

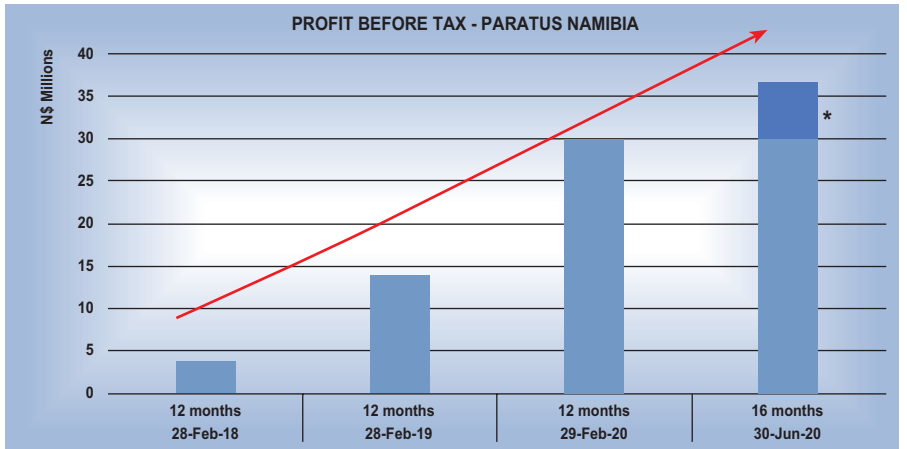
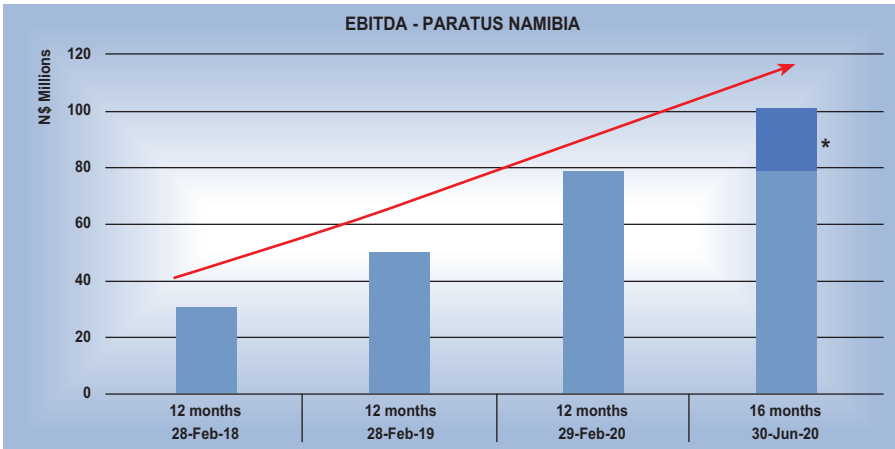
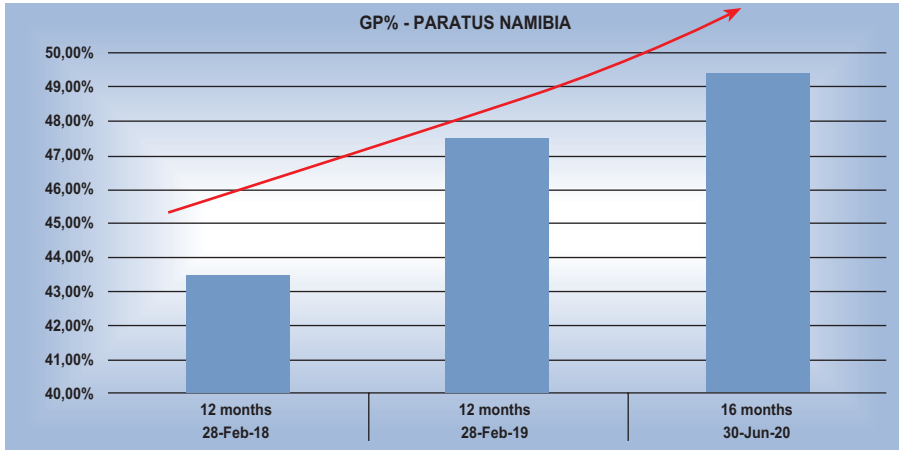
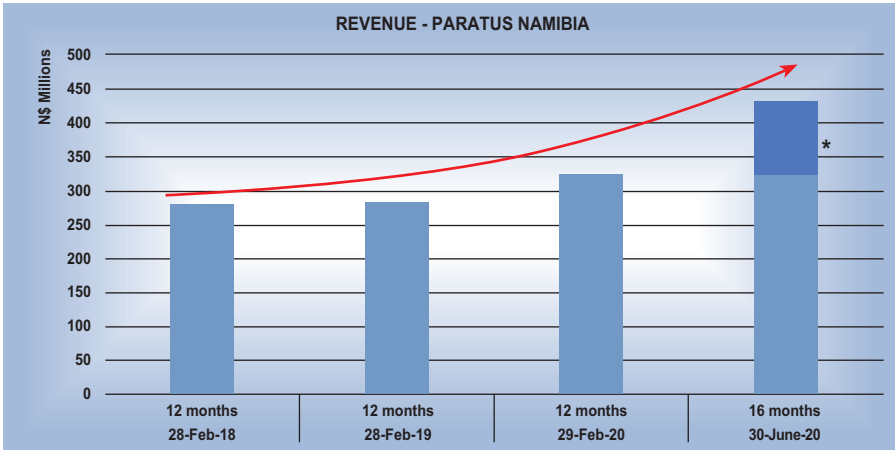


PARATUS

Paratus Namibia Holdings Limited - previously Nimbus Infrastructure 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 sixteen months ended 30 June 2020



\* Represents the growth from 28 February 2020 to 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
for the sixteen months ended 30 June 2020			
	Notes	30 June 2020 Reviewed N\$	28 February 2019 Audited N\$
Revenue		173 390 963	4 581 201
Cost of sales		(78 090 616)	-
<b>Gross Profit</b>		<b>95 300 347</b>	<b>4 581 201</b>
Other operating income		282 664	-
Other operating gains	2.5	3 558 615	-
Operating expenses		(70 703 022)	(2 194 821)
<b>Operating profit</b>		<b>28 438 604</b>	<b>2 386 380</b>
Share of associate's results after taxation		6 662 882	4 595 414
Investment income		90 784	-
Finance cost		(4 024 915)	(1)
<b>Profit before taxation</b>		<b>31 167 354</b>	<b>6 981 793</b>
Taxation		-	-
<b>Profit for the period</b>	2.2	<b>25 425 788</b>	<b>6 981 793</b>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on property revaluation		1 985 600	-
<b>Total comprehensive income for the period</b>		<b>27 411 388</b>	<b>6 981 793</b>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
as at 30 June 2020			
	Notes	30 June 2020 Reviewed N\$	28 February 2019 Audited N\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2.3	256 016 094	-
Intangible assets	2.4	297 156 674	-
Investment in associate		-	195 206 465
Loans to group companies		220 231	-
Finance lease receivables		103 163	-
		<b>553 496 163</b>	<b>195 206 465</b>
<b>Current assets</b>			
Inventories		13 735 126	-
Loans to group companies		600 000	-
Trade and other receivables		29 922 149	-
Investments at fair value	2.6	115 096 827	104 784 142
Current taxation receivable		1 972 681	-
Cash and cash equivalents		20 922 431	186 325
		<b>182 249 214</b>	<b>104 970 467</b>
<b>TOTAL ASSETS</b>		<b>735 745 377</b>	<b>300 176 932</b>

<b>EQUITY AND LIABILITIES</b>			
Share Capital		486 911 828	292 408 222
Non-distributable reserves		1 985 600	-
Distributable reserves		28 382 990	7 695 764
		<b>517 280 418</b>	<b>300 103 986</b>
<b>Non-current liabilities</b>			
Borrowings		64 889 735	-
Lease liabilities	2.3	1 364 059	-
Contract liabilities		79 480 705	-
Deferred taxation		10 425 730	-
		<b>156 160 229</b>	<b>-</b>

<b>Current liabilities</b>			
Trade and other payables		27 043 163	72 946
Borrowings		14 994 478	-
Lease liabilities	2.3	1 048 768	-
Contract liabilities		8 831 084	-
Provisions		5 648 675	-
Dividend payable		4 738 562	-
		<b>62 304 730</b>	<b>72 946</b>

<b>TOTAL EQUITY AND LIABILITIES</b>		<b>735 745 377</b>	<b>300 176 932</b>
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS			
for the sixteen months ended 30 June 2020			
		30 June 2020 Reviewed N\$	28 February 2019 Audited N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operating activities		65 836 265	2 384 533
Cash generated /(utilised) by operations		60 696 474	(2 196 669)
Interest paid		(3 850 172)	1
Interest received		90 784	-
Dividend income		9 052 815	4 581 201
Tax paid		(153 635)	-
Cash flows used in investing activities		(35 669 316)	(101 102 592)
Cash flows (used in)/generated from financing activities		(8 856 246)	98 802 170
<b>Net increase in cash and cash equivalents</b>		<b>21 310 704</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>Effect of exchange rate on cash and cash equivalents</b>		<b>(574 597)</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>20 922 431</b>	<b>186 325</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY					
for the sixteen months ended 30 June 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	-	-	-	-	-
Total changes	183 473	190 590 708	6 981 792	-	197 755 973
<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	-	-	25 425 788	-	25 425 788
Dividends	-	-	(4 738 562)	-	(4 738 562)
Other comprehensive income	-	-	-	1 985 600	1 985 600
Total changes	186 749	194 316 857	20 687 226	1 985 600	217 176 432
<b>Reviewed balance at 30 June 2020</b>	<b>473 856</b>	<b>486 437 972</b>	<b>28 382 989</b>	<b>1 985 600</b>	<b>517 280 417</b>

1. OTHER INFORMATION			
	Notes	30 June 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)		1 091.64	1 045.27
Listed market price per share (cents per share)		1 100.00	1 100.00
Premium to net asset value		0.92%	5.24%
Capital commitments (including approved but not contracted)		N\$ Nil	N\$ Nil
Basic earnings per share (cents)	2.2	71.27	30.67
Headline earnings per share (cents)	2.2	67.26	30.67
Dividends per share (cents)		10.00	Nil
EBITDA		N\$55 148 094	N\$6 981 792

2. NOTES TO THE FINANCIAL RESULTS			
<b>2.1 Basis of preparation</b>			
The reviewed condensed consolidated financial statements for the sixteen months ending 30 June 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 ordinary share			
	30 June 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	35 675 523	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:			

	30 June 2020 Reviewed	28 February 2019 Audited
<b>Earnings</b>		
Profit for the period attributable to the equity holders of the parent	N\$25 425 788	N\$6 981 792
Headline adjustments:		
After taxation profit on sale of property, plant and equipment	N\$1 304	-
Gain on lease modification	(N\$499 568)	-
Gain on deemed disposal of investment in associate	(N\$923 021)	-
Headline earnings	N\$24 004 503	N\$6 981 792
Basic earnings per ordinary share (cents)	71.27	30.67
Headline earnings per ordinary share (cents)	67.26	30.67

<b>2.3 Property, plant and equipment</b>	
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).	
<b>Leases</b>	
During the current financial period the group adopted IFRS 16, leases, for the first time. The group has reviewed the terms of all agreements in place at 30 June 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.	

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

### 2.3 Property, plant and equipment (continued) Leases (continued)

Maturity analysis of lease liabilities are as follows:

	30 June 2020 Reviewed N\$	28 February 2019 Audited N\$
Within one year	1 364 059	-
Two to Five years	1 048 768	-

### 2.4 Intangible assets

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 Limited ("Paratus Holdings") acquired the remaining 46 168 ordinary shares in Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia") in accordance with a share swap transaction, bringing the total shareholding of Paratus Holdings in Paratus Namibia to 100% (30 June 2019: 51.38%). The swap consideration was settled through the issue of 20 012 431 new ordinary Paratus Holdings shares allotted to Paratus Group Holdings Limited ("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 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 30 June 2020 the investment in Paratus Namibia is classified as an investment in subsidiary in the separate statement of financial position of Paratus Holdings.

### 2.6 Investments at fair value

Investments at fair value amounted to N\$115 million (2019: N\$105 million) consists of investments in Money Market Funds, which earned dividends of N\$9 million (2019: N\$4.6million). 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 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 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 Holdings and Paratus Group. Paratus 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 interest in the company.

The capital raised in Paratus Namibia was utilised towards the capital expenditure of N\$100 million for the current financial period under review, ending 30 June 2020.

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 Holdings acquired 46 168 ordinary shares in Paratus Namibia, resulting in an increased effective shareholding of Paratus 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 Holdings financial results.

The swap consideration was settled through the issue of 20 012 431 new ordinary Paratus 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

The domestic economy is expected to fall into a deeper contraction during 2020, before returning to positive growth in 2021. According to Bank of Namibia's August 2020 Economic Outlook report the domestic economy is projected to contract by 7.8% in 2020. The report also reflects a projected growth of 14.1% in the Information and Communication sector. The group remains well placed to grow revenues due to the continued demand for reliable internet coupled with the ongoing roll-out of last mile infrastructure.

For the 16 months ended 30 June 2020, Paratus Namibia delivered commendable revenue growth against the backdrop of a weak local and global economy. The company realised turnover of N\$431.9 million (2019: N\$283.7 million), which represents a growth of 52%. Although the enterprise business experienced churn during the last three months of the financial year, the growth in consumer business compensated for this decline in enterprise business.

The net profit before taxation for the same period amounts to N\$36.7 Million (2019: N\$13.8 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$101.2 million (2019: N\$49.7 million). This represents a growth of 166% and 104% respectively. On a 12 months like-for-like basis revenue increased by 14% and net profit before taxation and EBITDA increased by 117% and 53% respectively.

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 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. For the 2021 financial year a further N\$150 million investment into infrastructure was approved by the board. This investment will mainly be earmarked for fiber to the X (FTTx) roll-out and will be funded by own cash resources. The directors are of opinion that the continued investment in infrastructure assets bodes well for both revenue growth and improved operating margins.

## 3. DIRECTORS' COMMENTARY (continued)

### 3.3 Subsequent events

During and after the financial reporting period the international outbreak of the Covid-19 virus continued unabatingly. This 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 locally and abroad.

In terms of IFRS, these events are "adjusting events" which occurred during the reporting period and thereafter. 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 financial effects:

- Impact on service levels and revenue;
- Foreign exchange losses due to exposure to foreign suppliers; and
- Bad debts due to customer payment 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.

The group is not only focused on managing the risks brought about by COVID-19, but also on the opportunities it creates in the accelerated digitalisation it has brought about. The group is well positioned to benefit from this evolution, especially given its focus on growth in data, digital and financial services businesses in the execution of our strategy. The extensive interventions that have been implemented are expected to continue to safeguard the sustainability of the business in the prevailing challenging environment.

During March 2020 there has been a successful judgement in favour of Paratus Namibia whereby Paratus Namibia has obtained a High Court interdict against the City of Windhoek. This interdict prohibits the City of Windhoek from unlawfully stopping the roll-out of fiber infrastructure. The City of Windhoek has subsequently lodged an appeal against the interdict.

Pursuant to the cautionary announcement published on the Namibian Exchange News Service ("NENS") of the Namibian Stock Exchange ("NSX") dated 8 May 2020, with renewal of cautionary announcement dated 25 June 2020 as well as on 6 August 2020, Paratus Telecommunications (Proprietary) Limited has entered into a 15 year agreement with Blue Path Technology Company (Unlimited) and ZA Asset Management (Proprietary) Limited (collectively "Google"), to be the landing partner for the Equino undersea cable in Namibia.

The bilateral agreement entails two facets, the first whereby Paratus Namibia acquires from ZA Asset Management (Proprietary) Limited unrestricted right to use the branch connecting Namibia to the Equiano undersea cable for own use, lease, resale or to use the relevant capacity for any legal purpose. The second being the exchange of services to be rendered by Paratus Namibia, with a total value of approximately N\$260 million.

The board approved the construction of a Data Centre in Windhoek with a total value of N\$120 million (including the erf). The Data Centre will be 1 300 square metres in size and will host 150 cabinets of which Google as anchor tenant will occupy 50 cabinets.

The board also approved the construction of the Cable Landing Station and Power Feeding Equipment totalling N\$33 Million (including the erf). The Cable Landing Station consists of the building and other terminal facilities (active and passive) which is required to land the Equino Submarine Cable System.

### 3.4 Changes in financial year-end

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. The Paratus Namibia year-end coincides with the Paratus Holdings year-end.

### 3.5 Changes to the Board

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

### 3.6 Contingent liabilities

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

### 3.7 Dividend declared

The directors declared a final dividend of 10c per ordinary share (28 February 2019: Nil). The salient dates of the dividend declared are as follows:

• Declaration date:	22 September 2020
• Last date to trade "cum" the distribution:	23 October 2020
• Last date to register:	30 October 2020
• Payment date:	13 November 2020

A dividend policy was adopted that provides for a dividend pay-out of approximately 50% of profit after taxation.

### 3.8 Appreciation

The Board would like to thank the management team and service providers 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  
22 September 2020

#### REGISTERED OFFICE

Cronje Secretarial Services (Proprietary) Limited  
1 Charles Cathral Street  
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 Esterhuysen \*, M R Mostert #, J N N Shikongo #, A Hall ^, B R J Harmse ^  
(\*South African, #Independent, ^Executive)

#### SPONSOR



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