# Paratus Namibia Holdings Ltd

# 1H26 Initial Impression: *Network Gains, Capex Pains*

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# Paratus Namibia Limited

## 1H26 Initial Impression: Network Gains, Capex Pains

Current Price (c) 1,235

| Year End 31 December | FY23 | FY24 | 1H25 | FY25 | 1H26 | | |
|---|---|---|---|---|---|---|---|
| Revenue (N$ m) | 472 | 569 | 327 | 652 | 381 | NSX Code | PNH |
| EBITDA | 163 | 227 | 130 | 203 | 82 | Market Cap (N$ m) | 1,222 |
| Profit After Tax | 20 | 26 | 26 | 27 | (36) | Shares in Issue (m) | 98.9 |
| HEPS (c) | 38.6 | 47.2 | 26.4 | 26.3 | (36.8) | Free Float (%) | 100 |
| DPS (c) | 20 | 20 | - | 10 | - | 52-Week High (c) | 1,265 |
| DY (%) | 1.6 | 1.2 | - | 0.8 | - | 52-Week Low (c) | 1,225 |

*Source: Paratus Namibia Limited, IJG Securities*

### 1H26 Initial Impression

Paratus Namibia Holdings Ltd (PNH) reported interim results for the period ended 31 December 2025 (1H26), characterised by strong revenue and subscriber growth following the mobile launch, while earnings moderated due to elevated launch-phase and expansion costs.

### Revenue Growth and Mobile Traction

Revenue growth during the period was underpinned by strong subscriber momentum across core services and the initial contribution from the mobile business. Group revenue increased to N$381.3m, supported by a 62.7% increase in total subscribers and expanding LTE population coverage to 67.6%. On a like-for-like basis, revenue growth was stronger than the headline rate of 16.5%, with underlying operating revenue expanding by 23.4% once prior-period investment income is excluded. Recurring revenue from the mobile operation increased to N$27.6m during the period, indicating early monetisation as the platform scales, albeit from an initially modest base. Following the launch of mobile services in September 2025, customer growth across the broader portfolio accelerated, with notable increases in both Sky-Fi and Fibre connections, pointing to a broader impact on portfolio-level growth.

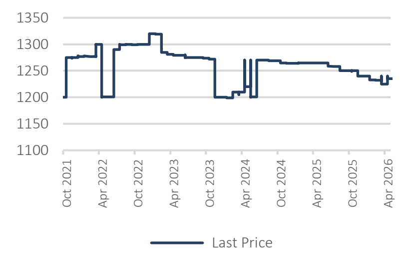
### Cost Structure and Margin Pressure

The strong revenue performance during the period was accompanied by pronounced margin pressure as PNH absorbed the upfront costs associated with the mobile rollout and broader network expansion. Gross margin declined to 38.5% from 53.1% in 1H25, reflecting higher network-related costs incurred ahead of full revenue scale-up. In addition, operating expenditure increased materially as the mobile business transitioned into active operation, with higher spending on advertising and marketing to support customer acquisition, as well as increased professional and operational support costs linked to the scale-up of the mobile platform. These factors contributed to operating margin declining from 20.3% in December 2024 to -7.6% in the current period. While the margin contraction is notable, it primarily reflects the timing mismatch between early-stage mobile investment and revenue maturation, with scope for improvement as utilisation and operating leverage build.

### Operating Performance, EBITDA and Earnings Impact (HEPS)

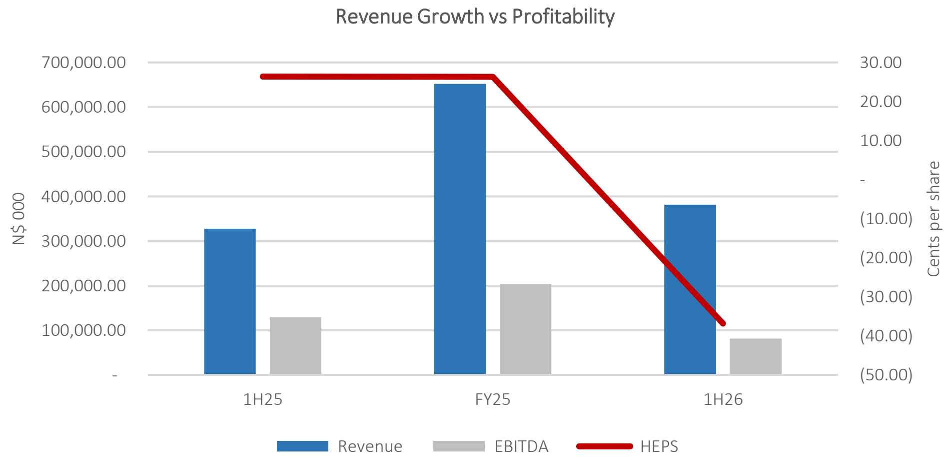
The margin compression and increased cost intensity translated into weaker operating performance during the period. The effect on accounting earnings was more pronounced, as higher depreciation charges from the expanded network asset base and increased finance costs linked to the funding of the mobile rollout further weighed on profitability. As a result, headline earnings per share (HEPS) shifted from 26.4 cents in December 2024 to a loss of 36.8 cents in the current period. The sharper contraction at the earnings level relative to EBITDA underscores the capital-intensive nature of the current expansion phase, with reported earnings lagging underlying operational activity.

### PNH Share Price (c)




### Dividends

No dividend was declared for the period ended 31 December 2025.




*Source: PNH, IJG Securities*

### Balance Sheet, Cash Flow and Investment Phase

The interim outcome reflects a deliberate investment phase rather than financial strain. Borrowings increased during the period to fund the mobile rollout and network expansion, resulting in net debt to EBITDA rising from a net cash position of -0.63x in December 2024 to 1.94x in the current period. Reflecting higher finance costs and lower group EBITDA, interest cover declined from 6.28x to 3.07x; however, both metrics remain within covenant thresholds, indicating that the balance sheet can absorb the current investment phase. In line with this position, no interim dividend was declared, reflecting a decision to prioritise balance-sheet flexibility and reinvestment over near-term shareholder distributions during the expansion phase.

### Conclusion

The interim results reflect a period of strategic transition for PNH, characterised by strong underlying revenue momentum alongside near-term pressure on margins and earnings as the mobile rollout moved into its operational phase. While profitability metrics deteriorated during the period due to elevated launch-related costs, higher depreciation and increased funding costs, the core growth drivers remain intact and early commercial traction is evident. With capital allocation prioritised toward reinvestment, leverage remaining within covenant limits, and the balance sheet positioned to support ongoing scale-up, the current period appears reflective of an investment cycle rather than a weakening of the Group’s underlying operating fundamentals.

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