



NAFISAT MANAGEMENT  
ACCOUNTS FOR THE QUARTER  
ENDED  
31 MARCH 2021

## Table of Contents

1.	INTRODUCTION .....	3
2.	DETAILED ANALYSIS .....	3
2.1.	REVENUE .....	4
2.2.	OPERATING EXPENDITURE .....	4
2.2.1.	SALARIES AND RELATED COSTS .....	4
2.2.2.	TRAVELING EXPENSES .....	5
2.2.3.	BAD DEBTS EXPENSES.....	5
2.2.4.	COMMISSION PAID .....	5
2.2.5.	ELECTRONIC MAINTENANCE.....	5
2.2.6.	OTHER OPERATIONAL EXPENSES.....	5
2.2.7.	DEPRECIATION .....	5
3.	FINANCE REVENUE .....	6

## 1. INTRODUCTION

This report outlines the performance for the period under review.

## 2. DETAILED ANALYSIS

The results for March 2021 are summarized below.

**Table 1: Statement of Financial Performance**

Description	Actual	Budget	Variance	Variance
	\$	\$	\$	%
<b>Revenue</b>				
Nafisat Revenue	1 721 926	2 036 834	-314 908	-15.5%
Other Revenue	61 344	0	61 344	100.0%
<b>Total Revenue</b>	<b>1 783 270</b>	<b>2 036 834</b>	<b>-253 564</b>	<b>-12.4%</b>
Salaries & Related Costs	410 770	520 875	110 105	21.1%
Traveling Expenses	1 864	113 560	111 696	98.4%
Telecommunications Expenses	172 477	174 426	1 949	1.1%
Bad Debts Expenses	118 487	187 474	68 986	36.8%
Bank Charges	643	720	77	10.6%
Commission Paid	32 182	44 808	12 626	28.2%
Electronic Maintenance	-42 571	44 979	87 550	194.6%
Indirect Costs	251 463	250 580	-882	-0.4%
ATNS Management Fees	250 775	303 398	52 623	17.3%
IATA Management Fees	40 000	40 000	-0	-0.0%
Network Management Costs	164 078	185 749	21 671	11.7%
Marketing Expenses	0	5 133	5 133	100.0%
Contract Services	2 907	29	-2 878	-100.0%
<b>Operational Expenses</b>	<b>1 403 075</b>	<b>1 875 807</b>	<b>472 732</b>	<b>25.2%</b>
<b>EBITDA</b>	<b>380 194</b>	<b>161 027</b>	<b>219 168</b>	<b>136.1%</b>
Depreciation	294 801	312 043	17 243	5.5%
<b>Net Profit/Loss before Interest and Tax</b>	<b>85 393</b>	<b>-151 017</b>	<b>236 409</b>	<b>-156.5%</b>
<b>Finance Revenue</b>	<b>-2 956</b>	<b>-16 230</b>	<b>-13 275</b>	<b>81.8%</b>
Interest Received	2 956	16 230	-13 275	-81.8%
<b>Net Profit Before Tax</b>	<b>88 348</b>	<b>-134 786</b>	<b>223 134</b>	<b>-165.5%</b>
Taxation	0	-37 740	-37 740	100.0%
<b>Net Profit /(Loss) After Tax</b>	<b>88 348</b>	<b>-97 046</b>	<b>185 394</b>	<b>-191.0%</b>

## 2.1. REVENUE

NAFISAT revenue of \$1.7m is \$311.9k (15.5%) below budget due to lower Flight Information Region (FIR) crossing movements due to travel restrictions that were imposed due to COVID-19.

Other Revenue of \$61.3k is based on bad debt recoveries during the period under review.

## 2.2. OPERATING EXPENDITURE

The operating expenses are \$472.7k (25.2%) below budget. The following cost elements make up the total operating costs:

### 2.2.1. SALARIES AND RELATED COSTS

Salaries and related costs are \$110.1k (21.1%) below budget. The table below provides a detailed breakdown of this variance:

**Table 2: Salaries and Related Costs Breakdown**

Description	Actual	Budget	Variance	Variance %
Salary Packages - CTC	400 335	424 618	24 283	5.7%
Overtime	37	15 210	15 173	99.8%
Other	10 398	81 047	70 649	87.2%
<b>Total</b>	<b>410 770</b>	<b>520 875</b>	<b>109 391</b>	<b>21.1%</b>

- Salary packages are \$24.2k (5.7%) below budget due to costs being lower than planned. The budget included salary increases related costs. Due to the pandemic, the planned salary increases were not effected, resulting in savings;
- Overtime costs are below budget due to stricter cost control measures implemented; and
- Other expenses of \$70.6k (87.2%) are lower than planned. The budget included, among others, the incentive bonus. With the view of curbing the expenses, an executive decision was taken not to award incentive bonuses.

### **2.2.2. TRAVELING EXPENSES**

Traveling expenses are below budget by \$111.7k (98.4%) mainly due to the pandemic. Due to the pandemic most engagements are conducted virtually, except for electronic equipment maintenance travel which is demand driven.

### **2.2.3. BAD DEBTS EXPENSES**

Bad debt expenses are below budget by \$68.9k (36.8%) due to less provision as a result of lower revenue generated.

### **2.2.4. COMMISSION PAID**

Commission paid, driven by the number of FIRs invoiced, is \$12.6k (28.2%) below budget due to lower collections by IATA.

### **2.2.5. ELECTRONIC MAINTENANCE**

Electronic maintenance included in the budget is a portion related to unplanned corrective maintenance. Unplanned corrective maintenance is budgeted as a precautionary measure and will thus be utilized only when there are equipment failures. Due to the pandemic, the planned electronic maintenance couldn't be carried out.

### **2.2.6. OTHER OPERATIONAL EXPENSES**

Other operational expenses include ATNS management fees, indirect cost, IATA management fees, network management costs, and contract services:

- ATNS management fees are \$52.6k (17.3%) below budget mainly due to revenue being lower than anticipated;
- Indirect costs and IATA Management fees are in line with the budget; and
- Network management fees are a result of an agreement ATNS entered with IATA whereby ATNS pays 65% of profit after tax to IATA.

### **2.2.7. DEPRECIATION**

Depreciation expense at \$294.8k, is in line with the budget.

**3. FINANCE REVENUE**

The actual finance revenue is \$13.2k (81.8%) below budget as a result of less interest earned on the call account.

---

Approved by: Matome Moholola – CFO

Date:

---