

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 2021

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 31 December 2021

	Notes	6 months 31 December 2021 Reviewed N\$	6 months 31 December 2020 Reviewed N\$	12 months 30 June 2021 Audited N\$
Revenue		196 288 401	167 362 199	340 560 820
Cost of sales		(94 993 763)	(79 241 116)	(160 196 955)
Gross Profit		101 294 638	88 121 083	180 363 865
Other operating income		759 968	202 334	463 852
Other operating gains		(18 717)	195 073	(39 013)
Operating expenses		(67 451 847)	(61 911 925)	(132 432 069)
Operating profit		34 584 042	26 606 566	48 356 635
Interest received		5 639	38 647	56 539
Finance cost		(6 895 169)	(3 051 123)	(6 164 938)
Profit before taxation		27 694 512	23 594 089	42 248 236
Taxation		(8 111 860)	(7 055 686)	(13 272 005)
Profit for the period	2.3	19 582 652	16 538 403	28 976 231
Total comprehensive income for the period		19 582 652	16 538 403	28 976 231
Total comprehensive income attributable to:				
Equity holders of the parent entity		19 241 471	16 538 403	28 937 115
Non-controlling interests		341 181	-	39 116
		19 582 652	16 538 403	28 976 231

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION as at 31 December 2021

	Notes	31 December 2021 Reviewed N\$	31 December 2020 Reviewed N\$	30 June 2021 Audited N\$
ASSETS				
Non-current assets				
Property, plant and equipment	2.4	514 431 440	325 801 669	390 016 662
Right-of-use assets		1 542 863	1 331 546	2 013 764
Intangible assets	2.5	294 089 056	294 363 310	296 488 834
		810 063 359	621 496 525	688 519 260
Current assets				

Inventories	18 723 403	21 774 212	18 755 187
Loans to related parties	156 167	738 840	216 372
Trade and other receivables	47 212 101	24 094 982	40 022 452
Investments at fair value	2.6 56 520 553	86 321 499	159 856 281
Finance lease receivables	-	41 542	4 088
Current taxation receivable	1 984 773	3 557 530	3 509 125
Cash and cash equivalents	10 728 667	2 028 415	11 049 026
	135 352 664	138 557 020	233 412 531
TOTAL ASSETS	945 389 023	760 053 545	921 931 791

EQUITY AND LIABILITIES

Share Capital	500 674 703	500 674 703	500 674 703
Non-distributable reserves	1 985 600	1 985 600	1 985 600
Distributable reserves	61 983 715	40 049 081	47 575 481
Non-controlling interest	492 156	-	222 192
	565 136 174	542 709 384	550 457 976
Non-current liabilities			
Loan from related parties	-	-	266 004
Borrowings	200 000 000	59 115 785	200 000 000
Lease liabilities	783 369	1 020 960	1 392 845
Contract liabilities	112 603 262	91 218 245	88 444 920
Deferred taxation	29 934 124	17 481 416	23 697 735
	343 320 755	168 836 406	313 801 504
Current liabilities			
Loan from related parties	22 001	-	-
Trade and other payables	20 735 531	20 582 764	33 878 028
Borrowings	607 247	14 093 340	478 275
Lease liabilities	1 182 820	888 458	1 104 298
Contract liabilities	8 266 867	7 539 389	9 216 668
Current tax payable	147 062	-	-
Provisions	5 882 468	4 117 984	8 860 735
Dividends payable	46 475	29 324	38 301
Bank overdraft	41 623	1 256 496	4 096 006
	36 932 094	48 507 755	57 672 311
TOTAL EQUITY AND LIABILITIES	945 389 023	760 053 545	921 931 791

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

for the six months ended 31 December 2021

	31 December 2021 Reviewed N\$	31 December 2020 Restated N\$	30 June 2021 Audited N\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	51 367 770	40 596 547	88 170 413
Cash generated by operations	58 329 025	45 108 438	95 186 318
Interest paid	(6 808 436)	(2 965 689)	(5 536 000)
Interest received	5 639	38 647	56 539
Tax paid	(158 458)	(1 584 849)	(1 536 444)
Cash flows used in investing activities	(42 080 520)	(44 001 565)	(206 005 262)
Cash flows used in financing			

activities	(5 514 325)	(16 764 089)	(105 352 058)
Net increase / (decrease) in cash and cash equivalents	3 772 925	(20 169 107)	(12 482 791)
Cash and Cash equivalents at the beginning of the year	6 953 020	20 922 431	20 922 431
Effect of exchange rate on cash and cash equivalents	(38 901)	18 595	(1 486 620)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10 687 044	771 919	6 953 020

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
for the six months ended 31 December 2021

	Total share capital N\$	Non- Distri- butable reserves N\$	Distri- butable reserves N\$	Non- controlling interest N\$	Total N\$
Audited balance at					
1 July 2020	486 911 828	1 985 600	28 382 990	-	517 280 418
Profit for the period	-	-	16 538 403	-	16 538 403
Other comprehensive income	-	-	-	-	-
Cross-holding shares disposed of during the period	13 762 875	-	-	-	13 762 875
Dividends	-	-	(4 872 312)	-	(4 872 312)
Reviewed balance as at					
31 December 2020	500 674 703	1 985 600	40 049 081	-	542 709 384
Profit for the period	-	-	12 398 712	39 116	12 437 828
Other comprehensive income	-	-	-	-	-
Acquisition of subsidiary	-	-	-	183 076	183 076
Dividends	-	-	(4 872 312)	-	(4 872 312)
Audited balance as at					
01 July 2021	500 674 703	1 985 600	47 575 481	222 192	550 457 976
Adjustment: subsidiary	-	-	39 075	(71 217)	(32 142)
Profit for the period	-	-	19 241 471	341 181	19 582 652
Other comprehensive income	-	-	-	-	-
Dividends	-	-	(4 872 312)	-	(4 872 312)
Reviewed balance at					
31 December 2021	500 674 703	1 985 600	61 983 715	492 156	565 136 174

1. OTHER INFORMATION

	31 December 2021	31 December 2020	30 June 2021
Notes	Reviewed	Reviewed	Audited

Number of shares in issue	2.2	48 723 123	48 723 123	48 723 123
Net asset value per share (cents per share)		1 159.89	1 113.86	1 129.77
Listed market price per share (cents per share)		1 277.00	1 149.00	1 200.00
Premium to net asset value		10.10%	3.15%	6.22%
Capital commitments (including approved but not contracted)		N\$167 900 000	N\$222 900 000	N\$318 800 000
Market capitalisation		N\$622 194 281	N\$559 828 683	N\$584 677 476
Basic earnings per share (cents)	2.2	39.49	34.42	59.80
Headline earnings per share (cents)	2.2	39.50	32.51	57.86
Dividends per share (cents)		10.00	10.00	20.00
EBITDA		N\$60 803 958	N\$48 573 176	N\$94 441 622
EBITDA margin %		30.98%	29.02%	27.73%
EBITDA per share (cents)		124.79	101.08	193.83
Net Debt (Total debt less cash)/ EBITDA (not more than 3.5x)		2.33	n/a	1.87
EBITDA interest cover (not less than 2.5x)		8.82	n/a	15.32

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 2021, 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. Restatement

The dividends earned on money market funds for the interim period which ended on 31 December 2020, amounting to N\$2.8 million, was removed from the cash flow statement, as the dividends were directly capitalised to the money market investments. (Refer to note 2.6)

2.3. Basic and Headline earnings per ordinary share

31 December	31 December	30 June
2021	2020	2021
Reviewed	Reviewed	Audited

Shares in issue			
Total number of shares in issue	48 723 123	48 723 123	48 723 123
Weighted number of shares in issue	48 723 123	48 054 373	48 386 000

The basic earnings and headline earnings per share for the period to 31 December 2021 are calculated as follows:

	31 December 2021 Reviewed	31 December 2020 Reviewed	30 June 2021 Audited
Earnings			
Profit for the period attributable to the equity holders of the parent	N\$19 241 471	N\$16 538 403	N\$28 937 115
Headline adjustments:			
After taxation (profit) / loss on sale of property, plant and equipment	N\$2 575	(N\$33 308)	(N\$57 745)
Profit on disposal of shares	-	(N\$882 750)	(N\$882 750)
Headline earnings	N\$19 244 046	N\$15 622 345	N\$27 996 620
Basic earnings per ordinary share (cents)	39.49	34.42	59.80
Headline earnings per ordinary share (cents)	39.50	32.51	57.86

2.4 Property, plant and equipment

	31 December 2021 Reviewed N\$	31 December 2020 Reviewed N\$	30 June 2021 Audited N\$
Net book value at the beginning of the period	390 016 662	254 244 406	254 244 406
Capital expenditure	146 556 856	89 962 015	174 404 595
Measurement adjustment	158 275	-	-
Disposals	(148 829)	(38 229)	(63 431)
Depreciation	(22 151 524)	(18 366 523)	(38 568 908)
Net book value at the end of the Period	514 431 440	325 801 669	390 016 662

2.5 Intangible assets

	31 December 2021 Reviewed N\$	31 December 2020 Reviewed N\$	30 June 2021 Audited N\$
Net book value at the beginning of the period	296 488 834	297 156 674	297 156 674
Additions through a business combination	-	-	1 881 668
Measurement adjustment on goodwill	19 242	-	-
Capital expenditure	1 178 471	366 583	4 086 289
Amortisation	(3 597 491)	(3 159 947)	(6 635 797)
Net book value at the end of the Period	294 089 056	294 363 310	296 488 834

2.6 Investments at fair value

Investments at fair value amounting to N\$56.5 million (31 December 2020: N\$86 million; 30 June 2021: N\$159.9 million) consist of investments in money market funds, which earned dividends of N\$2.4 million (31 December 2020: N\$2,8 million; 30 June 2021: N\$4.1 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 economic performance was expected to improve slightly during 2021 and improve further in 2022. According to the Bank of Namibia's December 2021 Economic Outlook report, the real GDP growth is projected to increase by 1.5% and 3.3% in 2021 and 2022, respectively, from a contraction of 8.5% in 2020.

The growth in the Information and Communication sector was expected to be 7.8% in 2021 and 6.4% in 2022. The group will continue its aggressive infrastructure roll-out strategy to further expand its network footprint across Namibia and to support recurring revenue growth.

For the six months ended 31 December 2021, Paratus Telecommunications (Proprietary) Limited ("Paratus Namibia"), the operating entity, realised recurring revenue of N\$166.2 million (December 2020: N\$150.4 million) which represents a growth of 10.5% on a like-for-like basis. Non-recurring revenue, which represents Local Area Network installations and sale of Telecommunication Equipment, amounts to N\$24.6 million (December 2020: N\$14.2 million). This represents a growth of 73.2% on a like-for-like basis. The growth is mainly attributable to a Local Area Network Installation from a new property development project.

The net profit before taxation, for the operating entity, for the same period amounts to N\$26.4 million (31 December 2020: N\$21.9 million) and earnings before interest, taxation, depreciation and amortisation ("EBITDA") amounts to N\$59.8 million (December 2020: N\$46.9 million). This represents growth of 20.6% and 27.5%, respectively on a like-for-like basis. The growth in profitability is mainly attributable to the overall revenue growth of 15.9% and the moderate increase of 7.7% in operating expenses. The operating margins for the period under review is slightly lower than the previous reporting period and is mainly due to the lower margins realised from the higher non-recurring revenue.

3.2 Capital projects

For the period to 31 December 2021 Paratus Namibia has invested N\$147.7 million in infrastructure. Of this total investment, N\$75.4 million was invested in the fiber network, of which N\$8 million was invested towards a fiber network in the Northern towns of Namibia and N\$15 million was invested to expand the current fiber network in the coastal towns of Namibia.

An amount of N\$11 million was invested towards the LTE networks in Windhoek,

the coastal towns, and the North of Namibia.

A total amount of N\$34.8 million was invested in the Cable Landing Station in Swakopmund, which has now been completed and is ready for service.

To date, N\$50.4 million was invested in the Data Center, which is expected to be completed during the third quarter of 2022 at a total cost of N\$123 million.

Management considers EBITDA as an important operational performance measure, as it mirrors Paratus Namibia'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.

For the period under review, Paratus Namibia have funded 40% of the total capital investment from operational cash flows, which includes the Data Center project. The investment in infrastructure bodes well for the group, as is evident from the improvement in the EBITDA margin emanating from the cost savings realised by using own infrastructure, as well as adding customers to existing infrastructure.

3.3 Events after the reporting period

The directors are not aware of any other material subsequent events after the reporting period.

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 December 2020: 10 cents per ordinary share).

The interim dividend payment of 10c per ordinary share is maintained to continue the current level of infrastructure roll-out, which should bode well for future profit growth.

The salient dates of the dividend declared are as follows:

- Board declaration date: 23 March 2022
- Last date to trade cum dividend: 27 May 2022
- First day to trade ex dividend: 30 May 2022
- Last date to register (Record date): 03 June 2022
- Payment date: 17 June 2022

3.7 Appreciation

The Board would like to thank the management team, service providers and our valued 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
25 March 2022

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