

PNH FY26 Initial Impression

Year ended 30 June 2026

Key Focus Points

- **Revenue rose by 23.7% to N\$806.1m, and total subscribers increased by 74%**
- EBITDA rose by 1.4% to N\$201.1m, while the EBITDA margin narrowed to 24.9% from 30.4%
- Loss after tax of N\$36.4m, compared with a restated profit of N\$22.0m in FY25
- Total borrowings fell by 22.7% to N\$479.6m; both covenant ratios remain within their limits
- No dividend was declared for the year (FY25: 10.00c per share)
- **12-month target price of 934c (24.7% below the current share price of 1,240c); recommendation: Sell**

Subscriber Gains, Earnings Strain

Paratus Namibia Holdings Ltd (PNH) reported reviewed results for the year ended 30 June 2026 (FY26), the first financial year where the mobile business which launched in September 2025 is included. Revenue rose by 23.7% to N\$806.1m, while the Group recorded a loss after tax of N\$36.4m, compared with a restated profit of N\$22.0m in FY25.

Key financial figures

Year End 31 December	FY24	1H25	FY25	1H26	FY26
Revenue (N\$ m)	569	327	652	381	806
EBITDA	227	130	198	82	201
Profit After Tax	26	26	22	(36)	(36)
HEPS (c)	47.2	26.4	21.7	(36.8)	(37.3)
DPS (c)	20	-	10	-	-
DY (%)	1.2	-	0.8	-	-

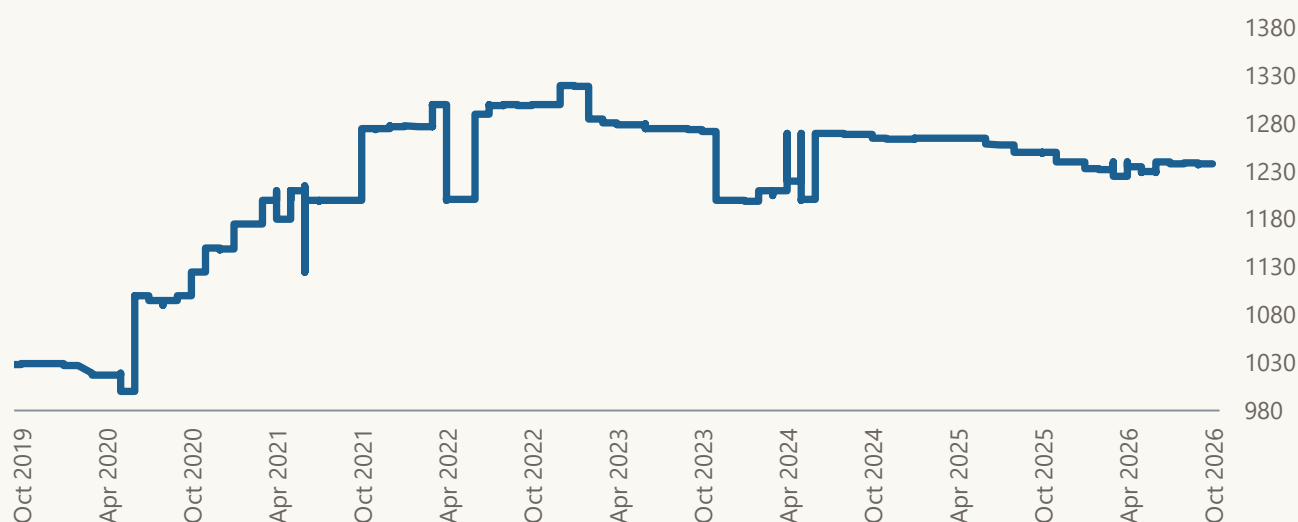
Source: Paratus Namibia Limited, IJG Securities

Market data

Metric	Value
Recommendation	Sell
12-Month Target Price (c)	934
NSX Code	PNH
Market Cap (N\$ m)	1,224
Shares in Issue (m)	98.9
Free Float (%)	100
52-Week High (c)	1,250
52-Week Low (c)	1,225

Source: Paratus Namibia Limited, IJG Securities

PNH Share Price (c)



Source: IJG Securities

Revenue Growth and Mobile Traction

Group revenue rose by 23.7% to N\$806.1m, and total subscribers increased by 74% during the year. Revenue at Paratus Telecommunications, the Group's operating entity, grew by 23.8% to N\$800.3m. Recurring revenue, increased by 16.5% to N\$679.5m. Non-recurring revenue, being revenue recognised at a point in time, increased by 91.0% to N\$120.7m. The mobile business generated N\$94.0m in its first year, about 11.7% of the operating entity's revenue (*IJG calculation*). Of this, N\$49.8m was recognised over time and N\$44.2m at a point in time.

During the year PNH started selling mobile devices on instalment terms of 12 to 36 months, which are recognised as trade receivables. Gross trade receivables increased by 143.8% to N\$116.6m, which the company attributed to growth in the customer base. Separately, contract assets of N\$21.3m (net of a N\$3.0m allowance) were recognised for the first time. These relate to equipment sold together with service contracts, where part of the equipment revenue is recovered through monthly service fees.

Cost Structure and Margin Pressure

Cost of sales increased by 29.4% to N\$451.2m, ahead of revenue growth, and gross margin narrowed to 44.0% from 46.5% in FY25. Group operating expenses rose by 41.3% to N\$328.9m, taking it to 40.8% of revenue from 35.7%.

At the operating entity, operating expenditure increased by 43.7% to N\$323.8m, of which N\$77.0m was attributed to the mobile project. Advertising and marketing spend rose to N\$39.0m (FY25: N\$19.9m), and consulting and professional fees to N\$15.5m (FY25: N\$9.0m). Net impairment losses on financial assets increased to N\$20.5m from N\$8.0m, including N\$3.0m against contract assets. A foreign exchange gain of N\$8.5m was recorded for the year, compared with a loss of N\$4.5m in FY25. Operating profit declined by 75.6% to N\$14.3m from N\$58.4m. The operating margin fell to 1.8% from 9.0%.

From EBITDA to Pre-Tax Loss

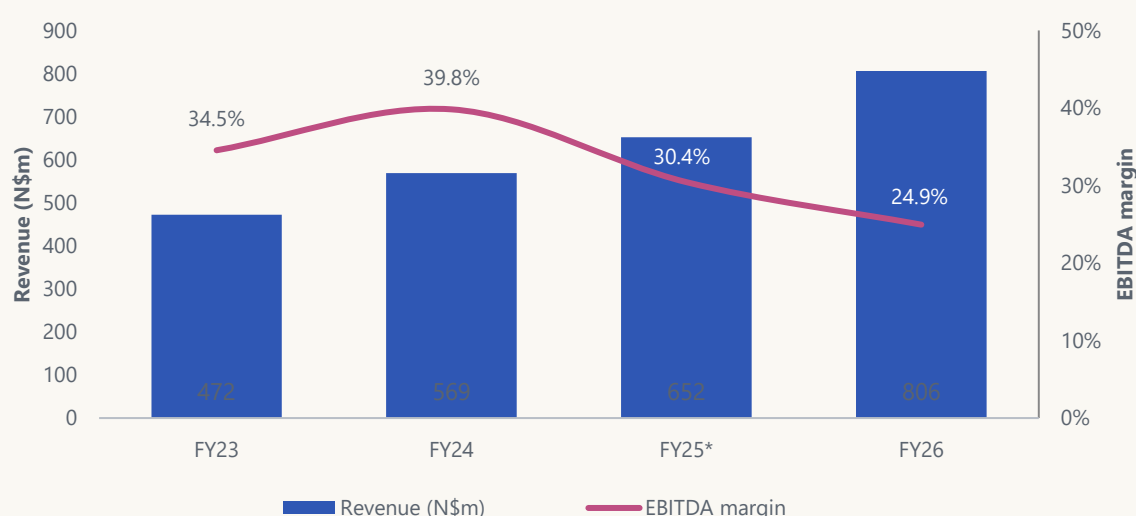
EBITDA rose by 1.4% to N\$201.1m (FY25: N\$198.4m). The EBITDA margin narrowed to 24.9% from 30.4%.

Depreciation and amortisation increased by 33.5% to N\$186.8m after the mobile network and digital software stack were commissioned in September 2025. Depreciation rose to N\$161.0m from N\$130.8m and amortisation to N\$22.7m from N\$6.5m. Finance costs increased by 18.3% to N\$86.6m following the additional notes issued in September 2025,

and borrowing-related interest rose to N\$48.7m from N\$35.9m. Investment income fell by 49.4% to N\$18.5m as investment balances were used to fund capital expenditure and settle the vendor financing arrangement. The company attributes most of the gap between EBITDA and the pre-tax loss to depreciation on the expanded network and interest on the borrowings used to fund investment in mobile, fibre and data centre assets. Compared with FY25, higher D&A, lower investment income and higher finance costs outweighed the increase in EBITDA. The Group moved from a pre-tax profit of N\$21.8m to a pre-tax loss of N\$53.9m.

FY25 comparatives were restated for errors relating to inventory work in progress, goods received not invoiced, and the classification of a supplier settlement as a contract liability. The restatement lowered FY25 profit attributable to shareholders by N\$4.5m and HEPS from 26.28c to 21.69c.

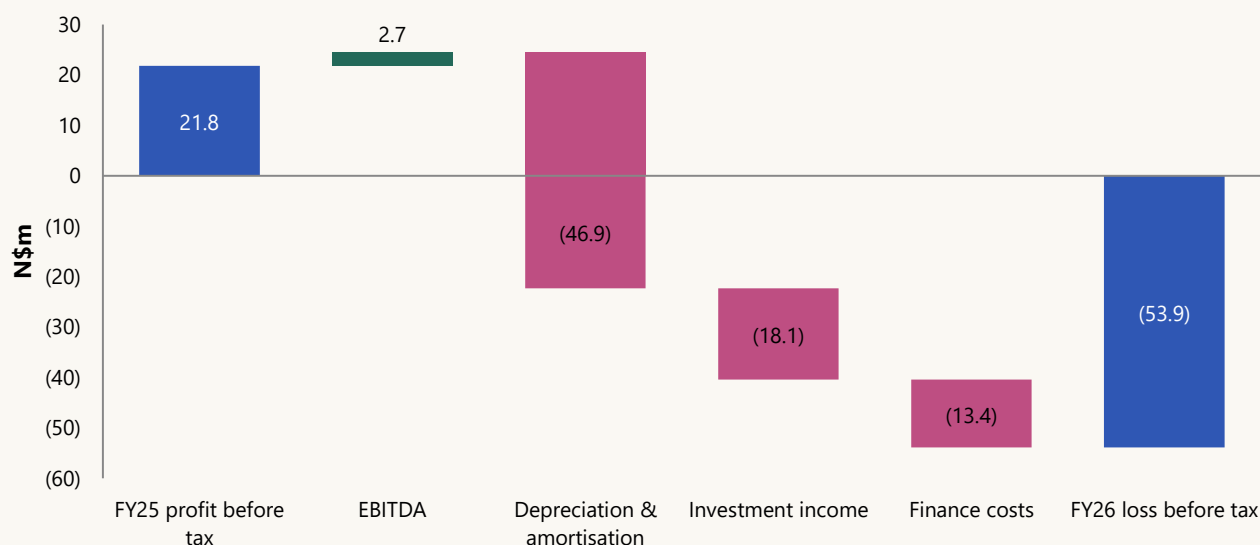
PNH Revenue (N\$m) and EBITDA Margin (%)



Source: PNH, IJG Securities

*FY25 restated.

PNH Profit Before Tax FY25 to FY26 (N\$m)



Source: PNH, IJG Securities

Balance Sheet, Cash Flow and Capital Expenditure

Total borrowings fell by 22.7% to N\$479.6m. The decline mainly reflects repayment of the RMB vendor financing, which decreased to N\$47.6m from N\$289.0m. Notes outstanding under the Domestic Medium-Term Note programme rose to N\$431.5m from N\$331.2m. The repayments were funded largely from investment balances, which declined to N\$92.1m from N\$442.4m. Net interest-bearing debt to EBITDA rose to 1.83x from 1.03x, against a covenant maximum of 3.5x. EBITDA interest cover fell to 3.83x from 5.03x, against a minimum of 2.5x. Net cash from operating activities fell by 20.2% to N\$79.8m, as interest payments rose to N\$52.7m from N\$39.5m. Infrastructure investment at the operating entity totalled N\$256.7m (FY25: N\$471.4m). Capital commitments declined to N\$253.1m from N\$283.0m.

Conclusion

FY26 was the first financial year to include the mobile business, which launched in September 2025. The results combine higher revenue and subscriber numbers with lower margins and a net loss. EBITDA was broadly unchanged because cost growth outpaced revenue growth. Higher depreciation, higher finance costs and lower investment income then moved the Group into a pre-tax loss. Total borrowings declined, but this was funded largely from investment balances, and both covenant ratios weakened while remaining within their limits.

Looking ahead, we expect profitability to remain under pressure in the near term. FY27 will carry a full twelve months of depreciation and amortisation on the mobile network and software stack, compared with about ten months in FY26. Most of the borrowings are floating-rate notes, so finance costs remain exposed to interest rates, and the repo rate was raised in June 2026. With the investment buffer largely used, any new funding is likely to come from debt, which would leave less headroom under the covenants. The main variable is whether mobile and subscriber revenue can grow faster than a cost base that has now largely been built.

On a discounted cash flow basis and using a terminal growth of 4.5%, we derive a 12-month target price of 934c. This is 24.7% below the current share price of 1,240c. Our recommendation is Sell.

Dividends

No dividend was declared for the year ended 30 June 2026 (FY25: 10.00c per share).

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