

**MOBILE TELECOMMUNICATIONS LIMITED**

("MTC" or "the Company")

(Incorporated in the Republic of Namibia)

(Registration number: 94/458)

Share code: MOC

ISIN: NA000A3CR803

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE INTERIM REPORTING PERIOD ENDED 31 MARCH 2023**

## MOBILE TELECOMMUNICATIONS LIMITED

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

### Overview of performance

Despite the challenging economic conditions, MTC has demonstrated resilience and achieved positive results. Our revenue increased by 2.36% to N\$1.48 million, driven by continued growth in data revenue, the resumption of roaming services, and the expansion of enterprise services.

We have also seen progress in our efforts towards Sim registration. Although it presented certain challenges, we continue to manage its impact on customer numbers and revenue. Our streamlined processes and customer support initiatives have facilitated a smoother registration experience for our valued customers and continue to grow the SIM registration footprint and streamline the process to be as fast and convenient as possible.

Management have considered different options based on the impact on Return on Equity (ROE) for shareholders. We have also considered the impact on the forecasted cash balance as at 30 September 2023 for each option.

### Financial Highlights:

1. Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA) increased by 3.3% to N\$734 million. This growth can be attributed to a reduction in direct costs, primarily due to the non-accrual of the CRAN levy pending the appeal lodged with the Supreme Court.
2. Net Profit after Tax (NPAT) decreased by 2.19% to N\$387 million. This decline was mainly due to the net recovery of MTC's initial public offering costs in 2022 as a one-time event and a higher effective income tax rate in 2023.

Looking ahead, we remain optimistic about the future of MTC. Our focus on providing exceptional services and innovative solutions will continue to drive growth and customer satisfaction. However, we acknowledge the challenges posed by external factors such as the Nampower dependency on infrastructure and electricity, and the risks associated with load shedding.

The growth prospects for the Namibian economy have been revised upwards to 4% in 2023, surpassing the mid-year estimate of 2.8%. However, we recognize that investor sentiment toward South Africa remains weak due to the ongoing electricity crisis and allegations involving South Africa and Russia. Consequently, we anticipate continued pressure on the Rand, leading to increased inflation and impacting consumer disposable income. Furthermore, the Rand has depreciated by 12% since January 2023, presenting an additional challenge for consumers and MTC to mitigate costs.

### Strategic Initiatives:

As part of our long-term growth strategy, MTC is actively pursuing a CSP to DSP (Communications Service Provider to Digital Service Provider) transformation. This shift will enable us to adapt to the evolving digital landscape and meet the changing needs of our customers. Our intent is to enhance our portfolio of digital services and leverage emerging technologies to provide a seamless and personalized experience to our valued customers.

Furthermore, MTC is dedicated to expanding its Mobile Financial Services (MFS) offerings. We have ambitious plans to launch MFS in the coming quarters, aiming to empower our customers with convenient and secure financial solutions. This expansion into the financial sector aligns with our commitment to innovation and providing comprehensive services that cater to the diverse needs of our customer base. Bank of Namibia has resolved to grant Windhoek General Administrators (Pty) Ltd, a wholly owned subsidiary of MTC, provisional authorisation to issue electronic money in Namibia in terms of the Determination on Issuing of Electronic Money in Namibia (PSD-3).

We are confident in MTC's ability to navigate challenges and seize opportunities. We will continue to execute our strategic initiatives, enhance customer experience, and drive sustainable growth. We appreciate your ongoing support as we work towards creating long-term value for all stakeholders.

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Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

The total active subscribers were:

Subscriber base - number of active subscribers

Pre-paid  
Post-paid  
Enterprise

	Unaudited Six months ended 31 March 2023	Unaudited Six months ended 31 March 2022	Audited Year ended 30 Sept 2022
	2,189,598	2,341,217	2,356,226
	164,504	159,345	161,560
	8,176	5,264	6,693
	<u>2,362,278</u>	<u>2,505,826</u>	<u>2,524,479</u>

### MTC Share price on the Namibian Stock Exchange (NSX)

Mobile Telecommunications Limited (MOC)

31 March 2023

Price	7.08
Change %	-16.71%
Market Cap (NAD millions)	5,310
Supplied by NSX	

### Dividends Distributed

The group's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

It is group's intention to pay dividends bi-annually at a minimum of 70% of net profit after tax, subject to the outlook for earnings growth, operating and capital expenditure requirements and acquisitions, together with the level of gearing.

	Unaudited Six months ended 31 March 2023	Unaudited Six months ended 31 March 2022	Audited Year ended 30 Sept 2022
Declared 32.28 cents per share on 06 December 2021, paid 04 February 2022	-	242,145	242,145
Declared 37 cents per share on 31 May 2022, paid 8 July 2022	-	-	277,500
Declared 42 cents per share on 05 December 2022, paid 03 February 2023	315,000	-	-
	<u>315,000</u>	<u>242,145</u>	<u>519,645</u>

### Interim dividend

An interim dividend of N\$348,375,000, being 46.45 cents per ordinary share, was declared on 31 May 2023 for the 6 months ended 31 March 2023.

Dividend payment details:

- Last day to trade cum dividend: 15 June 2023
- First day to trade ex-dividend: 19 June 2023
- Record date: 23 June 2023
- Payment date: 7 July 2023

### Directors in office at date of report:

T Mberirua  
TNZ Muteka  
S Galloway  
W Schuckmann  
RR Shipiki  
T Gawaxab  
LR Erastus  
MJ Smit

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 MARCH 2023**

		Unaudited Six months ended 31 Mar 2023 N\$'000	Unaudited Six months ended 31 Mar 2022 N\$'000	Audited Year ended 30 Sept 2022 N\$'000
Revenue		1,483,924	1,449,737	2,893,000
Other income		1,058	10,994	12,316
<b>Total income</b>		<b>1,484,982</b>	<b>1,460,731</b>	<b>2,905,316</b>
Changes in inventories of finished goods		(162,047)	(142,085)	(287,768)
Direct costs		(178,236)	(214,441)	(369,677)
Sales and marketing		(42,660)	(44,231)	(85,259)
General and administration		(127,063)	(138,532)	(247,907)
Personnel costs		(240,706)	(210,622)	(433,871)
Depreciation		(131,961)	(143,273)	(268,004)
Amortisation		(68,392)	(66,400)	(151,557)
<b>Profit from operations</b>	<b>3</b>	<b>533,917</b>	<b>501,147</b>	<b>1,061,273</b>
Investment income		33,859	58,528	85,535
Finance costs		(10,056)	(11,047)	(22,693)
<b>Profit before taxation</b>		<b>557,720</b>	<b>548,628</b>	<b>1,124,115</b>
Taxation		(170,678)	(152,901)	(331,076)
<b>Profit for the year</b>		<b>387,042</b>	<b>395,727</b>	<b>793,039</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		<b>387,042</b>	<b>395,727</b>	<b>793,039</b>
<b>Profit attributable to:</b>				
Ordinary shareholders		<b>387,042</b>	<b>395,727</b>	<b>793,039</b>
<b>Total comprehensive income attributable to:</b>				
Ordinary shareholders		<b>387,042</b>	<b>395,727</b>	<b>793,039</b>
<b>EBITDA Margin</b>		<b>49.5%</b>	<b>49.0%</b>	<b>51.2%</b>
<b>EBITDA per share (cents)</b>		<b>97.90</b>	<b>94.78</b>	<b>197.44</b>
<b>Earnings per share</b>				
<b>Per share information</b>				
Basic and diluted earnings per share (Cents)	<b>4</b>	<b>51.61</b>	<b>52.76</b>	<b>105.74</b>
Headline earnings per share (cents)	<b>4</b>	<b>51.60</b>	<b>52.60</b>	<b>105.81</b>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	Note (s)	Unaudited Six months ended 31 Mar 2023 N\$'000	Unaudited Six months ended 31 Mar 2022 N\$'000	Audited Year ended 30 Sept 2022 N\$'000
<b>Assets</b>				
<b>Non-Current Assets</b>				
Property plant and equipment	5	1,515,021	1,373,390	1,544,037
Right-of-use assets		182,322	188,891	190,907
Intangible assets		744,648	739,535	724,047
Loans to employees		1,154	814	1,137
Contract assets		17,824	21,571	19,263
Long term deposit		15,969	1,212	19,510
		<b>2,476,938</b>	<b>2,325,413</b>	<b>2,498,901</b>
<b>Current Assets</b>				
Inventories		100,242	94,390	118,813
Loans to employees		1,336	2,104	2,351
Trade and other receivables		189,215	171,339	182,870
Contract assets		123,834	122,238	118,315
Current tax receivable		48,684	67,828	-
Cash and cash equivalents		760,071	783,239	806,003
		<b>1,223,382</b>	<b>1,241,138</b>	<b>1,228,352</b>
<b>Total Assets</b>		<b>3,700,320</b>	<b>3,566,551</b>	<b>3,727,253</b>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital		25,000	25,000	25,000
Retained income		2,589,867	2,398,117	2,517,825
		<b>2,614,867</b>	<b>2,423,117</b>	<b>2,542,825</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Lease liabilities		184,872	189,835	195,321
Deferred tax		450,410	384,548	337,624
Provisions		37,530	23,268	26,872
		<b>672,812</b>	<b>597,651</b>	<b>559,817</b>
<b>Current Liabilities</b>				
Trade and other payables		245,567	372,967	429,974
Lease liabilities		22,239	22,568	23,128
Deferred income		144,835	150,248	148,390
Current tax payable		-	-	23,119
Provisions		-	-	-
		<b>412,641</b>	<b>545,783</b>	<b>624,611</b>
<b>Total Liabilities</b>		<b>1,085,453</b>	<b>1,143,434</b>	<b>1,184,428</b>
<b>Total Equity and Liabilities</b>		<b>3,700,320</b>	<b>3,566,551</b>	<b>3,727,253</b>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 MARCH 2023**

	<b>Share capital N\$'000</b>	<b>Retained income N\$'000</b>	<b>Total equity N\$'000</b>
Balance at 01 October 2021	25,000	2,244,431	2,269,431
Total comprehensive income for the period	-	395,727	395,727
Total distributions to owners of company recognised directly in equity	-	(242,145)	(242,145)
Balance at 31 March 2022	<u>25,000</u>	<u>2,398,013</u>	<u>2,423,013</u>
Total comprehensive income for the period	-	397,312	397,312
Total distributions to owners of company recognised directly in equity	-	(277,500)	(277,500)
Balance at 01 October 2022	<u>25,000</u>	<u>2,517,825</u>	<u>2,542,825</u>
Total comprehensive income for the year	-	387,042	387,042
Total distributions to owners of company recognised directly in equity	-	(315,000)	(315,000)
Balance at 31 March 2023	<u>25,000</u>	<u>2,589,867</u>	<u>2,614,867</u>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 MARCH 2023**

		<b>Unaudited Six months ended 31 Mar 2023</b>	<b>Unaudited Six months ended 31 Mar 2022</b>	<b>Audited Year ended 30 Sept 2022</b>
	<b>Note (s)</b>	<b>N\$'000</b>	<b>N\$'000</b>	<b>N\$'000</b>
<b>Cash flows from operating activities</b>				
Cash receipts from customers		1,493,942	1,429,823	2,863,269
Cash paid to suppliers and employees		(920,911)	(854,097)	(1,484,981)
Cash generated from operations	<b>6</b>	<b>573,031</b>	<b>575,726</b>	<b>1,378,288</b>
Investment income		33,859	58,528	85,535
Finance costs		(10,056)	(11,047)	(148)
Tax paid		(130,188)	(138,415)	(272,217)
<b>Net cash from operating activities</b>		<b>466,646</b>	<b>484,792</b>	<b>1,191,458</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(66,145)	(64,457)	(365,773)
Proceeds on disposal of property, plant and equipment		58	1,514	1,581
Purchase of other intangible assets		(89,668)	(82,312)	(129,073)
Construction deposit paid		(15,969)	(1,212)	(19,510)
Movement in loans to employees		998	178	(392)
<b>Net cash from investing activities</b>		<b>(170,726)</b>	<b>(146,289)</b>	<b>(513,167)</b>
<b>Cash flows from financing activities</b>				
Payment on lease liabilities - Capital		(28,757)	(15,427)	(53,422)
Payment on lease liabilities - Interest expense		-	-	-
Dividends paid		(315,000)	(242,041)	(519,645)
<b>Net cash from financing activities</b>		<b>(343,757)</b>	<b>(257,468)</b>	<b>(573,067)</b>
<b>Total cash movement for the period</b>		<b>(47,837)</b>	<b>81,035</b>	<b>105,224</b>
<b>Cash at the beginning of the period</b>		<b>806,003</b>	<b>707,572</b>	<b>707,572</b>
Net foreign exchange differences		1,905	(5,368)	(6,793)
<b>Total cash at end of the period</b>		<b>760,071</b>	<b>783,239</b>	<b>806,003</b>

## **MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

#### **1 Basis of preparation**

The group prepares its unaudited condensed interim financial statements in accordance with:

- International Financial Reporting Standard, IAS 34 Interim Financial Reporting ;
- Framework concepts and the recognition and measurement requirements of International Financial
- Interpretations issued by the IFRS Interpretation Committee (IFRS-IC);
- Financial Reporting Pronouncements as issued by Financial Reporting Standards Council; and
- The Namibian Companies Act.

The unaudited condensed interim financial statements are presented in Namibia Dollars, which is the group's functional currency.

#### **2 Accounting policies**

The accounting policies and methods of computation applied in the preparation of the condensed interim financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 September 2022. The condensed interim financial report is prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

No new or amended IFRS became effective for the six months ended 31 March 2023 that impacted the group's reported earnings, financial position or reserves, or the accounting policies.

##### **2.1 Segmental reporting**

The group considers its ICT segment as its only operating segment. This is in a matter consistent with the internal reporting provided to the chief operating decision-maker, identified as the Executive Committee of the group. The chief operating decision-maker allocates resources to and assesses performance of the operating segment of the entity.

##### **2.2 Basis of consolidation**

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

##### **2.3 Critical judgements in applying accounting policies**

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

###### **Revenue recognition**

Revenue recognition under IFRS 15 necessitates the preparation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. Those judgements include the term of the contract, currently 12 - 36 months (2022: 12 - 24 months), average markup of handsets of 20% (2022: 20%) and application of an effective interest rate of 10% (2022: 10%).

###### **Leases**

Recognition of leases under IFRS 16 has required management to use various assumptions and estimates in determination of specifically the expected lease term and the expected discount rate to be applied to various leases.



## **MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

#### **2.4 Key sources of estimation uncertainty**

##### **Determination of standalone selling price**

Where the group does not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. There were no changes to the determination of the estimates during the interim reporting period.

#### **2.5 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised if any future economic benefits are expected and those benefits could be reliably measured. Intangible assets consist of software licences.

There were no changes in the amortisation rates used during the interim reporting period.

#### **2.6 Property, plant and equipment**

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight-line basis, over the estimated useful life of the asset to its residual value. Land is not depreciated. Capital work-in-progress is not depreciated as these assets are not yet available for use.

There were no changes in the depreciation rates used during the interim reporting period.

#### **2.7 Right-of-use assets**

Right-of-use assets are depreciated over their useful lives. There were no changes in the useful lives during the interim reporting period.

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

	<b>Unaudited Six months ended 31 Mar 2023 N\$'000</b>	<b>Unaudited Six months ended 31 Mar 2022 N\$'000</b>	<b>Audited Year ended 30 Sept 2022 N\$'000</b>
<b>3 Profit from operations</b>			
<b>Total revenue</b>	1,483,924	1,449,737	2,893,000
<b>Contract</b>	<b>353,383</b>	<b>368,083</b>	<b>679,008</b>
Usage charges	60,846	65,404	123,322
Monthly subscription fees	213,839	218,794	436,770
Contract handset revenue	42,312	58,981	68,113
Other income	36,386	24,904	50,803
<b>Prepaid</b>	<b>930,522</b>	<b>910,605</b>	<b>1,820,412</b>
Starter packs	2,627	3,904	7,439
Usage charges	908,364	893,234	1,783,226
Other income	19,531	13,467	29,747
<b>Roaming income</b>	<b>36,664</b>	<b>31,314</b>	<b>64,664</b>
Contract	10,461	7,966	17,495
Visitors	26,203	23,348	47,169
Handset and accessories sales	75,654	66,417	173,225
Interconnect income	10,571	15,276	31,629
Bulk sms revenue	27,796	26,833	53,262
Site rental	9,513	8,908	17,902
Enterprise services	39,821	22,301	52,898

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

	<b>Unaudited Six months ended 31 Mar 2023 N\$'000</b>	<b>Unaudited Six months ended 31 Mar 2022 N\$'000</b>	<b>Audited Year ended 30 Sept 2022 N\$'000</b>
<b>4 Earnings per share</b>			
Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.			
<b>Basic earnings per share</b>			
From continuing operations (cents per share)	51.61	52.76	105.74
Basic and diluted earnings per share of the group was based on:			
Earnings	387,042	395,727	793,039
Weighted average number of ordinary shares	750,000	750,000	750,000
<b>Reconciliation of profit or loss for the period to basic earnings</b>			
Profit or loss for the period attributable to ordinary shareholders	387,042	395,727	793,039
Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.			
<b>Headline earnings and diluted headline earnings per share</b>			
Headline earnings per share (cents)	51.60	52.60	105.81
<b>Reconciliation between earnings (loss) and headline earnings (loss)</b>			
Basic earnings	387,042	395,727	793,039
<b>Adjusted for:</b>			
Profit on disposal of plant and equipment (after tax)	(41)	(1,204)	560
	<b>387,001</b>	<b>394,523</b>	<b>793,599</b>
<b>Dividends per share</b>			
Interim (c)	-	-	37.00
Final ordinary (c)	42.00	32.28	32.29
	<b>42.00</b>	<b>32.28</b>	<b>69.29</b>
<b>NAV per share (c)</b>	<b>348.65</b>	<b>323.08</b>	<b>339.04</b>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)****5 Property, plant and equipment**

	31 March 2023			30 September 2022		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land and buildings	193,647	(38,807)	154,840	193,647	(33,968)	159,679
Leasehold improvement	6,304	(2,097)	4,207	7,531	(2,512)	5,019
Computer and prepaid equipment	94,553	(51,910)	42,643	88,494	(44,720)	43,774
Vehicles, furniture and fittings	104,033	(64,653)	39,380	96,856	(60,480)	36,376
Network equipment	2,308,457	(1,184,542)	1,123,915	2,231,915	(1,180,334)	1,051,581
Capital - Work-in-progre	150,036	-	150,036	247,608	-	247,608
<b>Total</b>	<b>2,857,030</b>	<b>(1,342,009)</b>	<b>1,515,021</b>	<b>2,866,051</b>	<b>(1,322,014)</b>	<b>1,544,037</b>

**Reconciliation of property, plant and equipment - 31 March 2023**

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
	30 Sept 2022					
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land and buildings	159,679	-	-	-	(4,839)	154,840
Leasehold improvement	5,019	144	-	136	(1,092)	4,207
Computer and prepaid equipment	43,774	4,497	(16)	1,760	(7,372)	42,643
Vehicles, furniture and fittings	36,376	8,988	(81)	1,060	(6,963)	39,380
Network equipment	1,051,581	34,130	(4)	132,512	(94,304)	1,123,915
Capital - Work-in-progress	247,608	18,386	-	(115,958)	-	150,036
	<b>1,544,037</b>	<b>66,145</b>	<b>(101)</b>	<b>19,510</b>	<b>(114,570)</b>	<b>1,515,021</b>

**Reconciliation of property, plant and equipment - 30 September 2022**

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
	30 Sept 2021					
	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000	N\$'000
Land and buildings	169,362	-	-	-	(9,683)	159,679
Leasehold improvement	2,192	4,104	-	23	(1,300)	5,019
Computer and prepaid equipment	34,680	18,229	(18)	2,688	(11,805)	43,774
Vehicles, furniture and fittings	34,771	14,014	(391)	1,104	(13,122)	36,376
Network equipment	1,052,352	70,823	(1,996)	126,801	(196,399)	1,051,581
Capital - Work-in-progress	130,616	258,603	-	(141,611)	-	247,608
	<b>1,423,973</b>	<b>365,773</b>	<b>(2,405)</b>	<b>(10,995)</b>	<b>(232,309)</b>	<b>1,544,037</b>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

	<b>Unaudited Six months ended 31 Mar 2023 N\$'000</b>	<b>Unaudited Six months ended 31 Mar 2022 N\$'000</b>	<b>Audited Year ended 30 Sept 2022 N\$'000</b>
<b>6 Cash generated from operations</b>			
Profit before taxation	557,720	548,628	1,124,115
<b>Adjustments for:</b>			
Depreciation and amortisation	200,353	209,673	419,561
Net profit on disposal of property, plant and equipment	43	(1,204)	824
Loss/ (Profit) on realised foreign exchange	(1,905)	5,368	6,793
Investment income	(33,859)	(58,528)	(85,535)
Finance costs	10,056	11,047	22,693
Net impairments and movements in credit loss allowances	-	-	-
Movements in provisions	-	72	-
Foreign AR/AP year end revaluation	-	-	-
Other non-cash movements	-	8	698
<b>Changes in working capital:</b>			
Inventories	18,571	(33,301)	(57,724)
Trade and other receivables	(8,362)	(19,515)	(32,383)
Contract assets	18,376	(7,967)	2,652
Trade and other payables	(184,407)	(84,870)	(27,863)
Deferred income	(3,555)	6,315	4,457
	<b>573,031</b>	<b>575,726</b>	<b>1,378,288</b>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

	<b>Unaudited Six months ended 31 Mar 2023 N\$'000</b>	<b>Unaudited Six months ended 31 Mar 2022 N\$'000</b>	<b>Audited Year ended 30 Sept 2022 N\$'000</b>
<b>7 Related parties</b>			
Related party relationships exist between the company and its subsidiaries, fellow subsidiaries, shareholders and key management. All transactions with related parties occurred under terms no less favourable than those arranged with third parties.			
<b>Related party balances</b>			
<b>Balance receivable from fellow subsidiaries:</b>			
Telecom Namibia	4,218	4,291	838
Nampost Courier	9,026	8,399	8,178
Namibia Post and Telecommunications Holdings	-	197	-
<b>Balance payable to related parties:</b>			
Nampost courier	(3,786)	(3,463)	(7,538)
Telecom Namibia	(2,352)	(4,017)	(2,513)
Powercom	(15)	(843)	(33)
Namibia Post and Telecommunications Holdings	-	-	-
<b>Balance receivable from / (payable to) significant shareholders:</b>			
Government Institutions Pension Fund	616		13
<b>Subscriber balances owing from related parties:</b>			
Ministry of Finance and entities controlled by the Ministry of Finance	163		355
Namibia Post and Telecommunications Holdings Limited	-		135
Nampost Namibia Limited	49		73
Government Institutions Pension Fund	288		281
<b>Related party transactions</b>			
<b>Rent and property related expenses paid to related parties:</b>			
Namibia Post and Telecommunications Holdings	2,319	3,208	6,888
<b>Lease line cost paid to fellow subsidiaries:</b>			
Telecom Namibia Limited	8,152	8,701	15,976
<b>Postage and courier charges paid to fellow subsidiaries:</b>			
Nampost Namibia Limited	1,211	1,987	4,033
<b>Telephone and fax paid to fellow subsidiaries:</b>			
Telecom Namibia Limited	72	64	131
<b>Prepaid/postpaid airtime sales to Nampost Namibia Limited:</b>			
Sales	(146,010)	(151,423)	(328,179)
Dealer discount	20,837	16,382	47,308
Net sales	<u>(125,173)</u>	<u>(135,041)</u>	<u>(280,871)</u>

**MOBILE TELECOMMUNICATIONS LIMITED**

Registration number 94/458

Unaudited Condensed Consolidated Financial Statements For The Interim Reporting Period Ended 31 March 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)**

	<b>Unaudited Six months ended 31 Mar 2023 N\$'000</b>	<b>Unaudited Six months ended 31 Mar 2022 N\$'000</b>	<b>Audited Year ended 30 Sept 2022 N\$'000</b>
<b>7 Related parties (continued)</b>			
<b>Net site rentals paid to (received from) fellow subsidiaries:</b>			
Telecom Namibia Limited	(9,513)	(8,908)	(17,945)
Powercom (Pty) Ltd	8,196	7,528	15,143
<b>Net interconnect fees paid to (received from) fellow subsidiaries:</b>			
Telecom Namibia Limited	(2,536)	(2,536)	(6,045)
<b>Other transactions:</b>			
West African Cable System (WACS) payment - Telecom Namibia Limited	2,472	1,058	5,347
IPO net cost recovery - Namibia Post and Telecommunications Holding	-	-	(8,624)

**8 Contingencies****License fees**

The directors note that the High Court has ruled on the applicable date from when the levy was declared unconstitutional in 2018, which had the result that the unconstitutionality and the declaration of nullity was effective from a later date (June 2018 as opposed to September 2016). Due to this ruling the matter has been settled with the regulator for an amount of N\$70 million, which has been accounted for in full in the results for the period ending 30 September 2022.

Due to the declaration of unconstitutionality, Section 23 was amended and MTC was of the view that the amended provisions do not rectify the unconstitutionality. In this regard, the directors note that the high court has ruled on 30 August 2022 that the current licence levy under Section 23 of the Communications Act 8 of 2009, as amended by the Communications Amendment Act 9 of 2020 is unconstitutional and nullified the Regulations passed in terms of the provisions from the date of inception of the provisions. The regulator has subsequently lodged an appeal against the ruling of the High Court with the Supreme Court. The appeal hearing was held in 14 April 2023 and judgment was reserved. Until such time that the appeal is concluded, the ruling of the High Court stands. The directors fully expect the regulator to implement the licence fee regime, once a final ruling has been made, to be implemented in the financial year when this matter is concluded. Should the Supreme Court overturn the ruling of the High Court the group would be liable for licence fees amounting to approximately N\$26 million.

**Nampower dark fibre agreement**

The directors note that there is currently ongoing litigation surrounding this matter.

Nampower, MTC and Telecom concluded a dark fibre Tripartite agreement in 2012, in terms of which the three parties build fibre links to operationalise the Nampower fibre for telecommunication usage. MTN submitted an adjudication of dispute request to CRAN on the basis of exclusivity and non-competitive behaviour. CRAN has declared certain sections of the Tripartite agreement void and unenforceable, rendering the agreement terminated. MTC is now forced to renegotiate with Nampower at significantly increased rates.

MTC submitted a reconsideration application of the decision by CRAN, which was declined. MTC submitted a review application to the High Court on 14 December 2022 and the matter is still sub judice. Until the matter is concluded the tripartite agreement will remain binding.

## 9 Subsequent events

### Dividend distributions:

On 31 May 2023, an ordinary dividend of N\$348,375,000, being 46.45 cents per ordinary share was declared, but has not yet been paid out to the shareholders at the date of these interim financial statements.

### Dividend payment details:

- Last day to trade cum dividend: 15 June 2023
- First day to trade ex-dividend: 19 June 2023
- Record date: 23 June 2023
- Payment date: 7 July 2023