Opening balance | 23,087 | 132,044,684 | - | - |
| Withdrawals | (146,500,000) | (149,650,000) | - | - |
| Deposits | 147,000,000 | 15,000,000 | - | - |
| Dividends | 1,892,825 | 2,628,403 | - | - |
| | 2,415,912 | 23,087 | - | - |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| | GROUP | | COMPANY | |
|---------------------------------|---------------|----------------|---------------|----------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| CAPRICORN CORPORATE FUND | N\$ | N\$ | N\$ | N\$ |
| Opening balance | 467,938 | 10,002,675 | 467,938 | 10,002,675 |
| Withdrawals | (4,650,400) | (26,690,400) | (4,650,400) | (26,690,400) |
| Deposits | 4,200,000 | 17,000,000 | 4,200,000 | 17,000,000 |
| Dividends | 2,303 | 155,663 | 2,303 | 155,663 |
| | 19,841 | 467,938 | 19,841 | 467,938 |

| | GROUP | | COMPANY | |
|----------------------------------|---------------|------------------|---------------|------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| OLD MUTUAL CORPORATE FUND | N\$ | N\$ | N\$ | N\$ |
| Opening balance | 4,200,516 | 17,808,923 | 4,200,516 | 17,808,923 |
| Withdrawals | (4,200,000) | (17,000,000) | (4,200,000) | (17,000,000) |
| Deposits | - | 2,540,000 | - | 2,540,000 |
| Dividends | 11,263 | 851,593 | 11,263 | 851,593 |
| | 11,779 | 4,200,516 | 11,779 | 4,200,516 |

| | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS | N\$ | N\$ | N\$ | N\$ |
| Current assets | 2,447,532 | 4,691,540 | 31,620 | 4,668,455 |

INVESTMENTS PLEDGED AS SECURITIES

Money market funds do not serve as a security for any liabilities and growth pertains to dividends received on a monthly basis

No transfers of financial instruments have been made between fair value hierarchy levels during the year ended 30 June 2022.

FAIR VALUE INFORMATION

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

Investments at fair value are classified as level 2 financial instruments. Level 2 financial instruments are valued at prices relative to prices in the market.

RISK EXPOSURE

The investments held by the group expose it to various risks, including credit risk, currency risk, interest rate risk and price risk. Refer to note 34 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

11. CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---------------------------------------|-------------------|---------------------|----------------|----------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Cash on hand | 136,449 | 59,222 | - | - |
| Bank Balances | 14,343,897 | 3,627,314 | 132,478 | 218,039 |
| Bank overdraft / credit card balances | (487) | (13,700,647) | - | - |
| | 14,479,859 | (10,014,111) | 132,478 | 218,039 |

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

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

The overdraft facility, with First National Bank of Namibia Limited, is used for cash management purposes and although permanently available, it is not frequently used. The balance runs into a negative as a result of timing differences between expenses and debit orders received. The overdraft facility, bears interest at the Namibian prime overdraft rate.

The bank overdraft facility has not been utilised at year-end (2022: N\$13,701,061).

The above overdraft facility is secured as follows:

- All debtors of Paratus Telecommunications (Proprietary) Limited have been pledged as security to First National Bank of Namibia Limited, for its bank overdraft facility (refer note 9).

All excess cash not immediately required for operations is invested in a money market fund to maximise returns. (refer note 10.)

Details of facilities available for future operating activities and commitments:

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

CREDIT QUALITY OF CASH AT BANK AND SHORT-TERM DEPOSITS, EXCLUDING CASH ON HAND

The credit quality of cash at bank and short-term deposits, 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.

EXPOSURE TO CURRENCY RISK

Refer to note 34 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

FAIR VALUE INFORMATION

The carrying amount of cash and cash equivalents approximates its fair value.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

12. SHARE CAPITAL

| AUTHORISED NUMBER OF SHARES | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| Ordinary shares | 60,000,000 | 60,000,000 | 60,000,000 | 60,000,000 |
| Reconciliation of number of shares issued: | | | | |
| Reported as at 01 July | 48,723,123 | 48,723,123 | 48,723,123 | 48,723,123 |

Unissued shares are under the control of the directors until the next Annual General Meeting. No shares were issued for the year under review.

The company's total number of issued ordinary shares at year-end was 48 723 123 (2022: 48 723 123). All issued shares are fully paid up.

| ISSUED | GROUP | | COMPANY | |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Ordinary shares at N\$0.01 | 487,231 | 487,231 | 487,231 | 487,231 |
| Share premium | 500,187,472 | 500,187,472 | 500,187,472 | 500,187,472 |
| | 500,674,703 | 500,674,703 | 500,674,703 | 500,674,703 |

13. BORROWINGS

| HELD AT AMORTISED COST | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| SECURED | N\$ | N\$ | N\$ | N\$ |
| Bank Windhoek instalment sales agreement ⁴ | 20,151 | 95,708 | - | - |

| UNSECURED | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Three-year Senior Unsecured Floating Rate Notes ⁵ | 175,555,508 | 175,454,501 | 175,555,508 | 175,454,501 |
| Five-year Senior Unsecured Floating Rate Notes ⁶ | 25,081,242 | 25,067,155 | 25,081,242 | 25,067,155 |
| Five-year Senior Unsecured Floating Rate Notes ⁷ | 100,412,981 | - | 100,412,981 | - |
| Three-year Senior Unsecured Floating Rate Notes ⁸ | 30,117,565 | - | 30,117,565 | - |
| | 331,167,296 | 200,521,656 | 331,167,296 | 200,521,656 |

Notes:

⁴ The instalment sales agreement bears interest at a rate of 11% (2022: 9%), the average lease term is two years and is secured by motor vehicles with a book value of N\$66,728 (2022: N\$172,088) and is repayable in equal monthly instalments. (refer note 3)

⁵ The Three-year Senior Unsecured Floating Rate Notes amounting to N\$175 million are due on 18 June 2024 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 300 basis points.

⁶ The Five-year Senior Unsecured Floating Rate Notes amounting to N\$25 million are due on 18 June 2026 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 325 basis points.

⁷ The Five-year Senior Unsecured Floating Rate Notes amounting to N\$100 million are due on 16 September 2027 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 325 basis points.

⁸ The Three-year Senior Unsecured Floating Rate Notes amounting to N\$30 million are due on 18 June 2025 at no premium. These notes carry interest at a three month ZAR-JIBAR-SAFEX rate plus 270 basis points.

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

| | | |
|--|------|-------|
| Net interest bearing debt less cash / EBITDA multiple not more than 3.5 times (exclude contract liabilities) | 1,96 | 1,79 |
| EBITDA interest cover multiple not less than 2.5 times (exclude contract liabilities) | 5,46 | 11,14 |

Note: These covenant ratios have been updated compared to the previous year to show ratios excluding contract liabilities.

| | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Split between non-current and current portions | | | | |
| Non-current liabilities | 155,000,000 | 200,020,010 | 155,000,000 | 200,000,000 |
| Current liabilities | 176,187,447 | 597,354 | 176,167,296 | 521,656 |
| | 331,187,447 | 200,617,364 | 331,167,296 | 200,521,656 |

The non-current portion of the borrowings as disclosed relates to the capital portion of the issued bonds at year-end, whereas the current portion relates to accrued interest and the short term capital portion repayable before the end of the next year-end.

14. CONTRACT LIABILITIES

| SUMMARY OF CONTRACT LIABILITIES | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Indefeasible right of use - Trans Kalahari fiber route | 102,915,610 | 105,524,545 | - | - |
| Indefeasible right of use - Equiano Submarine Cable | 152,087,210 | 26,931,667 | - | - |
| Indefeasible right of use - Equiano spectrum / capacity | 59,802,309 | - | - | - |
| Various other short term contract liabilities | 8,902,494 | 7,451,785 | - | - |
| | 323,707,623 | 139,907,997 | - | - |

| RECONCILIATION OF CONTRACT LIABILITIES | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Opening balance | 139,907,997 | 111,537,623 | - | - |
| Revenue recognised on delivery of goods or services previously paid Indefeasible-Right-of-Use (Note 19) | (29,313,705) | (13,815,488) | - | - |
| Revenue recognised on delivery of goods or services previously paid for - other short-term (Note 19) | (17,161,179) | (10,127,202) | - | - |
| Payments received in advance of delivery of performance obligations - Indefeasible-Right-of-Use | 182,157,100 | 26,931,667 | - | - |
| Payments received in advance of delivery of performance obligations - other short-term | 25,178,805 | 13,908,968 | - | - |
| Interest charged (refer note 25) | 22,938,605 | 11,472,429 | - | - |
| | 323,707,623 | 139,907,997 | - | - |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS | GROUP | | COMPANY | |
|--|--------------------|--------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Long term portion of income received in advance | 302,105,035 | 129,847,277 | - | - |
| Short term portion of income received in advance | 21,602,588 | 10,060,720 | - | - |
| | 323,707,623 | 139,907,997 | - | - |

Income received in advance mainly relates to revenue billed in advance for the company's ITC 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.

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 15 years. Interest portion pertaining to this IRU amounts to N\$11 206 555 (2022: N\$11 472 429). 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 14.5 years. Interest portion pertaining to this IRU amounts to N\$7 455 783 (2022: Nil). 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, of which 30 599 800 was received during the current financial year, and is amortised over a period of 15 years. The remaining period for this IRU is 14.5 years. Interest portion pertaining to this IRU amounts to N\$4 276 267 (2022: N\$ Nil). The incremental borrowing rate used is 10.75%.

15. DEFERRED TAXATION

| | GROUP | | COMPANY | |
|--|---------------------|---------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Deferred taxation liability | | | | |
| Reconciliation of deferred taxation assets / (liabilities) | | | | |
| At beginning of the year | (34,135,333) | (19,257,404) | - | - |
| Deductible temporary difference movement on property, plant and equipment | (65,457,217) | (27,591,272) | - | - |
| Taxable temporary difference movement on intangible assets | 36,625 | 523,781 | - | - |
| Deductible temporary difference movement on prepaid expense | (720,722) | (1,025,515) | - | - |
| Taxable / (Deductible) temporary difference movement on unrealised foreign exchange gains / losses | 1,394,663 | (167,911) | - | - |
| Taxable temporary difference movement on provisions | 448,693 | 313,104 | - | - |
| Taxable temporary difference movement on income received in advance | 21,596,352 | 7,033,833 | - | - |
| Taxable / (Deductible) temporary difference movement on deposits by customers | 55,520 | (2,126) | - | - |
| (Deductible) / Taxable temporary difference movement on right of use assets | (1,140,010) | 91,786 | - | - |
| Taxable / (Deductible) temporary difference movement on lease liability | 1,075,849 | (141,520) | - | - |
| Tax loss available for set-off against future taxable income | 32,550,799 | 6,042,309 | - | - |
| Prior year adjustment in subsidiary - Bitstream Internet Solutions (Pty) Ltd | - | 45,602 | - | - |
| | (44,294,781) | (34,135,333) | - | - |

| | GROUP | | COMPANY | |
|--|---------------------|---------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Comprising temporary differences relative to: | | | | |
| Property, Plant and equipment | (152,495,341) | (87,038,124) | - | - |
| Intangible assets | (4,119,804) | (4,156,429) | - | - |
| Prepaid expenditure | (2,271,815) | (1,551,093) | - | - |
| Unrealised foreign exchange gains / (losses) | 1,271,173 | (123,490) | - | - |
| Provisions | 3,297,786 | 2,849,093 | - | - |
| Income received in advance | 64,322,226 | 42,725,874 | - | - |
| Deposits received by customers | 71,913 | 16,393 | - | - |
| Right-of-use assets | (1,692,628) | (552,618) | - | - |
| Lease liabilities | 1,733,415 | 657,566 | - | - |
| Tax loss | 45,588,294 | 13,037,495 | - | - |
| | (44,294,781) | (34,135,333) | - | - |

16. TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|--|--------------------|-------------------|---------------|----------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Financial instruments: | | | | |
| Trade payables | 97,916,062 | 33,499,979 | 23,433 | 705,462 |
| Leave pay accrual | 5,440,230 | 4,695,696 | - | - |
| Salary accruals | 3,456,463 | 3,329,944 | - | - |
| Deposits received | 220,867 | 51,229 | - | - |
| Non-financial instruments: | | | | |
| VAT ⁹ | 9,872,720 | 112,920 | - | - |
| Non-resident shareholders taxation payable | - | 112,954 | - | 112,954 |
| | 116,906,342 | 41,802,722 | 23,433 | 818,416 |

Notes: Included in VAT balances for the Group are outstanding VAT and import VAT refunds amounting to N\$4 878 247 (2022:N\$2 628 235) and deferred VAT claims amounting to N\$9 807 661 (2022: N\$12 724 292). And this balance also includes a VAT payable

GROUP ANNUAL FINANCIAL STATEMENTS

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OTHER INFORMATION

At 30 June 2023 an amount of N\$37 655 000 reflected under current liabilities, pertain to a portion of the Equiano Submarine Branch acquisition price, which was not converted to services yet (refer note 3). Once the fiber route running between Buitepos and Lobatse in Botswana is completed, the remaining liability of N\$37 655 000 will be converted to a service on this route and the liability will be settled. It is expected that the construction of this route will be completed by 30 November 2023 at a total cost of approximately N\$45 million. This route from Johannesburg running through Botswana and Namibia to the

Equiano Sub- Sea Cable in Swakopmund and onwards toward Europe will provide the shortest route with the lowest latency to Europe and is therefore of strategic importance to Paratus for future revenue growth.

At 30 June 2023 trade and other payables include amounts of N\$10 096 371 and N\$ 14 179 687 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 two suppliers relating to Fiber and LTE expansions at year-end.

FINANCIAL INSTRUMENT AND NON-FINANCIAL INSTRUMENT COMPONENTS OF TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---------------------------|--------------------|-------------------|---------------|----------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| At amortised cost | 107 033 622 | 41,576,848 | 23 433 | 705,462 |
| Non-financial instruments | 9 872 720 | 225,874 | - | 112 954 |
| | 116 906 342 | 41,802,722 | 23 433 | 818 416 |

SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS

| | GROUP | | COMPANY | |
|----------------|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Current assets | 116 906 342 | 41,802,722 | 23 433 | 818,416 |

EXPOSURE TO CURRENCY RISK

Refer to note 34 Financial instruments and financial risk management for details of currency risk management for trade payables.

EXPOSURE TO LIQUIDITY RISK

Refer to note 34 Financial instruments and financial risk management for further details of liquidity risk exposure and management for trade and other payables.

FAIR VALUE OF TRADE AND OTHER PAYABLES

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

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

17. PROVISIONS

RECONCILIATION OF PROVISIONS - GROUP - 2023

| | OPENING BALANCE | ADDITIONS | UTILISED DURING THE YEAR | TOTAL |
|---------------------------------|-------------------|------------------|--------------------------|-------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Provision: CRAN regulatory levy | 2,115,441 | - | (1,496,886) | 618,555 |
| Provision: Audit fees | 1,003,061 | 1,280,108 | (988,061) | 1,295,108 |
| Salary provisions | 10,505,249 | 8,443,085 | (9,879,166) | 9,069,168 |
| | 13,623,751 | 9,723,193 | (12,364,113) | 10,982,831 |

RECONCILIATION OF PROVISIONS - GROUP - 2022

| | OPENING BALANCE | ADDITIONS | UTILISED DURING THE YEAR | TOTAL |
|---------------------------------|------------------|-------------------|--------------------------|-------------------|
| | N\$ | N\$ | N\$ | N\$ |
| Provision: CRAN regulatory levy | 1,866,934 | 248,507 | - | 2,115,441 |
| Provision: Audit fees | 469,050 | 1,079,119 | (545,108) | 1,003,061 |
| Salary provisions | 6,524,751 | 12,117,377 | (8,136,879) | 10,505,249 |
| | 8,860,735 | 13,445,003 | (8,681,987) | 13,623,751 |

RECONCILIATION OF PROVISIONS - COMPANY - 2023

| | OPENING BALANCE | ADDITIONS | UTILISED DURING THE YEAR | TOTAL |
|-----------------------|-----------------|-----------|--------------------------|---------|
| | N\$ | N\$ | N\$ | N\$ |
| Provision: Audit fees | 121,900 | 229,908 | (121,900) | 229,908 |

RECONCILIATION OF PROVISIONS - COMPANY - 2022

| | OPENING BALANCE | ADDITIONS | UTILISED DURING THE YEAR | TOTAL |
|-----------------------|-----------------|-----------|--------------------------|---------|
| | N\$ | N\$ | N\$ | N\$ |
| Provision: Audit fees | 114,409 | 110,460 | (102,969) | 121,900 |

Every licensed telecommunications company in Namibia was subject to a universal service levy payable to Communications Regulatory Authority of Namibia ("CRAN"). The regulatory levy is paid based on a licensee's turnover which is limited to turnover derived from services or business which may be regulated under the Act.

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

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



18. DIVIDEND PAYABLE

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

The Group and Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the Board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the Board may pass on the payment of dividends. A dividend policy was adopted that provides for a dividend pay-out of not more than 50% of profits after taxation.

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

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

The total dividends for the period amounts to N\$9,744,625 (2022: N\$9,744,625)

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

19. 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.

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| The Group disaggregate revenue from customers by distinguishing timing of revenue as follows: | | | | |
| At a point in time | | | | |
| Connectivity | 17,206,437 | 15,273,080 | - | - |
| Local Area Network | 17,212,527 | 27,983,694 | - | - |
| Cloud | 381,982 | 164,979 | - | - |
| Voice | 300,218 | - | - | - |
| Security | 5,549 | 18,047 | - | - |
| | 35,106,713 | 43,439,800 | - | - |
| Over time | | | | |
| Connectivity | 339,910,990 | 290,893,591 | - | - |
| Revenue recognised on delivery of goods or services previously paid for - Infeasible Right-of-Use (refer note 14) | 29,313,705 | 13,815,488 | - | - |
| Cloud | 23,829,815 | 16,895,544 | - | - |
| Revenue recognised on delivery of goods or services previously paid for - other (refer note 14) | 17,161,179 | 10,127,202 | - | - |
| Voice | 16,134,305 | 16,340,214 | - | - |
| Local Area Network | 11,579,281 | 11,535,750 | - | - |
| Security | 35,211 | 35,211 | - | - |
| Discount allowed | (3,098,883) | (1,861,451) | - | - |
| | 434,865,603 | 357,781,549 | - | - |
| Total revenue from contracts with customers | 469,972,316 | 401,221,349 | - | - |
| Revenue other than through contracts with customers consist of dividends received from investments | | | | |
| Dividends received - Money market funds | 1,906,390 | 3,635,658 | 13,565 | 1,007,257 |
| Dividends received - Subsidiaries | - | - | 11,000,000 | 9,000,000 |
| | 1,906,390 | 3,635,658 | 11,013,565 | 10,007,257 |
| Total revenue | 471,878,706 | 404,857,007 | 11,013,565 | 10,007,257 |

Revenue other than from contracts with customers is generated from investments in money market funds and similar securities.

The disclosure was enhanced from prior year to show separately details of revenue recognised on delivery of goods or services previously paid for other short term contract liabilities and Infeasible Right-of-Use contracts.

20. COST OF SALES

| | GROUP | | COMPANY | |
|---|--------------------|--------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Rendering of services | 158,901,130 | 147,307,275 | - | - |
| Stock purchase price variance | (55,875) | (71,156) | - | - |
| Stock adjustments | 1,416,952 | 351,267 | - | - |
| Depreciation on core network assets (refer note 23) | 66,646,368 | 43,166,268 | - | - |
| Discount received | (107,961) | (26,908) | - | - |
| | 226,800,614 | 190,726,746 | - | - |

21. OTHER OPERATING INCOME

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

22. OTHER OPERATING GAINS (LOSSES)

| | GROUP | | COMPANY | |
|--|--------------------|----------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Losses on disposals, scrappings and settlements | | | | |
| Property, plant and equipment (refer note 3) | (20,110) | (5,755) | - | - |
| Foreign exchange (losses) / gains | | | | |
| Net foreign exchange (losses) / gains | (1,337,456) | 458 | - | - |
| Impairment losses | | | | |
| Reversal of impairment of loan | 57,247 | - | - | - |
| Total other operating gains (losses) | (1,300,319) | (5,297) | - | - |

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23. OPERATING PROFIT

| | GROUP | | COMPANY | |
|---|-------------------|-------------------|----------------|------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Operating profit for the period is stated after charging (crediting) the following, amongst others: | | | | |
| Auditor's remuneration - external | | | | |
| Audit fees - PWC | 1,285,733 | 1,133,543 | 229,908 | 122,475 |
| Consulting fees - PWC | 101,205 | 301,151 | - | - |
| Training - PWC | 2,261 | 4,130 | - | - |
| | 1,389,199 | 1,438,824 | 229,908 | 122,475 |
| Auditor's remuneration - internal | | | | |
| Consulting and professional fees | 436,000 | 132,000 | - | - |
| Remuneration, other than to employees | | | | |
| Administration and management fees | - | - | - | - |
| Consulting and professional services | 3,486,667 | 3,840,824 | 543,714 | 109,512 |
| Secretarial services | 759,282 | 1,358,760 | 413,612 | 970,122 |
| Sponsor retainer | 33,834 | 31,919 | 33,834 | 31,919 |
| | 4,279,783 | 5,231,511 | 991,160 | 1,111,553 |
| Non-executive directors' remuneration | | | | |
| Non-executive directors' fees | 1,046,475 | 903,511 | - | - |
| Employee costs | | | | |
| Total cost of employment of all employees, including executive directors, was as follows: | | | | |
| Salaries, wages, bonuses and other benefits | 89,317,201 | 85,095,996 | - | - |
| As at 30 June 2023 the group had an average staff headcount of not more than 210 permanent employees (2022: 202). | | | | |
| Leases | | | | |
| Premises ⁹ | 611,269 | 746,442 | - | - |
| Depreciation and amortisation | | | | |
| Depreciation of property, plant and equipment (refer note 3) | 71,280,770 | 47,507,945 | - | - |
| Depreciation of right-of-use assets (refer note 4) | 1,184,134 | 949,630 | - | - |
| Amortisation of intangible assets (refer note 5) | 6,760,379 | 7,250,470 | - | - |
| Total depreciation and amortisation | 79 225 283 | 55,708,045 | - | - |
| Less: Depreciation and amortisation included in cost of sales (refer note 20) | (66 646 368) | (43,166,268) | - | - |
| Total depreciation and amortisation expensed | 12 578 915 | 12,541,777 | - | - |
| Net impairment losses on financial asset | | | | |
| Trade and other receivables | 928,064 | 598,636 | - | - |

⁹ Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

| EXPENSES BY NATURE | GROUP | | COMPANY | |
|--|--------------------|--------------------|------------------|------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| The total marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows: | | | | |
| Advertising | 10,918,408 | 8,375,879 | - | - |
| Auditor's remuneration | 1,389,199 | 1,438,824 | 229,908 | 122,475 |
| Bad debts written off | 63,676 | 455,077 | - | - |
| Bank charges | 1,110,493 | 1,192,250 | 5,793 | 6,526 |
| Cost of sales - depreciation | 66,646,368 | 43,166,268 | - | - |
| Cost of sales - excluding depreciation | 160,154,246 | 147,560,478 | - | - |
| Depreciation, amortisation and impairment | 12,578,915 | 12,541,777 | - | - |
| Directors' remuneration - non-executive | 1,046,475 | 903,511 | - | - |
| Employee costs | 89,317,201 | 85,095,996 | - | - |
| Insurance | 3,547,060 | 3,357,225 | - | - |
| License fees | 12,493,932 | 10,324,277 | - | - |
| Motor vehicle expenses | 3,141,750 | 2,076,922 | - | - |
| Net impairment losses on financial assets | 928,064 | 598,636 | - | - |
| Leases - premises | 719,850 | 746,442 | - | - |
| Other expenses ¹⁰ | 8,669,894 | 6,920,633 | 89,727 | 94,662 |
| Remuneration, other than to employees | 4,279,783 | 5,231,503 | 991,160 | 1,111,553 |
| Repairs and maintenance | 3,600,994 | 2,377,779 | - | - |
| Staff welfare | 3,697,807 | 3,359,287 | - | - |
| Telephone | 1,185,597 | 1,229,825 | - | - |
| Travelling | 2,459,241 | 1,730,988 | - | - |
| | 387,948,953 | 338,683,577 | 1,316,588 | 1,335,216 |

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

Analysis of expenses by nature:

| | | | | |
|---|--------------------|--------------------|------------------|------------------|
| Cost of sales | 226,800,614 | 190,726,746 | - | - |
| Net impairment losses on financial assets | 928,064 | 598,636 | - | - |
| Other operating expenses | 160,220,275 | 147,358,195 | 1,316,588 | 1,335,216 |
| | 387,948,953 | 338,683,577 | 1,316,588 | 1,335,216 |

This disclosure was enhanced from the prior year in order to disclose the information in more detail by providing a more extensive break-down of expenses by nature, for a better understanding by the users of the annual financial statements.

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

24. INVESTMENT INCOME

| | GROUP | | COMPANY | |
|--|---------------|--------------|-------------------|-------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| INTEREST INCOME | | | | |
| Investment in financial assets: | | | | |
| Bank and cash | 36,334 | 7,571 | 141 | - |
| Finance lease receivables | - | 125 | - | - |
| Loans to group companies: | | | | |
| Related parties | - | - | 29,181,644 | 13,951,588 |
| Total investment income | 36,334 | 7,696 | 29,181,785 | 13,951,588 |

25. FINANCE COSTS

| | GROUP | | COMPANY | |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Finance leases | 6,463 | 8,403 | - | - |
| Bank overdraft | 490,573 | 29,543 | - | - |
| Bank loan | 54 | 620 | - | - |
| Lease liabilities | 173,101 | 157,137 | - | - |
| Domestic Medium Term Notes | 29,181,644 | 10,818,871 | 29,181,644 | 13,951,588 |
| Contract liabilities | 22,938,605 | 11,472,429 | - | - |
| Total finance costs | 52,790,440 | 22,487,003 | 29,181,644 | 13,951,588 |

26. TAXATION

| MAJOR COMPONENTS OF THE TAXATION EXPENSE | GROUP | | COMPANY | |
|--|-------------------|-------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Current | | | | |
| Local income taxation - current period | 602,808 | 501,662 | - | - |
| Expiry of unutilised withholding tax credits - recognised in current tax for prior periods | 598,724 | 1,737,772 | - | - |
| | 1,201,532 | 2,239,434 | - | - |
| Deferred | | | | |
| Property, plant and equipment | 65,457,216 | 28,525,674 | - | - |
| Intangible assets | (36,625) | (523,781) | - | - |
| Prepaid expenses | 720,722 | 1,025,515 | - | - |
| Unrealised foreign gains / (losses) | (1,394,663) | 167,911 | - | - |
| Provisions | (448,693) | (313,104) | - | - |
| Income received in advance | (21,596,351) | (7,033,833) | - | - |
| Deposits by customers | (55,520) | 2,126 | - | - |
| Right-of use assets | 1,140,010 | (91,786) | - | - |
| Lease liability | (1,075,849) | 141,520 | - | - |
| Tax loss available for set-off against taxable future taxable income | (32,550,798) | (6,042,310) | - | - |
| | 10,159,447 | 15,857,932 | - | - |
| Taxation | 11 360 980 | 18,097,366 | - | - |
| Taxation on other comprehensive income | | | | |
| Deferred taxation through other comprehensive income | - | (934,400) | - | - |
| Total income taxation | 11,360,980 | 17,162,966 | - | - |

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| | GROUP | | COMPANY | |
|---|-------------------|-------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| RECONCILIATION OF THE TAX EXPENSE | N\$ | N\$ | N\$ | N\$ |
| Reconciliation between accounting profit and tax expense | | | | |
| Profit before taxation | 30,989,416 | 39,830,216 | 9,697,118 | 8,672,041 |
| Other comprehensive income | - | (2,920,000) | - | - |
| Tax at the applicable tax rate of 32% (2021: 32%) | 9,916,613 | 11,811,269 | 3,103,078 | 2,775,053 |
| Tax effect of adjustments on taxable income | | | | |
| Dividends received | (610,045) | (1,163,413) | (3,524,341) | (3,202,322) |
| Expenses not deductible (no taxable income) | 421,263 | 427,269 | 421,263 | 427,269 |
| Capital profit on sale of fixed assets | (560) | - | - | - |
| Fair value adjustment of buildings | - | 2,448,000 | - | - |
| Fines and penalties | 144 | 7,190 | - | - |
| Donations | 32,083 | 22,656 | - | - |
| Unutilised withholding tax - forfeited | 598,724 | 1,737,772 | - | - |
| Amortisation of intangible assets resulting from business combination | 1,032,765 | 1,032,764 | - | - |
| Profit on sale of shares resulting from business combination | (18,318) | - | - | - |
| Prior period adjustment | (11,690) | 839,459 | - | - |
| | 11,360,980 | 17,162,966 | - | - |
| Effective taxation rate | 36,7% | 46,5% | -% | -% |

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

27. EARNINGS PER SHARE

| | GROUP | |
|---|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ |
| Total number of shares in issue | 48,723,123 | 48,723,123 |
| Weighted number of shares in issue | 48,723,123 | 48,723,123 |
| Net asset value per share (cents per share) | 1,150.95 | 1,130.67 |
| Listed market price per share (cents per share) | 1,275.00 | 1,290.00 |
| Capital commitments (including approved but not contracted) | 137,800,000 | 293,300,000 |

The weighted earnings per share and headline earnings per share for the period are calculated as follows:

Earnings

Profit for the period attributable to the equity holders of the parent 18,825,653 21,321,410

Headline adjustments:

After taxation profit on sale of property, plant and equipment 13,675 3,913

Impairment gain on loan (57,247) -

Loss on revaluation of owner occupied property (refer notes 3, 23) - 4,730,000

Headline earnings 18,782,081 26,055,323

| | GROUP | |
|---|-----------------------|-----------------------|
| | 30 JUNE 2023 CENTS | 30 JUNE 2022 CENTS |
| Basic and diluted earnings per ordinary share (cents) | 38,64 | 43,76 |
| Headline earnings per ordinary share (cents) | 38,55 | 53,48 |
| Dividend per share (cents) | 20,00 | 20,00 |

28. CASH GENERATED FROM OPERATIONS

| | GROUP | | COMPANY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30 JUNE 2023 N\$ | 30 JUNE 2022 N\$ | 30 JUNE 2023 N\$ | 30 JUNE 2022 N\$ |
| Profit before taxation | 30,989,416 | 39,830,216 | 9,697,118 | 8,672,041 |
| Adjusted for: | | | | |
| Depreciation on property, plant and equipment (refer note 3) | 71,280,770 | 47,507,945 | - | - |
| Depreciation right of use asset (refer note 4) | 1,184,134 | 949,630 | - | - |
| Amortisation on intangible assets (refer note 5) | 6,760,379 | 7,250,470 | - | - |
| Loss / (profit) on sale of property, plant and equipment | 20,110 | 5,755 | - | - |
| Gains on foreign exchange | 4,261,763 | (338,370) | - | - |
| Loss on fair value adjustments | - | 4,730,000 | - | - |
| Dividend income | (1,906,390) | (3,635,658) | (11,013,565) | (10,007,257) |
| Interest received | (36,193) | (7,696) | (29,181,785) | (13,951,588) |
| Interest paid | 29,678,735 | 10,857,437 | 29,181,644 | 13,951,588 |
| Interest paid lease liability | 173,101 | 157,137 | - | - |
| Revenue - contract liabilities | (16,077,040) | (8,268,839) | - | - |
| Finance cost - contract liabilities | 22,938,605 | 11,472,429 | - | - |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

28. CASH GENERATED FROM OPERATIONS (CONTINUED)

| | GROUP | | COMPANY | |
|-----------------------------------|--------------------|--------------------|------------------|-------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Changes in working capital | | | | |
| Inventories | 3,300,908 | (8,551,328) | - | - |
| Trade and other receivables | (7,038,140) | (9,439,402) | - | - |
| Prepayments | 1,801,867 | (1,246,949) | - | - |
| Contract liabilities | 25,303,277 | 25,166,784 | - | - |
| Movements in provisions | (2,714,108) | 4,763,016 | 108,008 | 7,491 |
| Trade and other payables | 31,310,786 | 7,218,637 | (794,984) | 139,958 |
| Investments at fair value | - | - | 4,650,400 | 24,150,400 |
| | 201,231,980 | 128,421,214 | 2,646,836 | 22,962,633 |

29. TAX PAID

| | GROUP | | COMPANY | |
|--|------------------|------------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Balance at beginning of the period | 1,829,612 | 3,509,125 | - | - |
| Local income taxation - current period | (602,808) | (2,239,437) | - | - |
| Balance at end of the period | (1,972,485) | (1,829,612) | - | - |
| | (745,681) | (559,924) | - | - |

30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - GROUP - 2023

| | OPENING BALANCE | INTEREST ACCRUED | REMEASUREMENTS / ADDITIONS | CASH INFLOWS | CASH OUTFLOWS | CLOSING BALANCE |
|--|--------------------|-------------------|----------------------------|--------------------|---------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Borrowings | 200,617,364 | 29,188,107 | - | 130,000,000 | (28,618,024) | 331,187,447 |
| Lease liabilities | 2,054,894 | 173,101 | 4,746,666 | - | (1,557,740) | 5,416,921 |
| Loans from related parties | 23,460 | - | - | - | (23,460) | - |
| Total liabilities from financing activities | 202,695,718 | 29,361,208 | 4,746,666 | 130,000,000 | (30,199,224) | 336,604,368 |

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - GROUP - 2022

| | OPENING BALANCE | INTEREST ACCRUED | MODIFICATIONS / ADDITIONS | CASH INFLOWS | CASH OUTFLOWS | CLOSING BALANCE |
|--|--------------------|------------------|---------------------------|--------------|--------------------|--------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Borrowings | 200,478,275 | 204,853 | - | - | (65,764) | 200,617,364 |
| Lease liabilities | 2,497,143 | 157,136 | 662,800 | - | (1,262,185) | 2,054,894 |
| Loans from related parties | 266,004 | 67,269 | - | - | (309,813) | 23,460 |
| Total liabilities from financing activities | 203,241,422 | 429,258 | 662,800 | - | (1,637,762) | 202,695,718 |

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - COMPANY - 2023

| | OPENING BALANCE | INTEREST ACCRUED | MODIFICATIONS / ADDITIONS | CASH INFLOWS | CASH OUTFLOWS | CLOSING BALANCE |
|------------|----------------------------|-----------------------------|--------------------------------------|-------------------------|--------------------------|----------------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Borrowings | 200,521,656 | 29,181,644 | - | 130,000,000 | (28,536,005) | 331,167,295 |

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES - COMPANY - 2022

| | OPENING BALANCE | INTEREST ACCRUED | MODIFICATIONS / ADDITIONS | CASH INFLOWS | CASH OUTFLOWS | CLOSING BALANCE |
|------------|----------------------------|-----------------------------|--------------------------------------|-------------------------|--------------------------|----------------------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Borrowings | 200,478,275 | 43,381 | - | - | - | 200,521,656 |

Disclosures of the reconciliation of liabilities arising from financing activities have been updated from the prior year. The update was done to disclose the information on a more granular level for better understanding by the users of the financial statements. The impact on the amounts as disclosed is immaterial.

31. COMMITMENTS AND CONTINGENCIES

| | GROUP | | COMPANY | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Capital commitments | | | | |
| Authorised but not contracted for: | | | | |
| Property and equipment | 137,802,395 | 280,300,000 | - | - |
| Contracted for but not yet incurred: | | | | |
| Property and equipment | - | 13,000,000 | - | - |

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 bond programme.

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

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

32. RELATED PARTIES

MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

| | |
|---|---|
| Executive directors | A. Hall S.L.V. Erasmus S.I. de Bruin B.R.J. Harmse G.P. Duvenhage |
| Non-executive directors | H.B. Gerdes J.N.N. Shikongo M.R. Mostert R.R. Graig |
| Alternate director | R.P.K. Mendelsohn |
| Members of key management (executive committee) | S.J. Geysers D.J. Malan G.E. Cloete S. Frank-Schultz |

Relationships

| | |
|--------------|-----------------|
| Subsidiaries | Refer to note 6 |
|--------------|-----------------|

Related entities

| | |
|--|---|
| Shareholder | Paratus Group Holdings Limited - (registered in Mauritius) |
| Common shareholders | Paratus Telecommunications Limited - (registered in Mauritius) Internet Technologies Africa Limited - (registered in Mauritius) Paratus Telecommunications Limited - (registered in Zambia) Paratus Telecommunications (Proprietary) Limited - (registered in Botswana) Broadband Botswana Internet (Proprietary) Limited - (registered in Botswana) Paratus Telecommunication (Proprietary) Limited - (registered in South Africa) Maxwell Technologies (Proprietary) Limited - (registered in South Africa) Paratus Telecom S.A. - (registered in Mozambique) Canocopy (Proprietary) Limited - (registered in Namibia) ITA - Internet Technologies Angola, S.A. - (registered in Angola) Finatic Technologies (Proprietary) Limited - (registered in Namibia) FAST Congo - (Registered in the Democratic Republic of the Congo) Capricorn Group Limited - (registered in Namibia) |
| Entities related to Bitstream Internet Solutions (Pty) Ltd | Synapse Business Solutions (Proprietary) Limited Misty Bay Investments One Hundred and Forty Close Corporation Maya Investments Close Corporation* |

| RELATED PARTY BALANCES | GROUP | | COMPANY | |
|--|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Investment in subsidiaries - refer to note 6 | | | | |
| Loan accounts - Owing (to) by related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited (Namibia) | - | - | 551,866,502 | 417,208,727 |
| Misty Bay Investments One Hundred and Forty Close Corporation | - | (23,460) | - | - |
| Synapse Business Solutions (Proprietary) Limited | - | 6,460 | - | - |
| Amounts included in trade receivables regarding related parties | | | | |
| Paratus Telecom S.A. - (registered in Angola) | 2,251,115 | 191,143 | - | - |
| Paratus Telecommunications (Pty) Ltd - (registered in Botswana) | 334,729 | 149,445 | - | - |
| Canocopy (Pty) Ltd - (registered in Namibia) | 68,032 | 120,275 | - | - |
| Paratus Telecommunications Ltd - South Africa | - | 320,466 | - | - |
| Paratus Telecommunications Limited - Mauritius | 1,090,874 | 2,865,117 | - | - |
| Paratus Telecommunications Limited - Zambia | 561,539 | 197,166 | - | - |
| Paratus Telecom S.A. - Mozambique | 56,685 | 13,165 | - | - |
| Synapse Business Solutions (Proprietary) Limited | 65,665 | - | - | - |
| All related party receivables are on the same credit terms as for other customers. | | | | |
| Amounts included in trade payables regarding related parties | | | | |
| Canocopy (Proprietary) Limited | 121,573 | 35,541 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 4,226,021 | 353,363 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 1,129,349 | 471,993 | - | - |
| Synapse Business Solutions (Proprietary) Limited | 46,000 | - | - | - |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| RELATED PARTY TRANSACTIONS | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Revenue received from related parties | | | | |
| Paratus Telecom S.A. - (registered in Angola) | 6,082,151 | 1,287,813 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 1,069,017 | 321,510 | - | - |
| Canocopy (Proprietary) Limited | 813,430 | 735,392 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 569,238 | 706,143 | - | - |
| Paratus Telecommunications Limited - Mauritius | 22,409,726 | 9,533,080 | - | - |
| Paratus Telecommunications Limited - Zambia | 1,145,376 | 330,248 | - | - |
| Paratus Telecom S.A. - Mozambique | 64,024 | 43,722 | - | - |
| Synapse Business solutions (Proprietary) Limited | 346,341 | 374,148 | - | - |
| All related party revenue relates to actual services and goods provided to them during the year. | | | | |
| Interest received on loans from related parties | | | | |
| Canocopy (Proprietary) Limited | - | 3,782 | - | - |
| Paratus Telecommunications (Proprietary) Limited (Namibia) | - | - | 29,181,644 | 13,951,588 |
| Dividends received from related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited (Namibia) | - | - | 11,000,000 | 9,000,000 |
| Purchases from related parties | | | | |
| Paratus Telecommunications (Proprietary) Limited - Botswana | 25,111,599 | 782,095 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | 5,999,886 | 5,571,847 | - | - |
| Paratus Telecommunications Limited - Mauritius | 23,513,919 | 20,289,067 | - | - |
| Paratus Telecommunications Limited - Zambia | - | 84,040 | - | - |
| Synapse Business solutions (Proprietary) Limited | 701,174 | 591,964 | - | - |
| Related party purchases relate to goods and services purchased from related parties during the year. | | | | |
| Rent paid to related parties | | | | |
| Maya Investments Close Corporation | 170,460 | 133,600 | - | - |
| Printing and stationery | | | | |
| Canocopy (Proprietary) Limited | 1,166,358 | 586,514 | - | - |
| Administration fees paid to related parties | | | | |
| Synapse Business solutions (Proprietary) Limited | 336,000 | 336,000 | - | - |

| | GROUP | | COMPANY | |
|---|--------------|--------------|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | N\$ | N\$ | N\$ | N\$ |
| Salary recoveries | | | | |
| Paratus Telecom S.A. - (registered in Angola) | - | 285,468 | - | - |
| Paratus Telecommunications (Proprietary) Limited - Botswana | - | 191,257 | - | - |
| Paratus Telecommunications Limited - Mauritius | 11,473,046 | 10,754,801 | - | - |
| Paratus Telecom S.A. - Mozambique | - | 134,671 | - | - |
| Canocopy (Proprietary) Limited | - | 180,507 | - | - |
| Paratus Telecommunications (Proprietary) Limited - South Africa | - | 130,566 | - | - |
| Paratus Telecommunications Limited - Zambia | - | 679,921 | - | - |
| Marketing recoveries | | | | |
| Paratus Telecommunications Limited - Mauritius | 783,072 | - | - | - |
| Compensation to directors and other key management | | | | |
| Non-executive directors' fees | 1,046,475 | 903,511 | - | - |
| Short-term employee benefits - Executive directors | 4,551,606 | 6,987,329 | - | - |
| Short-term employee benefits - Other key management | 8,676,234 | 6,792,441 | - | - |

| | SHARES IN ISSUE | SHARES IN ISSUE | SHARES IN ISSUE | SHARES IN ISSUE |
|--|-----------------|-----------------|-----------------|-----------------|
| | % | % | % | % |
| DIRECTORS' INTEREST IN SHARES | | | | |
| Total shareholding refer to directors' report for detail | 35.7% | 33.6% | 35.7% | 33.6% |

33. DIRECTORS' EMOLUMENTS

| | EARNINGS - SALARIES AND OTHER BENEFITS | BONUSES AND PERFORMANCE RELATED PAYMENTS | TOTAL |
|------------------------------|---|---|-----------|
| GROUP - EXECUTIVE | | N\$ | N\$ |
| 2023 | | | |
| Directors | 3,908,074 | 643,532 | 4,551,606 |
| 2022 | | | |
| Directors | 6,051,737 | 935,592 | 6,987,329 |
| GROUP - NON-EXECUTIVE | | | |
| 2023 | | | |
| Directors | | 1,046,475 | 1,046,475 |
| 2022 | | | |
| Directors | | 903,511 | 903,511 |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

| CATEGORIES OF FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------|-------|--------------------------------------|----------------|------------|
| | | N\$ | N\$ | N\$ |
| Group - 2023 | | | | |
| Investments at fair value | 10 | 2,447,532 | - | 2,447,532 |
| Trade and other receivables | 9 | - | 52,785,421 | 52,785,421 |
| Cash and cash equivalents | 11 | - | 14,480,346 | 14,480,346 |
| | | 2,447,532 | 67,265,767 | 69,713,299 |

| CATEGORIES OF FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------|-------|--------------------------------------|----------------|------------|
| | | N\$ | N\$ | N\$ |
| Group - 2022 | | | | |
| Loans to related parties | 7 | - | 6,460 | 6,460 |
| Investments at fair value | 10 | 4,691,541 | - | 4,691,541 |
| Trade and other receivables | 9 | - | 25,010,891 | 25,010,891 |
| Cash and cash equivalents | 11 | - | 3,686,536 | 3,686,536 |
| | | 4,691,541 | 28,703,887 | 33,395,428 |

| CATEGORIES OF FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------|-------|--------------------------------------|----------------|-------------|
| | | N\$ | N\$ | N\$ |
| Company - 2023 | | | | |
| Loans to related parties | 7 | - | 551,866,502 | 551,866,502 |
| Investments at fair value | 10 | 31,620 | - | 31,620 |
| Cash and cash equivalents | 11 | - | 132,478 | 132,478 |
| | | 31,620 | 551,998,980 | 552,030,600 |

| CATEGORIES OF FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------|-------|--------------------------------------|----------------|-------------|
| | | N\$ | N\$ | N\$ |
| Company - 2022 | | | | |
| Loans to related parties | 7 | - | 417,208,727 | 417,208,727 |
| Investments at fair value | 10 | 4,668,455 | - | 4,668,455 |
| Cash and cash equivalents | 11 | - | 218,039 | 218,039 |
| | | 4,668,455 | 417,426,766 | 422,095,221 |

| CATEGORIES OF FINANCIAL LIABILITIES | NOTES | AMORTISED COST | TOTAL |
|-------------------------------------|-------|----------------|-------------|
| | | N\$ | N\$ |
| Group - 2023 | | | |
| Trade and other payables | 16 | 107,033,622 | 107,033,622 |
| Borrowings | 13 | 331,187,447 | 331,187,447 |
| Lease obligations | 4 | 5,416,921 | 5,416,921 |
| Bank overdraft | 11 | 487 | 487 |
| | | 443,638,477 | 443,638,477 |

| CATEGORIES OF FINANCIAL LIABILITIES | NOTES | AMORTISED COST | TOTAL |
|-------------------------------------|-------|----------------|-------------|
| | | N\$ | N\$ |
| Group - 2022 | | | |
| Trade and other payables | 16 | 41,576,848 | 41,576,848 |
| Loans from related parties | 7 | 23,460 | 23,460 |
| Borrowings | 13 | 200,617,364 | 200,617,364 |
| Lease obligations | 4 | 2,054,894 | 2,054,894 |
| Bank overdraft | 11 | 13,700,647 | 13,700,647 |
| | | 257,973,213 | 257,973,213 |

| CATEGORIES OF FINANCIAL LIABILITIES | NOTES | AMORTISED COST | TOTAL |
|-------------------------------------|-------|----------------|-------------|
| | | N\$ | N\$ |
| Company - 2023 | | | |
| Trade and other payables | 16 | 23,433 | 23,433 |
| Borrowings | 13 | 331,167,296 | 331,167,296 |
| | | 331,190,729 | 331 190 729 |

| CATEGORIES OF FINANCIAL LIABILITIES | NOTES | AMORTISED COST | TOTAL |
|-------------------------------------|-------|----------------|-------------|
| | | N\$ | N\$ |
| Company - 2022 | | | |
| Trade and other payables | 16 | 705,462 | 705,462 |
| Borrowings | 13 | 200,521,656 | 200,521,656 |
| | | 201,227,118 | 201,227,118 |

GROUP ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

PRE-TAX GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

| GAINS AND LOSSES ON FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------------|-------|--------------------------------------|----------------|------------------|
| | | N\$ | N\$ | N\$ |
| Group - 2023 | | | | |
| Recognised in profit or loss: | | | | |
| Interest income | 24 | - | 36,334 | 36,334 |
| Dividend income | 19 | 1,906,390 | - | 1,906,390 |
| Net gains | | 1,906,390 | 36,334 | 1,942,724 |

| GAINS AND LOSSES ON FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------------|-------|--------------------------------------|----------------|------------------|
| | | N\$ | N\$ | N\$ |
| Group - 2022 | | | | |
| Recognised in profit or loss: | | | | |
| Interest income | 24 | - | 7,696 | 7,696 |
| Dividend income | 19 | 3,635,658 | - | 3,635,658 |
| Net gains | | 3,635,658 | 7,696 | 3,643,354 |

| GAINS AND LOSSES ON FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------------|-------|--------------------------------------|----------------|--------|
| | | N\$ | N\$ | N\$ |
| Company - 2023 | | | | |
| Recognised in profit or loss: | | | | |
| Dividend income | | 13,565 | - | 13,565 |

| GAINS AND LOSSES ON FINANCIAL ASSETS | NOTES | FAIR VALUE THROUGH PROFIT OR LOSS | AMORTISED COST | TOTAL |
|--------------------------------------|-------|--------------------------------------|----------------|-----------|
| | | N\$ | N\$ | N\$ |
| Company - 2022 | | | | |
| Recognised in profit or loss: | | | | |
| Dividend income | | 1,007,257 | - | 1,007,257 |

| GAINS AND LOSSES ON FINANCIAL LIABILITIES | NOTES | AMORTISED COST | | TOTAL |
|---|-------|----------------|------------|------------|
| | | N\$ | N\$ | N\$ |
| Group - 2023 | | | | |
| Recognised in profit or loss: | | | | |
| Finance costs | 25 | | 52,790,440 | 52,790,440 |

| GAINS AND LOSSES ON FINANCIAL LIABILITIES | NOTES | AMORTISED COST N\$ | TOTAL N\$ |
|---|-------|-----------------------|--------------|
| Group - 2022 | | | |
| Recognised in profit or loss: | | | |
| Finance costs | 25 | 22,487,003 | 22,487,003 |

| GAINS AND LOSSES ON FINANCIAL LIABILITIES | NOTES | AMORTISED COST N\$ | TOTAL N\$ |
|---|-------|-----------------------|--------------|
| Company - 2023 | | | |
| Recognised in profit or loss: | | | |
| Finance costs | 25 | 29,181,644 | 29,181,644 |

| GAINS AND LOSSES ON FINANCIAL LIABILITIES | NOTES | AMORTISED COST N\$ | TOTAL N\$ |
|---|-------|-----------------------|--------------|
| Company - 2022 | | | |
| Recognised in profit or loss: | | | |
| Finance costs | 25 | 13,951,588 | 13,951,588 |

CAPITAL RISK MANAGEMENT

The Group and 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 group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group 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 group 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 Group 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 Group's maximum gearing ratio may not exceed 150%.

Another method used is the net debt to EBITDA ratio. The ratio is calculated

as net borrowings (total 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.

The Group and 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; and
- Solvency, interest cover and liquidity requirements must be met; and
- The Group and Company further ensure that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts and any strategic initiatives.

The Group and 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.

GROUP

2023 Total assets : Total liabilities 2 : 1

2022 Total assets : Total liabilities 2 : 1

COMPANY

2023 Total assets : Total liabilities 3 : 1

2022 Total assets : Total liabilities 3 : 1

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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

| | | GROUP | | COMPANY | |
|---|----|--------------------|--------------------|--------------------|--------------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | N\$ | N\$ | N\$ | N\$ |
| Loans from related parties | 7 | - | 23,460 | - | - |
| Borrowings | 13 | 331,167,296 | 200,521,656 | 331,167,296 | 200,521,656 |
| Lease liabilities | 4 | 5,416,921 | 2,054,894 | - | - |
| Total debt | | 336,584,217 | 202,600,010 | 331,167,296 | 200,521,656 |
| Cash and cash equivalents | 11 | (14,479,859) | 10,014,111 | (132,478) | (218,039) |
| Money Market Funds (Investments at fair value) | 10 | (2,447,532) | (4,691,540) | (31,620) | (4,668,454) |
| Net debt | | 319,656,825 | 207,922,581 | 331,003,197 | 195,635,163 |
| Equity | | 559,414,688 | 550,333,663 | 500,094,835 | 500,142,342 |
| Earnings before interest, taxation, depreciation and amortisation ("EBITDA") | | 162,968,804 | 122,748,039 | | |

COVENANT RATIOS AS DEFINED IN LENDER AGREEMENTS

The ratios are included on group level as this is a requirement of the Domestic Medium-Term Note Programme that was used to raised capital. The bond holders set out required ratios which need to be achieved on group level.

| | GROUP | |
|--|--------------|--------------|
| | 30 JUNE 2023 | 30 JUNE 2022 |
| Debt / Equity ratio | 148 % | 78 % |
| Net interest bearing debt / EBITDA (Not more than 3.5 times) | 1.96 | 1.69 |
| EBITDA-to-interest cover ratio (Not less than 2.5 times) | 5.46 | 11.14 |

These ratios are calculated in accordance with the Domestic Medium-Term Note Programme.

The capital structure and the related ratios have been updated from the prior year to comply with the covenant ratios as determined by the Domestic Medium-Term Note Programme. Trade and other payable, contract liabilities, provisions and dividends payable were previously incorrectly included in the calculation of the capital structure and ratios.

FINANCIAL RISK MANAGEMENT

OVERVIEW

The Group and Company are 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 Group and Company's risk management policies are established to identify and analyse the risks faced by the Group and 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 Group and Company's activities.

The Group and 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 Group and Company.

• CREDIT RISK

Credit risk is the risk of financial loss to the Group and 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 Group and Company are exposed to credit risk on loans receivable, trade and other receivables, lease 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.

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 Group and Company only deals with reputable counterparties with consistent payment histories. 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. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

The Group and 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.

Credit risk exposure arising on cash and cash equivalents is managed by the Group and Company 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) | A1+(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 for loans receivable and lease receivables, 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 MAXIMUM EXPOSURE TO CREDIT RISK | | GROSS CARRYING AMOUNT | CREDIT LOSS ALLOWANCE | AMORTISED COST / FAIR VALUE |
|--|----|-----------------------|-----------------------|-----------------------------|
| Group - 2023 | | | | |
| Investments at fair value through profit or loss | 10 | 2,447,532 | - | 2,447,532 |
| Trade and other receivables | 9 | 57,421,424 | (4,636,003) | 52,785,421 |
| Cash and cash equivalents | 11 | 14,480,346 | - | 14,480,346 |
| | | 74,349,302 | (4,636,003) | 69,713,299 |
| Group - 2022 | | | | |
| Loans to related parties | 7 | 6,460 | - | 6,460 |
| Investments at fair value through profit or loss | 10 | 4,691,541 | - | 4,691,541 |
| Trade and other receivables | 9 | 28,718,830 | (3,707,939) | 25,010,891 |
| Cash and cash equivalents | 11 | 3,686,536 | - | 3,686,536 |
| | | 37,103,367 | (3,707,939) | 33,395,428 |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

| THE MAXIMUM EXPOSURE TO CREDIT RISK | | GROSS CARRYING AMOUNT | CREDIT LOSS ALLOWANCE | AMORTISED COST / FAIR VALUE |
|--|----|-----------------------|-----------------------|-----------------------------|
| Company - 2023 | | | | |
| Loans to related parties | 7 | 551,866,502 | - | 551,866,502 |
| Investments at fair value through profit or loss | 10 | 31,620 | - | 31,620 |
| Cash and cash equivalents | 11 | 132,478 | - | 132,478 |
| | | 552,030,600 | - | 552,030,600 |
| Company - 2022 | | | | |
| Loans to related parties | 7 | 417,208,727 | - | 417,208,727 |
| Investments at fair value through profit or loss | 10 | 4,668,455 | - | 4,668,455 |
| Cash and cash equivalents | 11 | 218,039 | - | 218,039 |
| | | 422,095,221 | - | 422,095,221 |

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.

Company will encounter difficulties in meeting its obligations as they become due.

The Group and Company manage its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. 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.

• LIQUIDITY RISK

The Group and Company are exposed to liquidity risk, which is the risk that the

| OBLIGATIONS AND CONTRACTUAL CASH FLOWS | NOTE | LESS THAN 1 YEAR | 2 TO 5 YEARS | TOTAL CONTRACTUAL CASHFLOWS | CARRYING AMOUNT |
|--|------|--------------------|--------------------|-----------------------------|--------------------|
| Group - 2023 | | | | | |
| Borrowings | 13 | 209,356,248 | 198,624,873 | 407,981,121 | 331,187,447 |
| Lease liabilities | 4 | 1,629,087 | 4,777,545 | 6,406,632 | 5,416,921 |
| Trade and other payables | 16 | 107,033,622 | - | 107,033,622 | 107,033,622 |
| Dividend payable | 18 | 72,450 | - | 72,450 | 72,450 |
| Bank overdraft | 11 | 487 | - | 487 | 487 |
| | | 318,091,894 | 203,402,418 | 521,494,312 | 443,710,927 |

| OBLIGATIONS AND CONTRACTUAL CASH FLOWS | NOTE | LESS THAN 1 YEAR | 2 TO 5 YEARS | TOTAL CONTRACTUAL CASHFLOWS | CARRYING AMOUNT |
|--|------|-------------------|--------------------|-----------------------------|--------------------|
| Group - 2022 | | | | | |
| Loans from related parties | | 23,460 | - | 23,460 | 23,460 |
| Borrowings | 13 | 14,646,500 | 218,417,500 | 233,064,000 | 200,617,364 |
| Lease liabilities | 4 | 1,383,146 | 899,154 | 2,282,300 | 2,054,894 |
| Trade and other payables | 16 | 41,576,848 | - | 41,576,848 | 41,576,848 |
| Dividend payable | 18 | 48,229 | - | 48,229 | 48,229 |
| Bank overdraft | 11 | 13,700,647 | - | 13,700,647 | 13,700,647 |
| | | 71,378,830 | 219,316,654 | 290,695,484 | 258,021,442 |

| OBLIGATIONS AND CONTRACTUAL CASH FLOWS | NOTE | LESS THAN 1 YEAR | 2 TO 5 YEARS | TOTAL CONTRACTUAL CASHFLOWS | CARRYING AMOUNT |
|--|------|------------------|--------------|-----------------------------|-----------------|
| Company - 2023 | | | | | |
| Trade and other payables | 16 | 23,433 | - | 23,433 | 23,433 |
| Dividend payable | 18 | 72,450 | - | 72,450 | 72,450 |
| | | 95,883 | - | 95,883 | 95,883 |

| OBLIGATIONS AND CONTRACTUAL CASH FLOWS | NOTE | LESS THAN 1 YEAR | 2 TO 5 YEARS | TOTAL CONTRACTUAL CASHFLOWS | CARRYING AMOUNT |
|--|------|------------------|--------------|-----------------------------|-----------------|
| Company - 2022 | | | | | |
| Trade and other payables | 16 | 705,462 | - | 705,462 | 705,462 |
| Dividend payable | 18 | 48,229 | - | 48,229 | 48,229 |
| | | 753,691 | - | 753,691 | 753,691 |

• MARKET RISK

FOREIGN CURRENCY RISK

The Group and Company are 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 Group and Company deal primarily are South African Rands, US dollars and Euros.

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

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

| US DOLLAR EXPOSURE | NOTE | GROUP | | COMPANY | |
|-------------------------------|------|--------------------|----------------|--------------|--------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | N\$ | N\$ | N\$ | N\$ |
| Current assets: | | | | | |
| Trade and other receivables | 9 | 346,830 | 315,732 | - | - |
| Cash and cash equivalents | 11 | 17,177 | 113,737 | - | - |
| Current liabilities: | | | | | |
| Trade and other payables | 16 | (2,325,266) | (255,532) | - | - |
| Net US Dollar exposure | | (1,961,259) | 173,937 | - | - |

EXCHANGE RATES

| NAMIBIA DOLLAR PER UNIT OF FOREIGN CURRENCY | CLOSING EXCHANGE RATES | CLOSING EXCHANGE RATES | CLOSING EXCHANGE RATES | CLOSING EXCHANGE RATES |
|---|------------------------|------------------------|------------------------|------------------------|
| | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| US Dollar | 18,728 | 16,284 | 18,728 | 16,284 |
| South African Rand | 1,000 | 1,000 | 1,000 | 1,000 |

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following information presents the sensitivity of the Group and 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 2023, if the Namibia Dollar exchange rate had been 5.000% (2022: 5.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N\$1,846,280 (2022: N\$141,615).

INTEREST RATE PROFILE

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

| VARIABLE RATE INSTRUMENTS - GROUP | NOTE | AVERAGE EFFECTIVE INTEREST RATE | | CARRYING AMOUNT | |
|--|------|---------------------------------|--------------|----------------------|----------------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | % | % | N\$ | N\$ |
| Assets | | | | | |
| Loans to related parties | 7 | n/a | 7,28% | - | 6,460 |
| Investments at fair value | 10 | 8,39% | 4,39% | 2,447,532 | 4,691,541 |
| | | | | 2,447,532 | 4,698,001 |
| Liabilities | | | | | |
| Borrowings | 13 | 11,02% | 6,91% | (331,187,447) | (200,617,364) |
| Bank overdraft | 11 | 11,91% | 7,71% | (487) | (13,700,647) |
| | | | | (331,187,934) | (214,318,011) |
| Net variable rate financial instruments | | | | (328,740,402) | (209,620,010) |

| VARIABLE RATE INSTRUMENTS - COMPANY | NOTE | AVERAGE EFFECTIVE INTEREST RATE | | CARRYING AMOUNT | |
|--|------|---------------------------------|--------------|--------------------|--------------------|
| | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | % | % | N\$ | N\$ |
| Assets | | | | | |
| Investments at fair value | 10 | 7,61% | 4,26% | 31,620 | 4,668,455 |
| Loans to related parties | 7 | 11,02% | 6,91% | 551,866,502 | 417,208,727 |
| | | | | 551,898,122 | 421,877,182 |
| Liabilities | | | | | |
| Borrowings | 13 | 11,02% | 6,91% | (331,167,296) | (200,521,656) |
| Net variable rate financial instruments | | | | 220,730,826 | 221,355,526 |

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.

At 30 June 2023, if the interest rate had been 1.000% per annum (2022: 1.000%) higher or lower during the period, with all other variables held constant, the effect on profit or loss for the year would have been N\$3,287,404 (2022: N\$2,096,200).

PRICE RISK

PRICE RISK SENSITIVITY ANALYSIS

The Group and Company are 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.

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

LEVELS OF FAIR VALUE MEASUREMENTS RECURRING FAIR VALUE MEASUREMENTS

| ASSETS | NOTES | LEVEL | GROUP | | COMPANY | |
|---|-------|-------|------------------|------------------|---------------|------------------|
| | | | 30 JUNE 2023 | 30 JUNE 2022 | 30 JUNE 2023 | 30 JUNE 2022 |
| | | | N\$ | N\$ | N\$ | N\$ |
| Current assets | | | | | | |
| Investments at fair value | | | | | | |
| Cirrus Capital Money Market Fund | 10 | 2 | 2,415,912 | 23,087 | - | - |
| Capricorn Corporate fund - money market fund | 10 | 2 | 19,841 | 467,938 | 19,841 | 467,938 |
| Old Mutual Corporate fund - money market fund | 10 | 2 | 11,779 | 4,200,516 | 11,779 | 4,200,516 |
| | | | 2,447,532 | 4,691,541 | 31,620 | 4,668,454 |

The table above analysis assets and liabilities carried at fair value. Level 2 price of the Money Market Fund was the trading price at the end of each reporting period.

36. EVENTS AFTER THE REPORTING PERIOD

DIVIDENDS DECLARED

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

DIVIDENDS RECEIVED

Bitstream Internet Solutions (Pty) Ltd declared a dividend on 5 October 2023. Paratus received \$520,000 of this dividend on 31 October 2023.

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.

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 2023, if the price index on the investments at fair value had been 1.000% (2022: 1.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been N\$24,475 (2022: N\$46,915) higher or lower.

35. FAIR VALUE INFORMATION

FAIR VALUE HIERARCHY

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.



PARATUS

Paratus Namibia Holdings Ltd

PARATUS NAMIBIA HOLDINGS LIMITED

[REGISTRATION NUMBER 2017/0558]

SHARE CODE: PNH ISIN: NA000A2DTQ42

DIRECTORS

Executive

Stefanus Isaias de Bruin (Namibian)
Schalk Leipoldt Van Zyl Erasmus (Namibian)
Andrew Hall (Namibian)
Bartholomeus Harmse (Namibian)

Non-executive

Hans-Bruno Gerdes (Namibian)
Josephine Naango Ndakulilwa Shikongo (Namibian)
Morné Romé Mostert (Namibian)
Reagon Rupert Graig (Namibian)

NOTICE OF ANNUAL GENERAL MEETING OF PARATUS NAMIBIA HOLDINGS LIMITED

Notice is hereby given that the Annual General Meeting of Paratus Namibia Holdings Limited ("General Meeting") will be held at the [Paratus Armada Data Center](#) Brakwater, Windhoek, Namibia at 10:00 on Thursday, 25 January 2024 as a hybrid meeting.

Shareholders may join and participate in the meeting either in person, or by means of electronic communication by completing the [Electronic Participation Form](#).

PURPOSE

The purpose of the Annual General Meeting is to consider and, if deemed fit, to approve and adopt, with or without modification, the resolutions set out in this Notice of Annual General Meeting.

Herewith the proposed agenda and resolutions:

1. NOTICE CONVENING THE MEETING

2. APOLOGIES

3. ORDINARY RESOLUTION 1: INTEGRATED REPORT

It will be proposed as an ordinary resolution that the Integrated Annual Report for Paratus Namibia Holdings Limited for the year ended 30 June 2023, including all the reports and the annual financial statements, be adopted and approved.

4. ORDINARY RESOLUTION 2: APPOINTMENT OF AUDITORS

It will be proposed as an ordinary resolution that, it be confirmed that PricewaterhouseCoopers be reappointed as independent auditors to Paratus Namibia Holdings Limited for the ensuing year and that the Audit, Risk and Compliance Committee be authorised to agree to the auditors' remuneration.

5. BOARD COMPOSITION

In terms of the Articles of Association, one-third of non-executive directors are subject to retirement annually but are eligible for re-election. Accordingly, Josephine Naango Ndakulilwa Shikongo and Morné Romé Mostert retire by rotation.

Mrs Shikongo has made herself available for re-election.

The Board notes their appreciation for the valuable contribution that Mr Mostert has made to Paratus Namibia Holdings Limited during his tenure.

Shareholders will be requested to note that the Remuneration and Nomination Committee is in the process of evaluating potential candidates whereafter the Board will make an interim appointment to fill the additional

vacancy on the Board. The vacancy will be filled as to ensure that Paratus Namibia Holdings Limited remains compliant with the NamCode. The director appointed through the interim appointment will resign at the next annual general meeting.

ORDINARY RESOLUTION 3: RE- ELECTION OF JOSEPHINE NAANGO NDAKULILWA SHIKONGO

It will be proposed as an ordinary resolution that Josephine Naango Ndakulilwa Shikongo is to be re-appointed as a director of the Company in accordance with the Companies Act and the Articles of Association. Shareholders will be requested to note that the curriculum vitae of Josephine Naango Ndakulilwa Shikongo is included in the Integrated Annual Report on page 45.

6. ORDINARY RESOLUTION 4: RATIFICATION OF DIVIDENDS

It will be proposed as an ordinary resolution that the dividends declared and paid by Paratus Namibia Holdings Limited, being an interim dividend of 10 cents per share declared on 22 March 2023 and paid 19 May 2023 and a final dividend of 10 cents per ordinary share declared on 19 September 2023 and paid on 10 November 2023 be ratified.

7. ORDINARY RESOLUTION NUMBER 5: AUTHORITY TO ACTION ALL ORDINARY RESOLUTIONS

It will be proposed as an ordinary resolution that, any director of Paratus Namibia Holdings Limited, or the company secretary be and is hereby authorised to do all such things as are necessary and to sign all such documents issued by Paratus Namibia Holdings Limited and take all actions as may be necessary to implement the above ordinary resolutions with or without amendment.

8. TO TRANSACT ANY OTHER BUSINESS WHICH, UNDER THE ARTICLES OF ASSOCIATION, MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

Below the link to register for electronic participation at the meeting:

[Electronic Participation Form](#)

By order of the Board

NOTE:

1. The date on which Paratus Namibia Holdings Limited Shareholders must be recorded in the Register for purposes of being entitled to receive this notice is Wednesday, 29 December 2022.

The date on which Paratus Namibia Holdings Limited Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at

the Annual General Meeting is Thursday, 11 January 2024.

Accordingly, the Last Day to Trade to be entitled to attend and vote at the Annual General Meeting is Wednesday, 3 January 2024.

Any Paratus Namibia Holdings Limited Shareholder who holds Shares in Paratus Namibia Holdings Limited may attend, participate in and vote at the Annual General Meeting or at any adjournment thereof or may appoint any other person or persons (none of whom need be a Paratus Namibia Holdings Limited Shareholder) as a proxy or proxies, to attend, participate in and vote or abstain from voting at the Annual General Meeting or at any adjournment thereof, in such Shareholder's stead.

2. A form of proxy is attached for use by such Paratus Namibia Holdings Limited Shareholders. Such form of proxy duly completed, must be forwarded to and reach the Transfer Secretaries, by no later than 10:00 on Tuesday, 23 January 2024. The completion of a form of proxy does not preclude any Shareholder registered by the Voting Record Date from attending the Annual General Meeting.

Meeting participants may be required to provide satisfactory identification. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairperson of the Annual General Meeting and must accordingly bring a copy of their identity document, passport or driver's license to the Annual General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.

3. Shareholders attending by electronic means must complete the Electronic Participation Form. Registration for electronic participation will be accepted up until commencement of the meeting, but will be subject to a vetting and verification process.
4. For an ordinary resolution to be approved by Paratus Namibia Holdings Limited Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution.
5. For a special resolution to be approved by Paratus Namibia Holdings Limited Shareholders, it must be approved at a general meeting where not less than one-fourth of the total votes of all the members entitled to vote are present in person or by proxy, and be passed by majority of at least 75% of the total voting rights of Shareholders present in person or by proxy.

SIGNED AT WINDHOEK, NAMIBIA, ON 29 NOVEMBER 2023 ON BEHALF OF THE BOARD.

By order of the Board

Registered Office

104-106 Nickel Street
Windhoek
Namibia

P.O. Box 81588, Olympia
Windhoek
Namibia 135



PARATUS

Paratus Namibia Holdings Ltd

PARATUS NAMIBIA HOLDINGS LIMITED

(INCORPORATED IN THE REPUBLIC OF NAMIBIA)

(REGISTRATION NUMBER 2017/0558)

(DATE OF REGISTRATION: 30 JUNE 2017)

SHARE CODE: PNH ISIN: NA000A2DTQ42

FORM OF PROXY – FOR USE BY CERTIFICATED SHAREHOLDERS ONLY

I/We (full name in block letters): _____

of (address): _____

Telephone Number: _____

E-Mail Address: _____

being the registered shareholder of _____ Paratus Namibia Holdings Limited,

Do hereby appoint

_____ of _____ or failing him/her

_____ of _____ or failing him/her

the Chairperson of the Annual General Meeting, as my/our proxy to vote for me/us on my/our behalf at the General Meeting which will be held for the purpose of considering and, if deemed fit, approving and adopting, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the said resolutions and/or to abstain from voting in respect of the Shares registered in my/our name(s), and at any adjournment thereof as follows

| RESOLUTION | FOR | AGAINST | ABSTAIN |
|--|-----|---------|---------|
| ORDINARY RESOLUTION NUMBER 1 - TO ADOPT THE INTEGRATED ANNUAL REPORT | | | |
| ORDINARY RESOLUTION NUMBER 2 – APPOINTMENT OF AUDITORS | | | |
| ORDINARY RESOLUTION NUMBER 3 – RE-ELECTION OF JOSEPHINE NAANGO NDAKULILWA SHIKONGO | | | |
| ORDINARY RESOLUTION NUMBER 4 – DECLARATION OF DIVIDENDS | | | |
| ORDINARY RESOLUTION NUMBER 5 - IMPLEMENTATION OF RESOLUTIONS | | | |

(Indicate instruction to proxy by way of a cross in space provided above.)

Unless otherwise instructed, my proxy may vote as he/she deems fit.

Signed this day of

.....
Full Name and Surname

.....
Signature

Note 1: A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend, speak and on a poll vote in his/her stead, and such proxy need not also be a Shareholder of the Company.

Note 2: One vote per Share held by Paratus Namibia Holdings Limited Shareholders. Paratus Namibia Holdings Limited Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the form of proxy is returned without an indication as to how the proxy should vote on a particular matter, the proxy will exercise his/her discretion as to whether,

and if so, how he/she votes.

Note 3: If the Annual General Meeting is adjourned or postponed, forms of proxy submitted for the initial Annual General Meeting will remain valid in respect of any such adjournment or postponement.

Registered Office

104-106 Nickel Street
Windhoek
Namibia

P.O. Box 81588, Olympia
Windhoek
Namibia

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PARATUS

Paratus Namibia Holdings Ltd

CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER: 2017/0558

WEBSITE: [HTTPS://INVEST.PARATUS.AFRICA](https://invest.paratus.africa)

SHARE CODE: PNH

ISIN: NA000A2DTQ42

HEAD OFFICE

106 Nickel Street, Prosperita
Windhoek, Namibia
P.O. Box 90140
Klein Windhoek
Windhoek, Namibia
Tel: +264 83 300 1000

REGISTERED ADDRESS OF PARATUS

106 Nickel Street, Prosperita
Windhoek, Namibia
P.O. Box 81588
Olympia
Windhoek, Namibia
Tel: +264 61 247 437

COMPANY SECRETARY

Cronjé Secretarial Services (Proprietary) Limited
1 Charles Cathral Street
Windhoek, Namibia
P.O. Box 81588
Olympia
Windhoek, Namibia
Tel: +264 81 319 8200
E-mail: cronje@cronjelaw.com
www.cronjelaw.com

MANAGING DIRECTOR: NAMIBIA

Andrew Hall
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E-mail: andrew@paratus.africa

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Stefan de Bruin
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E-mail: stefan@paratus.africa

GROUP EXECUTIVE CHAIRMAN

Barney Harmse
Tel: +264 83 300 1000
E-mail: barney@paratus.africa

GROUP CHIEF EXECUTIVE OFFICER

Schalk Erasmus
Tel: +264 83 300 1000
E-mail: schalk@paratus.africa

TRANSFER SECRETARIES

Transfer Secretaries (Proprietary) Limited
4 Robert Mugabe Avenue
(entrance in Burg Street opposite 2A Chateau St)
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P.O. Box 2401
Windhoek, Namibia
Tel: +264 61 227647
E-mail: Alexandreah@nsx.com.na

AUDITORS AND REPORTING ACCOUNTANT

PricewaterhouseCoopers (Chartered Accountants (Namibia))
Registered Accountants and Auditors
344 Independence Avenue
Windhoek, Namibia
P.O. Box 1571
Windhoek, Namibia
Tel: +264 61 284 1000

COMMERCIAL BANKS

Bank Windhoek Limited
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Windhoek, Namibia
P.O. Box 15
Windhoek, Namibia

First National Bank Namibia
FNB Windhoek Parkside Head Office
130 Independence Avenue c/o Fidel Castro
Windhoek, Namibia
P.O. Box 195
Windhoek, Namibia

SPONSOR

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Klein Windhoek
Windhoek, Namibia
P.O. Box 3970
Windhoek, Namibia
Tel: +264 61 254 194
E-mail: info@sss.com.na
www.sss.com.na/

LEGAL ADVISORS

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ENS AFRICA

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Namibia
tel: +264 61 379 700
fax: +264 61 379 701
email: infoWDH@ENSafrica.com

GLOSSARY

| | | | |
|---------------|---|-------------------|--|
| AA | Affirmative Action | EEW | Electrical and Electronic Waste |
| ACMA | Associate Chartered Management Accountant | ESCS | Equiano Submarine Cable System |
| ARC | Audit, Risk and Compliance Committee | ESG | Environmental, Social and Governance Committee |
| CAPEX | capital expenditure | EXCO | Executive Committee |
| CCNA | Cisco Certified Network Associate | FAST CONGO | Fiber Access Service Technology Congo S.A. |
| CEO | Group Chief Executive Officer | FHI | Family Health International |
| CFO | Group Chief Financial Officer | FTTH | Fiber-to-the-home |
| CGMA | Chartered Global Management Accountant | FTTX | Fiber to the X |
| CGU | Cash Generating Unit | FVTPL | Fair value through profit or loss |
| COO | Group Chief Operations Officer | FY2023 | financial year ended 30 June 2023 |
| CP | Chairperson | GP% | gross profit margin percentage |
| CPC | Capital Pool Company | HOD | Heads of departments |
| CRAN | Communications Regulatory Authority of Namibia | IASB | International Accounting Standards Board |
| DC | Data Center | IC | Investment Committee |
| DID | Direct Inward Dailing | ICT | Information Communication and Technology |
| DMTNP | Domestic Medium Term Note Programme | IFRS | International Financial Reporting Standards |
| EBITDA | Earnings before interest, taxation, depreciation and amortisation | IFRS IC | IFRS Interpretations Committee |
| ECL | Expected credit losses | IRU | Indefeasible Right-of-Use |
| | | ISAS | International Standards of Auditing |



| | | | |
|---------------------|--------------------------------------|------------------|--|
| ISP | Internet Service Provider | OMIGPI | Old Mutual Investment Group Property Investments (Proprietary) Limited |
| IT | Information Technology | PARATUS | Paratus Telecommunications (Proprietary) Limited |
| ITA | Internet Technologies Angola | PCI-DSS | Payment Card Industry Data Security Standards |
| ITN | Internet Technologies Namibia | PNH | Paratus Namibia Holdings Limited |
| IXP | Internet exchange point | POS | Point of sale |
| LCR | Least Cost Routing | PPS | Professional Provident Society Insurance Company (Namibia) Limited |
| LIFETIME ECL | Lifetime expected credit losses | PTNA | Paratus Telecommunications (Proprietary) Limited |
| M&A | Mergers and Acquisitions | PV | Photo Voltaic |
| MCSE | Microsoft Certified Systems Engineer | PWC | PricewaterhouseCoopers |
| MCT | Microsoft Certified Trainer | RAN | Radio Access Network |
| MD | Managing Director | REMCO | Remuneration and Nomination Committee |
| MEEM | Multi-period Excess Earnings Method | RFS | Ready-For-Service |
| MRR | Monthly Recurring Revenue | ROU | right of use |
| NAMCODE | Namibian Code | SDGS | The United Nations Sustainable Development Goals |
| NENS | Namibian Exchange News Service | SLA | Service Level Agreements |
| NGO | Not for gain organisations | THE GROUP | Paratus Namibia Holdings Limited and its subsidiaries |
| NOC | Network Operations Center | UN | United Nations |
| NRR | Non-recurring Revenue | USAID | United States Agency for International Development |
| NSX | Namibian Stock Exchange | | |

