

Paratus Namibia Holdings Ltd (previously Nimbus Infrastructure Limited)

(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>

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
 as at 29 February 2020

	Notes	29 February 2020 Unaudited N\$	28 February 2019 Audited N\$
ASSETS			
Non-current assets			
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	-
		539 926 114	195 206 465
Current assets			

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		
		178	773	933	104	970	467		
TOTAL ASSETS		718	700	047	300	176	932		

EQUITY AND LIABILITIES

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		

Non-current liabilities

Borrowings		71	965	066					
Lease liabilities	2.3	2	154	997					
Contract liabilities		82	231	221					
Deferred taxation		1	920	813					
		158	272	097					

Current liabilities

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		

TOTAL EQUITY AND LIABILITIES

718 700 047 300 176 932

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the twelve months ended 29 February 2020

	29 February	28 February		
	2020	2019		
	Unaudited	Audited		
	N\$	N\$		
CASH FLOWS FROM OPERATING ACTIVITIES				
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)	(101 102 592)		
Cash flows (used in)/from financing activities	(4 132 106)	98 802 170		
Net increase in cash and cash equivalents	5 288 191	84 111		
Cash and Cash equivalents at the beginning of the year	186 325	102 214		
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5 474 516	186 325		

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\$
Audited balance at 1 March 2018	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
Audited balance at 1 March 2019	287 107	292 121	115		7 695 764		-		300 103 986
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
Total changes	186 749	194 316	857		16 780 447		2 920 000		214 204 053
Unaudited balance at 29 February 2020	473 856	486 437	972		24 476 211		2 920 000		514 308 039

1. OTHER INFORMATION

	Notes	29 February 2020 Unaudited	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)	2.2	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 unaudited 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 ordinary share

	29 February 2020 Unaudited	28 February 2019 Audited
Shares in issue		
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 Unaudited	28 February 2019 Audited
Earnings		
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 vehicle	2 968 314	-	-	(156 906)	2 811 408
Right-of-use assets	2 538 241	145 590	-	(205 917)	2 477 914
	234 324 932	11 263 821	(31 350)	(5 526 156)	240 031 247

Leases

During the current period the group adopted IFRS 16, leases, for the first time. The group has unaudited 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 Unaudited	28 February 2019 Audited
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
	300 146 350	911	(861 620)	299 285 641

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 Networks	2 900 900
- Goodwill	7 969 094
	294 094 894

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 Unaudited	28 February 2019 Audited
Operating revenue		
ICT operations	56 141 483	-
Investment activities	6 623 832	4 581 201
	62 765 315	4 581 201
Profit after taxation for the period		
ICT operations	7 313 479	-
Investment activities	9 466 968	6 981 793
	16 780 447	6 981 793

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 interest in the company.

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\$323.7 million (2019: N\$283.7 million), 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 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 uninterruptedly.

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 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
20 May 2020

REGISTERED OFFICE

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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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