



**PARATUS**

Paratus Namibia Holdings Ltd

(Incorporated in the Republic of Namibia)

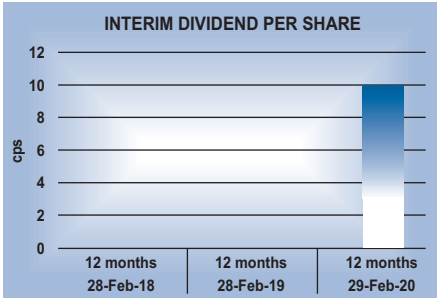
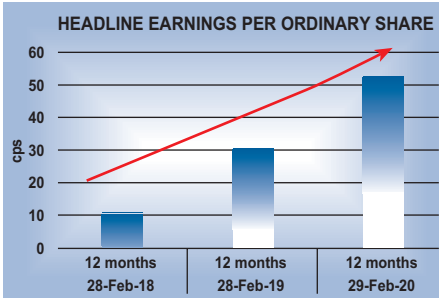
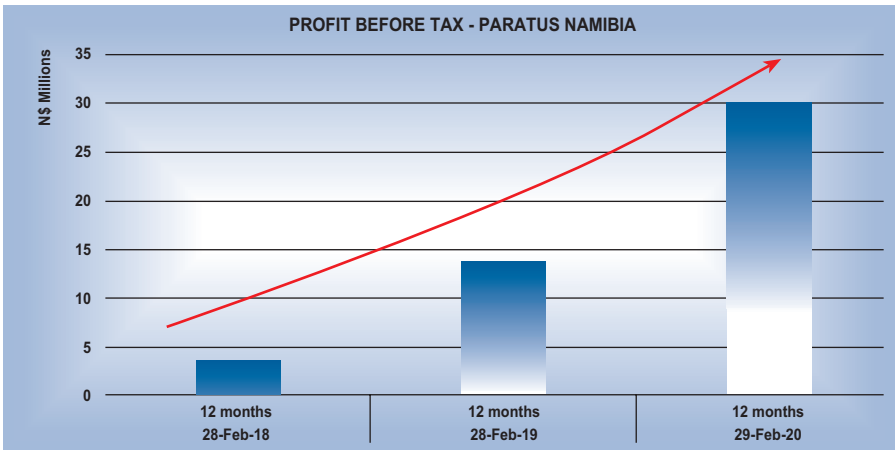
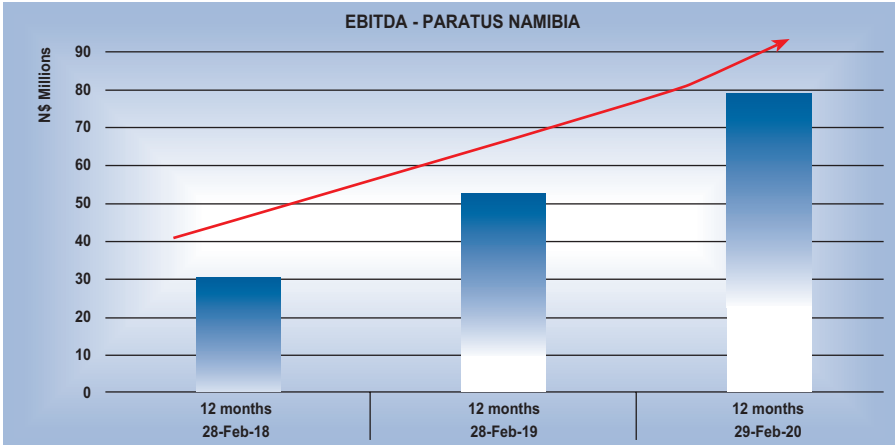
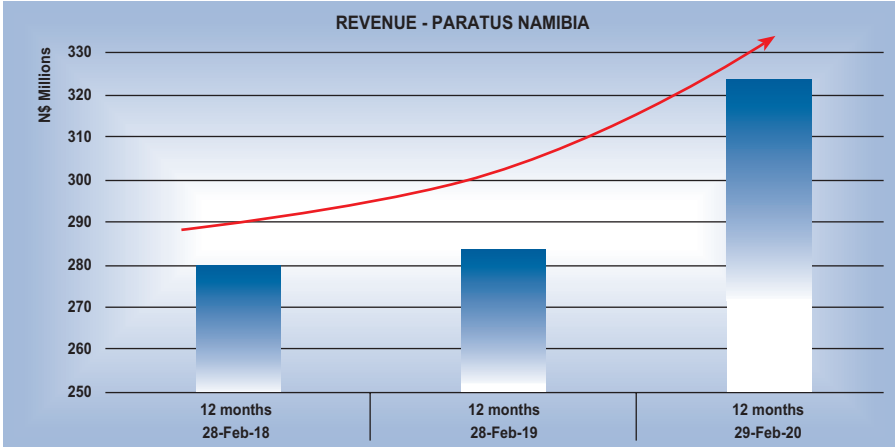
(Registration number 2017/0558) ("Paratus Namibia Holdings" or "the group")

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

<https://invest.paratus.africa>

# REVIEWED INTERIM FINANCIAL RESULTS

For the twelve months ended 29 February 2020



CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME			
for the twelve months ended 29 February 2020			
	Notes	29 February 2020 Reviewed N\$	28 February 2019 Audited N\$
Revenue	2.7	62 765 315	4 581 201
Cost of sales		(22 381 742)	-
<b>Gross Profit</b>		<b>40 383 573</b>	<b>4 581 201</b>
Other operating income		85 217	-
Other operating gains	2.5	1 684 352	-
Operating expenses		(25 622 093)	(2 194 821)
<b>Operating profit</b>		<b>16 531 049</b>	<b>2 386 380</b>
Share of associate's results after taxation		6 662 882	4 595 414
Investment income		31 233	-
Finance cost		(1 520 607)	(1)
<b>Profit before taxation</b>		<b>21 704 557</b>	<b>6 981 793</b>
Taxation		(4 924 110)	-
<b>Profit for the period</b>	2.2	<b>16 780 447</b>	<b>6 981 793</b>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation	2.3	2 920 000	-
<b>Total comprehensive income for the period</b>		<b>19 700 447</b>	<b>6 981 793</b>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
as at 28 February 2020			
	Notes	29 February 2020 Reviewed N\$	28 February 2019 Audited N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2.3	240 031 247	-
Intangible assets	2.4	299 285 641	-
Investment in associate		-	195 206 465
Loans to group companies		444 966	-
Finance lease receivables		164 260	-
		<b>539 926 114</b>	<b>195 206 465</b>
<b>Current assets</b>			
Inventories		17 448 214	-
Loans to group companies		793 359	-
Trade and other receivables		36 760 000	-
Investments at fair value	2.6	118 297 844	104 784 142
Cash and cash equivalents		5 474 516	186 325
		<b>178 773 933</b>	<b>104 970 467</b>
<b>TOTAL ASSETS</b>		<b>718 700 047</b>	<b>300 176 932</b>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION			
as at 28 February 2020 (continued)			
		29 February 2020  Reviewed N\$	28 February 2019  Audited N\$
	Notes		
<b>EQUITY AND LIABILITIES</b>			
Share Capital		486 911 828	292 408 222
Non-distributable reserves		2 920 000	-
Distributable reserves		24 476 211	7 695 764
		514 308 039	300 103 986
<b>Non-current liabilities</b>			
Borrowings		71 965 066	-
Lease liabilities	2.3	2 154 997	-
Contract liabilities		82 231 221	-
Deferred taxation		1 920 813	-
		158 272 097	-
<b>Current liabilities</b>			
Trade and other payables		20 110 701	72 946
Borrowings		12 524 343	-
Lease liabilities	2.3	1 497 310	-
Contract liabilities		5 404 386	-
Current taxation payable		4 934 016	-
Provisions		1 649 155	-
		46 119 911	72 946
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>718 700 047</b>	<b>300 176 932</b>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS		
for the twelve months ended 29 February 2020		
	29 February 2020 Reviewed N\$	28 February 2019 Audited N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operating activities	20 464 621	2 384 533
Cash utilised by operations	15 330 163	(2 196 669)
Interest paid	(1 520 607)	1
Interest received	31 233	-
Dividend income	6 623 832	4 581 201
Cash flows used in investing activities	(11 044 324)	(103 872 903)
Cash flows (used) / from financing activities	(4 132 106)	101 572 481
<b>Net increase in cash and cash equivalents</b>	<b>5 288 191</b>	<b>84 111</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>186 325</b>	<b>102 214</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>5 474 516</b>	<b>186 325</b>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY					
for the twelve months ended 29 February 2020					
	Share capital	Share premium	Distributable reserves	Non-distributable reserves	Total
	N\$	N\$	N\$	N\$	N\$
<b>Audited balance at 1 March 2018</b>	103 634	101 530 407	713 972	-	102 348 013
Issue of shares	183 473	190 590 708	-	-	190 774 181
Profit for the year	-	-	6 981 792	-	6 981 792
Other comprehensive income	-	-	-	-	-
<b>Total changes</b>	<b>183 473</b>	<b>190 590 708</b>	<b>6 981 792</b>	<b>-</b>	<b>197 755 973</b>
<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	-	-	194 530 356
Profit for the year	-	-	16 780 447	-	16 753 697
Other comprehensive income	-	-	-	2 920 000	2 920 000
<b>Total changes</b>	<b>186 749</b>	<b>194 316 857</b>	<b>16 780 447</b>	<b>2 920 000</b>	<b>214 204 053</b>
<b>Reviewed balance at 29 February 2020</b>	<b>473 856</b>	<b>486 437 972</b>	<b>24 476 211</b>	<b>2 920 000</b>	<b>514 308 039</b>
<b>1. OTHER INFORMATION</b>					
		Notes	29 February 2020 Reviewed	28 February 2019 Audited	
Number of shares in issue	2.2		47 385 623	28 710 692	
Net asset value per share (cents per share)			1 085.37	1 045.27	
Listed market price per share (cents per share)			1 027.00	1 100.00	
(Discount)/Premium to net asset value			(5.38%)	5.24%	
Capital commitments (including approved but not contracted)			N\$ Nil	N\$ Nil	
Basic earnings per share (cents)			52.81	30.67	
Headline earnings per share (cents)	2.2		52.81	30.67	
Dividends per share (cents)			Nil	Nil	
EBITDA			N\$29 602 721	N\$6 981 792	

## 2. NOTES TO THE FINANCIAL RESULTS

### 2.1 Basis of preparation

The reviewed condensed consolidated interim financial statements for the twelve months ending 29 February 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.

### 2.2 Basic and Headline earnings per share

	29 February 2020 Reviewed	28 February 2019 Audited
<b>Shares in issue</b>		
Total number of shares in issue	47 385 623	28 710 692
Weighted number of shares in issue	31 772 156	22 763 589

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 consolidated shares. The consolidated shares in issue amounts to 47 385 623 (2019: 28 710 692). The weighted earnings and headline earnings per share for the year are calculated as follows:

	29 February 2020 Reviewed	28 February 2019 Audited
<b>Earnings</b>		
Profit for the period attributable to the equity holders of the parent	N\$16 780 447	N\$6 981 792
Headline adjustments:		
After taxation profit on sale of property, plant and equipment	(N\$963)	-
Headline earnings	N\$16 779 484	N\$6 981 792
Basic earnings per ordinary share (cents)	52.81	30.67
Headline earnings per ordinary share (cents)	52.81	30.67

### 2.3 Property, plant and equipment

Property, plant and equipment acquired through a business combination dated 1 January 2020 had a book value amounting to N\$234 324 932 (2019:Nil).

Reconciliation of property, plant and equipment - 2020:

	Additions through business combination	Additions / revaluations	Disposals	Depreciation	Closing balance
Land and buildings	47 100 000	2 920 000	-	-	50 020 000
Fiber - TKF	60 225 054	-	-	(852 491)	59 372 563
Infrastructure assets	80 245 140	4 992 503	-	(740 839)	84 496 804
Core network assets	31 816 952	1 040	-	(2 465 105)	29 352 887
Equipment	8 603 102	3 053 326	(31 350)	(1 003 921)	10 621 157
Furniture and fittings	828 129	151 362	-	(100 977)	878 514
Motor vehicles	2 968 314	-	-	(156 906)	2 811 408
Right-of-use assets	2 538 241	145 590	-	(205 917)	2 477 914
	<b>234 324 932</b>	<b>11 263 821</b>	<b>(31 350)</b>	<b>(5 526 156)</b>	<b>240 031 247</b>

**2. NOTES TO THE FINANCIAL RESULTS (continued)**

**2.3 Property, plant and equipment (continued)**

**Leases**

During the current period the group adopted IFRS 16, leases, for the first time. The group has reviewed the terms of all agreements in place at 29 February 2020 to determine whether leases should be classified as an IFRS 16 lease asset or leases of low value assets included in operating expenses. The group accounted for a right-of-use asset acquired through a business combination with a book value amounting to N\$2 538 241. Right-of-use assets are classified separately and pertains to lease agreements on buildings only.

Lease liabilities acquired through a business combination dated 1 January 2020, amounted to N\$3 718 649.

Maturity analysis of lease liabilities are as follows:

	29 February 2020 Reviewed N\$	28 February 2019 Audited N\$
Within one year	1 497 310	-
Two to Five years	2 154 997	-

**2.4 Intangible assets**

	Additions through business combination	Additions / revaluations	Amortisation	Closing balance
Telecommunications License / Network Spectrum	241 408 500	-	-	241 408 500
Goodwill	10 406 074	-	-	10 406 074
Free right of use (Fiber capacity - Botswana)	25 200 000	-	(210 000)	24 990 000
Paratus Brand	16 616 400	-	(276 940)	16 339 460
Customer relationship - Botswana Fiber Networks	2 909 900	-	(24 249)	2 885 651
Customer base	1 029 250	-	(64 328)	964 922
Computer software	2 576 226	911	(286 103)	2 291 034
	<b>300 146 350</b>	<b>911</b>	<b>(861 620)</b>	<b>299 285 641</b>

On 1 January 2020 the group acquired intangible assets with a book value of N\$300 146 350 through a business combination. Intangible assets are amortised over their useful lives, except for the Telecommunications License / Network Spectrum and goodwill which have indefinite useful lives.

**2.5 Business combination**

On 1 January 2020 Paratus Namibia Holdings acquired the remaining 46 168 ordinary shares in Paratus Telecommunications (Pty) Ltd ("Paratus Namibia") in accordance with a share swap transaction, bringing the total shareholding of Paratus Namibia Holdings in Paratus Namibia to 100% (29 February 2019: 51.38%). The swap consideration was settled through the issue of 20 012 431 new ordinary Paratus Namibia Holdings shares allotted to Paratus Group Holdings Ltd ("Paratus Group") at a pre-determined and agreed upon price of N\$10.50 each for a total consideration of N\$210 130 525.50.

The fair value of the investment previously held amounted to N\$228 901 814. This change in ownership resulted in a deemed profit on sale of disposal of associate amounting to N\$923 021, included in other operating gains. On date of acquisition the difference between the net asset value and the fair value of the investment resulted in a goodwill amount of N\$294 million. This amount was allocated to the following intangible assets (refer note 2.4):

	N\$
- Telecommunications License / Network Spectrum	241 408 500
- Paratus Brand	16 616 400
- Free right of use (Fiber capacity - Botswana)	25 200 000
- Customer relationship - Botswana Fiber Network	2 909 900
- Goodwill	7 960 094
	<b>294 094 894</b>

At 29 February 2020 the investment in Paratus Namibia is classified as an investment in subsidiary held at fair value in the separate statement of financial position of Paratus Namibia Holdings.

During the current period the financial year-end of the group was changed from the last day of February to the last day of June each year. The Paratus Namibia year-end coincides with the Paratus Namibia Holdings year-end.

**2.6 Investments at fair value**

Investments at fair value amounting to N\$118 million (2019:N\$105 million) consists of an investment in Money Market Funds, which earned dividends of N\$6,6 million(2019:N\$4.6million) refer note 2.7 Segment information. 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.

**2.7 Segment information**

The group considers its ICT operations in Namibia and Investment activities as its two only operating segments. This is consistent with the internal reporting provided to the chief operating decision-makers, identified as the Executive Committee of the Group. The chief operating decision-makers are the persons that allocates resources to and assesses the performance of the operating segments of the group.

	29 February 2020 Reviewed N\$	28 February 2019 Audited N\$
<b>Operating revenue</b>		
ICT operations	56 141 483	-
Investment activities	6 623 832	4 581 201
	<b>62 765 315</b>	<b>4 581 201</b>
<b>Profit after taxation for the period</b>		
ICT operations	7 313 479	-
Investment activities	9 466 968	6 981 793
	<b>16 780 447</b>	<b>6 981 793</b>

**3. DIRECTORS' COMMENTARY**

**3.1 Transactional overview**

On 3 July 2019 Paratus Namibia concluded a rights issue. In terms of the rights issue the aggregate amount raised by Paratus Namibia amounted to N\$ 50 million, which was contributed as share capital in Paratus Namibia, by Paratus Namibia Holdings and Paratus Group pro rata to their respective shareholdings in Paratus Namibia on this date. The subscription price was N\$1 053.03, consisting of a par value of N\$5 and a premium of N\$1 048.03 per ordinary share for both Paratus Namibia Holdings and Paratus Group. Paratus Namibia Holdings subscribed for 24 398 ordinary shares in Paratus Namibia, for a consideration of N\$25.7 million, which resulted in no change in the effective percentage shareholding in the company.

**3. DIRECTORS' COMMENTARY (continued)**

**3.1 Transactional overview (continued)**

The capital raised in Paratus Namibia is utilised towards the capital expenditure budget of N\$114 million for the current financial year, ending 30 June 2020, with N\$56.5 million earmarked for the fiber to the x (FTTx) roll-out and N\$24.4 million for LTE network assets.

On 25 September 2019 the shareholders approved the implementation of the proposed share swap transaction, as a Category 1 transaction together with an issue of new shares as consideration, in terms of the NSX Listing requirements. Effective 1 January 2020, in terms of the swap, Paratus Namibia Holdings acquired 46 168 ordinary shares in Paratus Namibia, resulting in an increased effective shareholding of Paratus Namibia Holdings from 51.38% to 100% of the total issued ordinary shares in Paratus Namibia. From 1 January 2020 the financial results of Paratus Namibia are therefore consolidated into the Paratus Namibia Holdings financial results.

The swap consideration was settled through the issue of 20 012 431 new ordinary Paratus Namibia Holdings Shares allotted to Paratus Group at a pre-determined and agreed upon price of N\$10.50 each for a total consideration of N\$210 130 525.50.

**3.2 The market and prospects**

Although global market conditions have affected market confidence and consumer spending patterns, the group remains well placed to grow revenues.

For the 12 months ended 29 February 2020 Paratus Namibia delivered commendable revenue growth despite a depressed Namibian economy. The company realised turnover of N\$323.7million (2019: N\$283.7million), which represents a growth of 14%. The net profit before tax for the same period amounts to N\$29.9 million (2019: N\$13.8 million) and earnings before interest, tax, depreciation and amortisation (EBITDA) amounts to N\$78.8million (2019:N\$52.8million). This represents a growth of 117% and 49% respectively.

EBITDA number 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 improved operating margins coming from the extensive infrastructure roll-out and once off revenue derived from Local Area Network (LAN) installations in new commercial buildings. During March 2020, the board of Paratus Namibia Holdings approved an additional fiber roll-out project of N\$60 million to expand the fiber network in Windhoek, Swakopmund and Walvis Bay. The directors are of the opinion that the continued investment in infrastructure assets bodes well for future revenue growth.

After the 28 February 2020 interim financial reporting period, there has been a wide-spread international outbreak of the Covid-19 virus originating in China, which has significantly affected lives, entities and economic activity around the world. The Namibian Government implemented a national "lockdown" starting at midnight on 27 March 2020. As a result of the spread of the virus and the reactions thereto, there have been material adverse financial effects around the world.

In terms of IFRS, these events are material "non-adjusting events" occurring after the reporting period. It is not possible to provide accurate estimates of the financial effects of the pandemic on the group, which is inherently uncertain, but the following are potential future financial effects:

- Reduction in value of investments;
- Impact on service levels and revenue;
- Foreign exchange losses due to exposure to foreign suppliers; and
- Bad debts due to customer payments defaults.

The group has a Business Continuity Plan (BCP) in place, which sets out its response to the management of epidemics. The group's BCP was invoked whereby an increasing proportion of our workforce were enabled to work from home, whilst arrangements for those who remained in the office were adjusted to ensure appropriate "social distancing" to protect our employees.

All essential functions, such as the network operating centre, new service provisioning and billing continued to operate uninterrupted.

The directors have considered the impact of the pandemic on the business of the group and believes the group is well positioned with sufficient liquid reserves to continue as a going concern.

**3.3 Changes to the Board**

Since the previous announcement there have been no changes to the board of directors.

**3.4 Contingent liabilities**

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

**3.5 Dividend declared**

The directors declared a maiden dividend of 10c per ordinary share (28 February 2019: N\$ Nil). A dividend policy was adopted that provides for a dividend pay-out of approximately 50% of profit after tax.

The salient dates of the dividend declared are as follows:

- Declaration date: 19 May 2020
- Last date to trade "cum" the distribution: 12 June 2020
- Last date to register: 19 June 2020
- Payment date: 03 July 2020

**3.6 Appreciation**

The Board would like to thank the management team, service providers and especially 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.

By order of the Board

H B Gerdes - Chairman of the Board  
19 May 2020

**REGISTERED OFFICE**

Cronje Secretarial Services (Pty) Ltd  
1 Charles Cathal Street  
Windhoek, Namibia

**COMPANY SECRETARY**

Cronje Secretarial Services (Pty) Ltd

**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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