



**PARATUS**

Paratus Namibia Holdings Limited

(Incorporated in the Republic of Namibia)

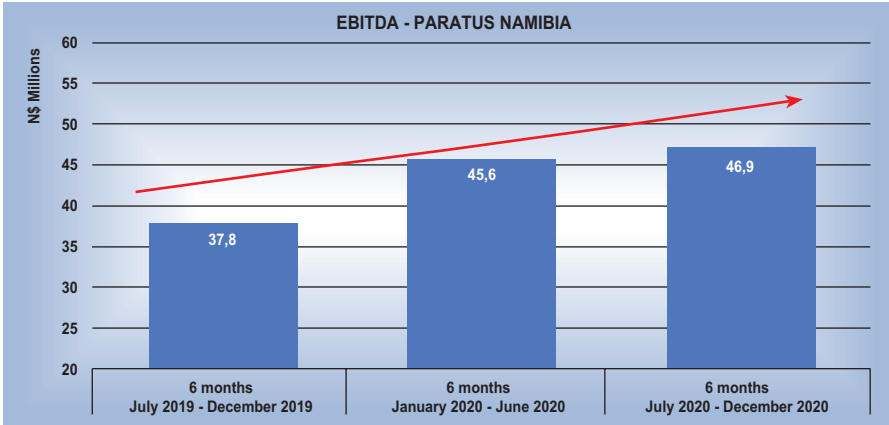
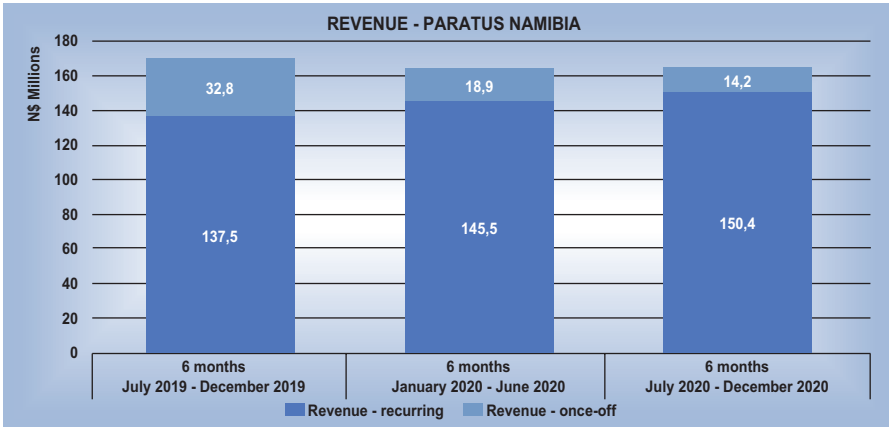
(Registration number 2017/0558) ("Paratus Holdings" or "the group")

(NSX Share code: PNH) (ISN code: NA 000A2DTQ42)

<https://invest.paratus.africa>

# REVIEWED FINANCIAL RESULTS

For the six months ended 31 December 2020



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME				
for the six months ended 31 December 2020				
	6 months 31 December 2020	6 months 31 August 2019	16 months 30 June 2020	
	Reviewed N\$	Unaudited N\$	Audited N\$	Notes
Revenue	167 362 199	3 477 718	173 390 963	
Cost of sales	(79 241 116)	-	(78 090 616)	
<b>Gross Profit</b>	<b>88 121 083</b>	-	<b>95 300 347</b>	
Other operating income	202 334	-	282 664	
Other operating gains	195 073	-	3 558 614	2.2
Operating expenses	(61 911 925)	(1 825 260)	(70 703 021)	
<b>Operating profit</b>	<b>26 606 566</b>	<b>1 652 458</b>	<b>28 438 604</b>	
Share of associate's results after taxation	-	2 479 351	6 662 882	
Interest received	38 647	-	90 784	
Finance cost	(3 051 123)	(1)	(4 024 915)	
<b>Profit before taxation</b>	<b>23 594 089</b>	<b>4 131 808</b>	<b>31 167 355</b>	
Taxation	(7 055 686)	-	(5 741 566)	
<b>Profit for the period</b>	<b>16 538 403</b>	<b>4 131 808</b>	<b>25 425 789</b>	2.2
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
After taxation gains on property revaluation	-	-	1 985 600	
<b>Total comprehensive income for the period</b>	<b>16 538 403</b>	<b>4 131 808</b>	<b>27 411 389</b>	

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION				
as at 31 December 2020				
	31 December 2020	31 August 2019	30 June 2020	
	Reviewed N\$	Unaudited N\$	Audited N\$	Notes
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	325 801 669	-	254 244 407	2.3
Right-of-use assets	1 331 546	-	1 771 687	
Investment in associate	-	223 795 261	-	
Intangible assets	294 363 310	-	297 156 674	2.4
Loans to related parties	-	-	220 231	
	<b>621 496 525</b>	<b>223 795 261</b>	<b>553 392 999</b>	
<b>Current assets</b>				
Finance lease receivables	41 542	-	103 163	
Inventories	21 774 212	-	13 735 126	
Loans to related parties	738 840	-	600 000	
Trade and other receivables	24 094 982	231 750	29 922 149	
Investments at fair value	86 321 499	80 500 034	115 096 827	2.5
Current taxation receivable	3 557 530	-	1 972 681	
Cash and cash equivalents	2 028 415	259 846	20 965 432	
	<b>138 557 020</b>	<b>80 991 630</b>	<b>182 395 378</b>	
<b>TOTAL ASSETS</b>	<b>760 053 545</b>	<b>304 786 891</b>	<b>735 788 377</b>	

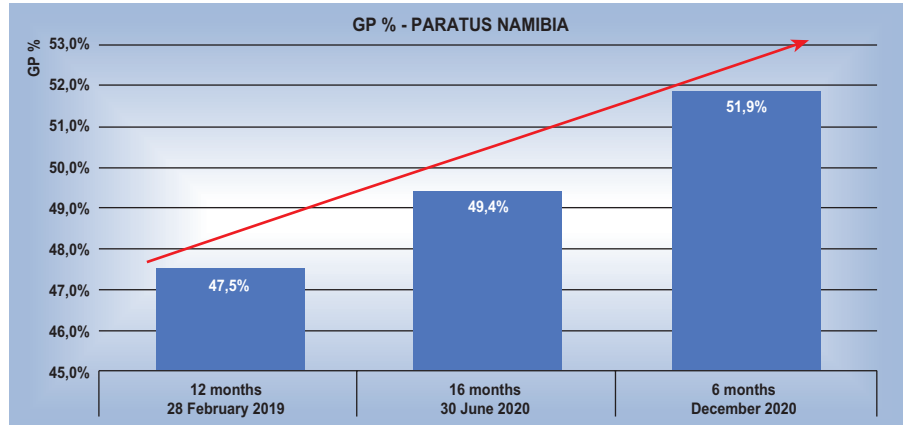
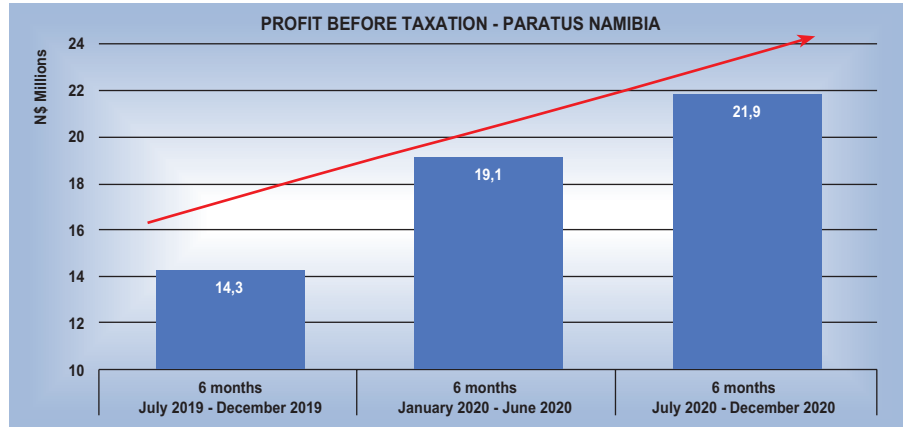
<b>EQUITY AND LIABILITIES</b>			
Share Capital	500 674 703	291 853 222	486 911 828
Non-distributable reserves	1 985 600	-	1 985 600
Distributable reserves	40 049 081	11 827 572	28 382 990
	<b>542 709 384</b>	<b>303 680 794</b>	<b>517 280 418</b>
<b>Non-current liabilities</b>			
Borrowings	59 115 785	-	64 889 735
Lease liabilities	1 020 960	-	1 364 059
Contract liabilities	91 218 245	-	79 480 705
Deferred taxation	17 481 416	-	10 425 730
	<b>168 836 406</b>	<b>-</b>	<b>156 160 229</b>

<b>Current liabilities</b>			
Trade and other payables	20 582 764	1 106 097	27 043 162
Borrowings	14 093 340	-	14 994 478
Lease liabilities	888 458	-	1 048 768
Contract liabilities	7 539 389	-	8 831 084
Provisions	4 117 984	-	5 648 675
Bank overdraft	1 256 496	-	43 001
Dividends payable	29 324	-	4 738 562
	<b>48 507 755</b>	<b>1 106 097</b>	<b>2 347 730</b>

<b>TOTAL EQUITY AND LIABILITIES</b>	<b>760 053 545</b>	<b>304 786 891</b>	<b>735 788 377</b>
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS				
for the six months ended 31 December 2020				
	31 December 2020	31 August 2019	30 June 2020	
	Reviewed N\$	Unaudited N\$	Audited N\$	

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operating activities	43 353 793	2 453 859	65 836 265
Cash generated by / (used in) operations	45 108 438	(1 023 858)	60 696 473
Interest paid	(2 965 689)	(1)	(3 850 172)
Interest received	38 647	-	90 784
Dividend income	2 757 246	3 477 718	9 052 815
Tax paid	(1 584 849)	-	(153 635)
Cash flows used in investing activities	(46 758 811)	(1 825 338)	(35 669 315)
Cash flows used in financing activities	(16 764 089)	(555 000)	(8 856 247)
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(20 169 107)</b>	<b>73 521</b>	<b>21 310 703</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>20 922 431</b>	<b>186 325</b>	<b>186 325</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>18 595</b>	<b>-</b>	<b>(574 597)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>771 919</b>	<b>259 846</b>	<b>20 922 431</b>



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY					
for the six months ended 31 December 2020					
	Share capital	Share premium	Distributable reserves	Non- distributable reserves	Total
	N\$	N\$	N\$	N\$	N\$
<b>Audited balance at 1 March 2019</b>	<b>287 107</b>	<b>292 121 115</b>	<b>7 695 764</b>	<b>-</b>	<b>300 103 986</b>
Issue of shares	186 749	194 316 857	-	-	194 503 606
Dividends paid	-	-	(4 738 562)	-	(4 738 562)
Profit for the year	-	-	25 425 789	-	25 425 789
Other comprehensive income	-	-	-	1 985 600	1 985 600
Total changes	186 749	194 316 857	20 687 227	1 985 600	217 176 433
<b>Audited balance at 1 July 2020</b>	<b>473 856</b>	<b>486 437 972</b>	<b>28 382 990</b>	<b>1 985 600</b>	<b>517 280 418</b>
Cross-holding shares disposed of during the period	13 375	13 749 500	-	-	13 762 875
Dividends	-	-	(4 872 312)	-	(4 872 312)
Profit for the year	-	-	16 538 403	-	16 538 403
Other comprehensive income	-	-	-	-	-
Total changes	13 375	13 749 500	11 666 091	-	25 428 966
<b>Reviewed balance 30 December 2020</b>	<b>487 231</b>	<b>500 187 472</b>	<b>40 049 081</b>	<b>1 985 600</b>	<b>542 709 384</b>

<b>1. OTHER INFORMATION</b>				
	Notes	31 December 2020 Reviewed	31 August 2019 Unaudited	30 June 2020 Audited
Number of shares in issue	2.2	48 723 123	28 710 629	47 385 623
Net asset value per share (cents per share)		1 113.86	1 061.58	1 091.64
Listed market price per share (cents per share)		1 149.00	1 030.00	1 100.00
Premium to net asset value		3.15%	2.97%	0.77%
Capital commitments (including approved but not contracted)		<b>N\$222.8 million</b>	<b>N\$Nil</b>	<b>N\$323 million</b>
Basic earnings per share (cents)	2.2	34.42	14.39	71.27
Headline earnings per share (cents)	2.2	32.51	14.39	67.26
Dividends per share (cents)		10.00	Nil	10.00
EBITDA		<b>N\$48 573 176</b>	<b>N\$4 131 808</b>	<b>N\$55 148 095</b>
EBITDA per share (cents)		101.08	14.39	154.58

## 2. NOTES TO THE FINANCIAL RESULTS

**2.1 Basis of preparation**  
The reviewed condensed consolidated interim financial statements for the six months ending 31 December 2020, from which this information is derived, is prepared in accordance with the requirements of the NSX Listings Requirements for provisional reports and the requirements of the Companies Act of Namibia. The Listings Requirements require provisional reports to be prepared according to the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and to also, as a minimum, contain the information required by IAS34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements, except for the adoption of new or revised accounting standards as set out in the annual condensed financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance since the last annual condensed financial statements.

<b>2.2 Basic and Headline earnings per ordinary share</b>	<b>31 December 2020 Reviewed</b>	<b>31 August 2019 Unaudited</b>	<b>30 June 2020 Audited</b>
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<b>Shares in issue</b>			
Total number of shares in issue	48 723 123	28 710 692	47 385 623
Weighted number of shares in issue	48 054 373	28 710 692	35 675 523

On 1 January 2020, a share swap transaction was concluded, resulting in the issuance of 20 012 431 ordinary shares, bringing the total shares in issue to 48 723 123. The crossholding of 1 337 500 shares held by the subsidiary in the holding company resulted in a decrease of the consolidated shares at 30 June 2020. Paratus Telecommunications (Pty) Ltd (Paratus Namibia) sold the crossholding shares (1 337 500 shares) on 1 October 2020, which increased the consolidated shares in issue to 48 723 123 (31 August 2019: 28 710 692). This disposal of shares resulted in a profit on disposal amounting to N\$882 750, included under other operating gains. The basic earnings and headline earnings per share for the period to 31 December 2020 are calculated as follows:

	<b>31 December 2020 Reviewed</b>	<b>31 August 2019 Unaudited</b>	<b>30 June 2020 Audited</b>
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<b>Earnings</b>			
Profit for the period attributable to the equity holders of the parent	<b>N\$16 538 403</b>	<b>N\$4 131 808</b>	<b>N\$25 425 789</b>
Headline adjustments:			
After taxation (profit) / loss on sale of property, plant and equipment	<b>(N\$33 308)</b>	<b>-</b>	<b>N\$1 304</b>
Profit on disposal of shares	<b>(N\$882 750)</b>	<b>-</b>	<b>-</b>
Gain on lease modification	<b>-</b>	<b>-</b>	<b>(N\$499 568)</b>
Gain on deemed disposal of investment in associate	<b>-</b>	<b>-</b>	<b>(N\$923 021)</b>
Headline earnings	<b>N\$15 622 345</b>	<b>N\$4 131 808</b>	<b>N\$24 004 504</b>
Basic earnings per ordinary share (cents)	<b>34.42</b>	<b>14.39</b>	<b>71.27</b>
Headline earnings per ordinary share (cents)	<b>32.51</b>	<b>14.39</b>	<b>67.26</b>

<b>2.3 Property, plant and equipment</b>	<b>31 December 2020 Reviewed</b>	<b>31 August 2019 Unaudited</b>	<b>30 June 2020 Audited</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
Net book value at the beginning of the period	254 244 407	-	-
Addition through business combination	-	-	231 786 691
Capital expenditure	89 962 014	-	38 745 943
Disposals	(38 229)	-	(18 946)
Depreciation	(18 366 523)	-	(16 269 281)
<b>Net book value at the end of the period</b>	<b>325 801 669</b>	<b>-</b>	<b>254 244 407</b>

2. NOTES TO THE FINANCIAL RESULTS (continued)

2.4 Intangible assets	31 December 2020 Reviewed N\$	31 August 2019 Unaudited N\$	30 June 2020 Audited N\$
Net book value at the beginning of the period	297 156 674	-	-
Addition through business combination	-	-	300 146 349
Capital expenditure	366 583	-	187 506
Amortisation	(3 159 947)	-	(3 177 181)
Net book value at the end of the period	294 363 310	-	297 156 674

2.5 Investments at fair value

Investments at fair value amounting to N\$86 million (31 August 2019: N\$80 million) consist of investments in money market funds, which earned dividends of N\$2,8 million (31 August 2019: N\$3.5 million). The dividends received are included under revenue.

Investments at fair value are short term in nature and classified as level 2 financial instruments. Level 2 financial instruments are valued at prices relative to prices in the market.

3. DIRECTORS' COMMENTARY

3.1 The market and prospects

Namibia's economy remains weak and is expected to recover moderately in 2021. According to the Bank of Namibia's December 2020 Economic Outlook report the Namibian economy is projected to recover to growth rates of 2.6% and 3.2% in 2021 and 2022, respectively. The growth trajectory in the Information and Communication sector is expected to continue on the back of the growing demand for reliable internet. The growth in customers and recurring revenue is supported by the group's aggressive infrastructure roll-out strategy.

For the six months ended 31 December 2020, Paratus Namibia, the operating entity, realised recurring revenue of N\$150.4 million (December 2019: N\$137.5 million) which represents a growth of 9.4% on a like-for-like basis. Non-recurring revenue, which represents customer premises Local Area Network Installations amounts to N\$14.2 million (December 2019: N\$32.8 million). This represents a decline of 56.7% on a like-for-like basis. The decline is attributable to the slowdown in the construction of new commercial buildings because of the weak local economy.

The net profit before taxation, for the operating entity, for the same period amounts to N\$21.9 Million (December 2019: N\$14.3 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$46.9 million (December 2019: N\$37.8 million). This represents growth of 52.9% and 24.2%, respectively on a like-for-like basis.

EBITDA mirrors the company's ability to generate cash flows from operations. The disparity between profit after taxation and EBITDA stems from the large depreciation charges recorded on infrastructure deployed. The growth in profitability is mainly attributable to the recurring revenue growth coupled with the improved operating margins coming from the extensive infrastructure roll-out and operational expense savings.

3.2 Capital projects

For the period to 31 December 2020, Paratus Namibia has invested a further N\$66 million in last mile fiber infrastructure. New customers were connected in Windhoek, Walvis Bay, Swakopmund, Grootfontein and Otjiwarongo. The LTE coverage was extended to Rehoboth and Otjiwarongo and in Windhoek new sites were added to improve user experience and coverage. Sky-Fi was rolled out to Keetmanshoop, Rehoboth, Otjiwarongo, Grootfontein, in addition to Windhoek, Swakopmund, Walvis Bay and Okahandja. Sectors were also installed in Oshakati and Tsumeb.

The demand for data has increased substantially, which necessitated the upgrades of Paratus Namibia's independent international backhaul routes out of Namibia via the Trans-Kalahari Fiber (TKF) route. Both the West and East bound TKF terrestrial infrastructure has resulted in a significant cost saving in terms of the transportation of the increased bandwidth.

The construction of the Cable Landing Station for the Equiano sub-sea cable in Swakopmund has commenced. The project is expected to be completed during September 2021 at an expected cost of N\$33 million. The Cable Landing Station consists of the building and other terminal facilities which is required to land the Equiano Submarine Cable System.

3. DIRECTORS' COMMENTARY (continued)

3.2 Capital projects (continued)

The acquisition of the erf to construct the Tier-3 data center has been finalised. The contractor is in the process to be appointed through a closed tender process. Construction is expected to commence during April 2021. The project is expected to be completed during the second half of 2022 at an estimated cost of N\$120 million. The project is to be funded from operational cash flows and the listed bond programme.

3.3 Events after the reporting period

Paratus Namibia has finalised negotiations with Telecom Namibia Limited and Demshi Investments Holdings (Proprietary) Limited to co-invest in the landing of the subsea cable, Equiano, in Namibia by entering into fifteen-year indefeasible right-of-use agreements to acquire capacity from Paratus Namibia. The combined value of the two agreements amounts to approximately N\$100 million and will be utilised towards establishing the infrastructure to land the Equiano Submarine Cable System.

3.4 Changes to the Board

There have been no changes to the board of directors.

3.5 Contingent liabilities

As at the date of approval of the financial results, the Board was not aware of any contingent liabilities.

3.6 Dividends declared

The directors declared an interim dividend of 10 cents per ordinary share (31 August 2019: Nil).

The salient dates of the dividend declared are as follows:

- Board declaration date: 18 March 2021
- Last date to trade cum dividend: 23 April 2021
- First day to trade ex dividend: 26 April 2021
- Record date: 30 April 2021
- Payment date: 14 May 2021

3.7 Appreciation

The Board would like to thank the management team, service providers and our customers for their continued support and dedication. Finally, we would like to thank our shareholders for their support and association with Paratus Namibia Holdings Limited.

By order of the Board  
H B Gerdes - Chairman of the Board  
18 March 2021

**REGISTERED OFFICE**  
Paratus Namibia Holdings Limited  
104 - 106 Nickel Street, Prosperita,  
Windhoek, Namibia

**COMPANY SECRETARY**  
Cronje Secretarial Services (Proprietary) Limited

**DIRECTORS**  
H B Gerdes (Chairman) #, S H Birch #, S I de Bruin ^, S L V Z Erasmus ^, J J Esterhuyse \*, M R Mostert #, J N N Shikongo #, A Hall ^, B R J Harmse ^  
(\*South African, #Independent, ^Executive)

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