



NAFISAT MANAGEMENT
ACCOUNTS FOR THE QUARTER
ENDED
30 June 2022

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1. INTRODUCTION

This report outlines the performance for the period under review.

2. DETAILED ANALYSIS

The results for June 2022 year to date (YTD) are summarized below.

Table 1: Statement of Financial Performance

Description	Actual	Budget	Variance	Variance
	\$	\$	\$	%
Revenue				
Nafisat Revenue	2 726 844	1 704 902	1 021 942	59,9%
Other Revenue	73 774	0	73 774	100,0%
Total Revenue	2 800 618	1 704 902	1 095 716	64,3%
Salaries & Related Costs	465 727	490 392	24 665	5,0%
Traveling Expenses	733	24 024	23 291	97,0%
Telecommunications Expenses	154 370	200 730	46 360	23,1%
Bad Debts Expenses	137 739	7 494	-130 245	-1 737,9%
Bank Charges	770	365	-406	-111,2%
Commission Paid	49 116	70 090	20 974	29,9%
Electronic Maintenance	65 181	10 045	-55 136	-548,9%
Indirect Costs	252 136	252 135	-0	-0,0%
ATNS Management Fees	429 654	149 010	-280 644	-188,3%
IATA Management Fees	40 000	40 000	-0	-0,0%
Network Management Costs	370 399	200 888	-169 510	-84,4%
Professional Fees	41 015	3 549	-37 466	-1 055,7%
Operational Expenses	2 006 841	1 448 722	-558 119	-38,5%
EBITDA	793 777	256 180	537 597	209,9%
Depreciation	353 741	323 237	-30 504	-9,4%
Net Profit/Loss before Interest and Tax	440 035	-67 058	507 093	-756,2%
Finance Revenue	-2 628	-1 026	1 602	-156,1%
Interest Received	2 628	1 026	1 602	156,1%
Net Profit Before Tax	442 663	-66 032	508 695	-770,4%
Taxation	123 946	0	-123 946	-100,0%
Net Profit /(Loss) After Tax	318 717	-66 032	384 749	-582,7%

2.1. REVENUE

NAFISAT revenue of \$2.7m is \$1.0m (59.9%) above budget due to improvements on the Flight Information Region (FIR) crossing movements. At the time of budget preparation, it was not envisaged that the FIR's will increase with such high margins. This resulted in net profit after tax of \$318.7k.

2.2. OPERATING EXPENDITURE

The operating expenses are \$558.1k (38.5%) above budget. The following cost elements make up the total operating costs:

2.2.1. SALARIES AND RELATED COSTS

Salaries and related costs are \$24.7k (5.0%) below budget due to vacancies within the network.

2.2.2. TRAVELING EXPENSES

Traveling expenses are below budget by \$23.2k (97.0%) mostly due to planned engagements being conducted virtually and this has resulted in an under-spending. The Supervisory Board meetings were also held virtually.

2.2.3. TELECOMMUNICATION EXPENSES

Telecommunication expenses are below budget by \$46.3k (23.1%) due to spectrum costs being lower than anticipated. The spectrum invoices are settled for in USD and would thus be affected fluctuating foreign exchange rates. The budget assumed a R15.6 US\$ exchange rate to the Rand while the actual average exchange rate used for was R14.9.

2.2.4. BAD DEBTS EXPENSES

The bad debts expense is above budget by R130.2m (1 737.9%) due to the provision for bad debts being higher than planned. During the financial period the increased risk on the recoverability of certain debtors and the higher than anticipated debtor's collection rate.

2.2.5. COMMISSION PAID

Commission paid, driven by the number of FIRs invoiced, is \$20.9k (29.9%) below budget due to lower collections by IATA.

2.2.6. ELECTRONIC MAINTENANCE

Electronic maintenance expense is \$55.1k (548.9%) above budget mainly due to more equipment failures than anticipated. Included in the budget is a portion related to unplanned corrective maintenance. Unplanned corrective maintenance is budgeted as a contingency and will thus be utilized only when there are equipment failures.

2.2.7. OTHER OPERATIONAL EXPENSES

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

- Indirect costs and IATA Management fees are in line with the budget;
- ATNS management fees are levied and payable to ATNS as a percentage (15%) of debt collected by the on behalf of NAFISAT. For the period under review, ATNS management fees are \$280.6k (188.3%) above budget mainly due to revenue being higher than anticipated; and
- Network management fees are a result of an agreement ATNS entered with IATA whereby ATNS pays 65% of profit after tax to IATA for IATA members. Network management fees are \$169.5k (84.4%) above budget. The increased FIR's led to the profits that were realized. This was not foreseen at the time of budget planning.

2.2.8. PROFESSIONAL FEES

Professional fees are above budget by \$37.4k (1 055.7%) due to services that were procured to upgrade the and install equipment for NAFISAT (satellite services provided) sub-networks.

2.2.9. DEPRECIATION

Depreciation expense are above budget by \$30.5k (9.4%) due to the depreciation expense being higher than anticipated.

3. FINANCE REVENUE

The actual finance revenue is \$1.6k (156.1%) above budget as a result of increased interest earned on the call account.

4. ANNEXURE A: DEBTORS AGE ANALYSIS

Customer Name	Outstanding Amount	Current	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	91-180 Days Past Due	181-360 Days Past Due	361+ Days Past Due
ETHIOPIAN AIRLINES CORPORATION	139 344	65 495	-	767	73 105	-	-	-23
SAUDI AIR NAVIGATION SERVICES	97 764	5 459	5 227	5 217	5 009	14 789	47 917	14 146
FLYDUBAI DBA DUBAI AVIATION	65 032	4 411	5 149	-	91	1 720	378	53 283
BADR AIRLINES	49 005	1 057	1 316	5 219	3 618	12 743	8 096	16 956
QATAR AIRWAYS	27 393	27 393	-	-	-	-	-	-
FELIX AIRWAYS	23 373	345	463	858	1 285	3 822	1 666	14 933
FLYNAS COMPANY CLOSED JOINT STOCK	21 455	129	569	979	791	3 967	4 630	10 389
ETAT MAJOR DU COTAM	21 119	388	379	606	603	1 708	3 939	13 497
YEMENIA-YEMEN AIRWAYS	20 828	1 413	1 243	1 988	1 769	5 629	3 990	4 796
BLUEBIRD AVIATION LTD	20 244	65	284	747	840	3 549	4 360	10 399
TARCO AIR	20 145	971	979	3 694	2 244	7 890	3 333	1 033
SILVERSTONE AIR	18 818	108	305	858	731	3 989	3 540	9 285
RWANDAIR EXPRESS	16 826	8 843	6 971	-	1 012	-	-	-
EMIRATES	16 392	13 438	-	-	-	-	2 586	368
KENYA AIRWAYS	13 730	13 190	-	61	-20	-48	351	196
DHL AVIATION (PTY) LTD	12 794	1 014	937	898	880	4 390	4 188	487
LIBYAN AIRLINES	12 731	-	11	-	10	-	20	12 690
AIR TANZANIA	12 443	1 176	663	495	494	801	2 605	6 209
EUROPE AIR	12 082	-	769	1 191	-	96	626	9 400
AFRICAN EXPRESS AIRWAYS	11 507	65	242	596	652	2 118	2 406	5 428
EL AL ISRAEL AIRLINES LIMITED	10 313	97	63	-	-	976	997	8 180
TURKISH AIRLINES INC.	10 145	10 202	-	-	-	-	47	-104
JAMBO JET	10 066	302	274	182	119	20	-	9 170
BALANCE ABOVE \$10 000	663 549	155 559	25 845	24 356	93 234	68 159	95 677	200 719
BALANCE BETWEEN \$9 999 to \$999	487 431	71 071	23 681	16 930	14 382	45 539	66 832	248 996
BALANCE BELOW \$999	239 450	13 533	8 669	10 933	6 099	22 533	27 304	147 820