



CONNECT GROUP ACQUISITION OVERVIEW



November 1, 2021

SAFE HARBOR STATEMENT



The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for certain forward-looking statements so long as such information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information.

The use of words such as “may”, “will”, “might”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “intend”, “future”, “potential” or “continue”, and other similar expressions are intended to identify forward-looking statements.

All of these forward-looking statements are based on estimates and assumptions by our management that, although we believe to be reasonable, are inherently uncertain. Forward-looking statements involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, industry, strategy or actual results to differ materially from the forward-looking statements.

These risks and uncertainties may include those discussed in the Company’s annual report on Form 10-K for the year ended June 30, 2021, on file with the Securities and Exchange Commission, and other factors which may not be known to us.

With respect to our proposed acquisition of the Connect Group, additional

factors that could cause actual results to differ materially from those indicated or implied by the forward-looking statements include, among others: (1) the occurrence of any event, change or other circumstances that could give rise to the termination of the share purchase agreement relating to the proposed acquisition; (2) the ability to satisfy all conditions to completion of the proposed acquisition, including obtaining regulatory approvals; (3) unexpected costs, charges or expenses resulting from the transaction; (4) the disruption of management’s attention from our ongoing business operations due to the proposed acquisition; (5) changes in the financial condition of the markets that the Connect Group serves; (6) risks associated with the Connect Group’s product and service offerings or its results of operation including reduced cash settlements through Connect Group’s vault infrastructure or higher cash losses, lower than expected growth in Connect Group’s value added services, lower than expected levels of loan advances or higher credit losses and slower than expected growth in card transactions; (7) the challenges, risks and costs involved with integrating the operations of Connect Group with ours; and (8) our ability to realize the anticipated benefits of the proposed acquisition. The Company undertakes no obligation to revise any of these statements to reflect future events.

Any forward-looking statement speaks only as of its date. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

IFRS AND USE OF NON-GAAP MEASURES



IFRS

The Connect Group prepares its financial information under International Financial Reporting Standard for Small and Medium Enterprises (IFRS[®]); as such they may differ materially from US GAAP.

Use of Non-GAAP Measures

U.S. securities laws require that when we publish any non-GAAP measures, we disclose the reason for using these non-GAAP measures and provide reconciliation to the most directly comparable GAAP measures.

The Connect Group purchases and resales prepaid airtime products and records the gross amount received from the sale of the airtime in revenue and the cost related to the airtime sale in expenses. The operating margin (the sum of revenue less expense (“net revenue”) divided by revenue) generated by resellers of prepaid airtime in South Africa is generally lower than 10%, which is significantly lower than the operating margin realized by the Connect Group’s other business lines. Management believes that the net revenue metric enhances its own evaluation of the Connect Group, as well as an investor’s understanding, of Connect Group’s financial performance, because investors generally analyze transactions of this nature on a net basis.

Presentation of net revenue is a non-GAAP measure. The reconciliation between revenue under IFRS and net revenue for the year ended February 28, 2022, is shown in Annexure A.

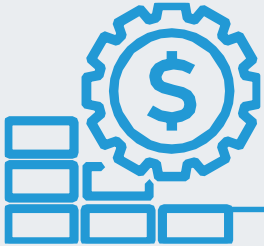


connect
CONNECTING POTENTIAL

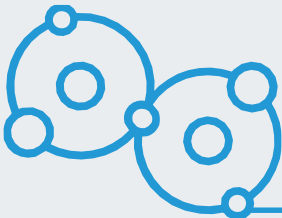


connect
CONNECTING POTENTIAL

Creating **The Leading FinTech Platform**
for **South African Consumers & Merchants**



Build the **Leading South African FinTech** platform...



Create a powerful **Two-Sided Ecosystem** catering to end consumers and merchants...



Bring **Financial Inclusion** to underserved consumers and merchants...

STRATEGIC RATIONALE

Complementary product offerings to drive stronger unit economics

Full-service product suite with strong cross-sell potential expected to reduce churn, increase take rates and improve unit economics

Expansion of addressable market to informal MSMEs

Opens addressable market to 1.4 million informal South African MSME with Connect Group already serving 35,000

Attractive financial profile with strong and profitable growth

Connect Group expected to continue delivering exceptional growth in throughput, revenue, earnings and free cash flow

Merging highly skilled teams with complementary expertise

Proven track record of launching and commercializing innovative financial solutions and integrating operating groups

Better serving the underserved

Net1 and the Connect Group are united by their commitment to financial inclusion for underserved people and businesses

KEY TRANSACTION TERMS

Net1 has signed a Share Purchase Agreement to acquire 100% of the shares in Connect Group for a total consideration of **c. ZAR 3.7 billion (\$242M)**

Implied Enterprise Value ZAR 4.8 billion and EV / Target 2022 EBITDA of 12.8x, financed by:

- ZAR 2,350m in new and existing debt
- ZAR 350m in deferred shares (c3.1m Net1 shares)
- The remaining balance funded by existing cash resources

c.1.3m⁽¹⁾ shares of restricted stock to be issued as a management incentive plan to reward, retain and incentivize key employees as part of the transaction

EXPECTED CLOSING

Transaction expected to close by the end of Net1's third fiscal quarter ending March 31, 2022

Subject to regulatory approval and satisfaction of customary closing conditions

INTRODUCING CONNECT GROUP



STRENGTHENING THE MERCHANT SERVICING CAPABILITIES OF OUR PLATFORM



cash connect

CASH MANAGEMENT & PAYMENT SOLUTIONS

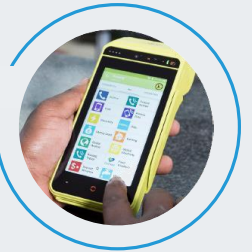
Fully-digitized cash vaults for SMEs facilitating cash deposits and supplier payments with instant cash access, risk cover and cash-in-transit solutions



kazang connect

BILL PAYMENTS & MICRO-PAYMENTS PLATFORM

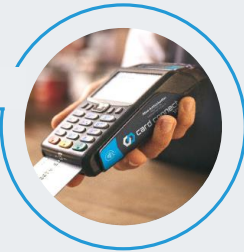
MSME merchant service provider offering bill payment solutions, money transfers, cash-in & cash-out as well as card acquiring



KAZANGPAY + card connect

PAYMENTS ACCEPTANCE FOR SMES & BANKS

Independent provider of traditional and mobile payments acceptance solutions to SMEs & Banks



capital connect

MERCHANT LENDING PLATFORM

Fully-digital, short-term business funding solutions for the South African retail sector



ACQUISITION INCREASES NET1 TAM BY 3X TO >US\$ 11BN



Core TAM

Financial Services to
Underbanked Consumers

US\$ **11** BN



Core TAM

MSME
Merchant Services

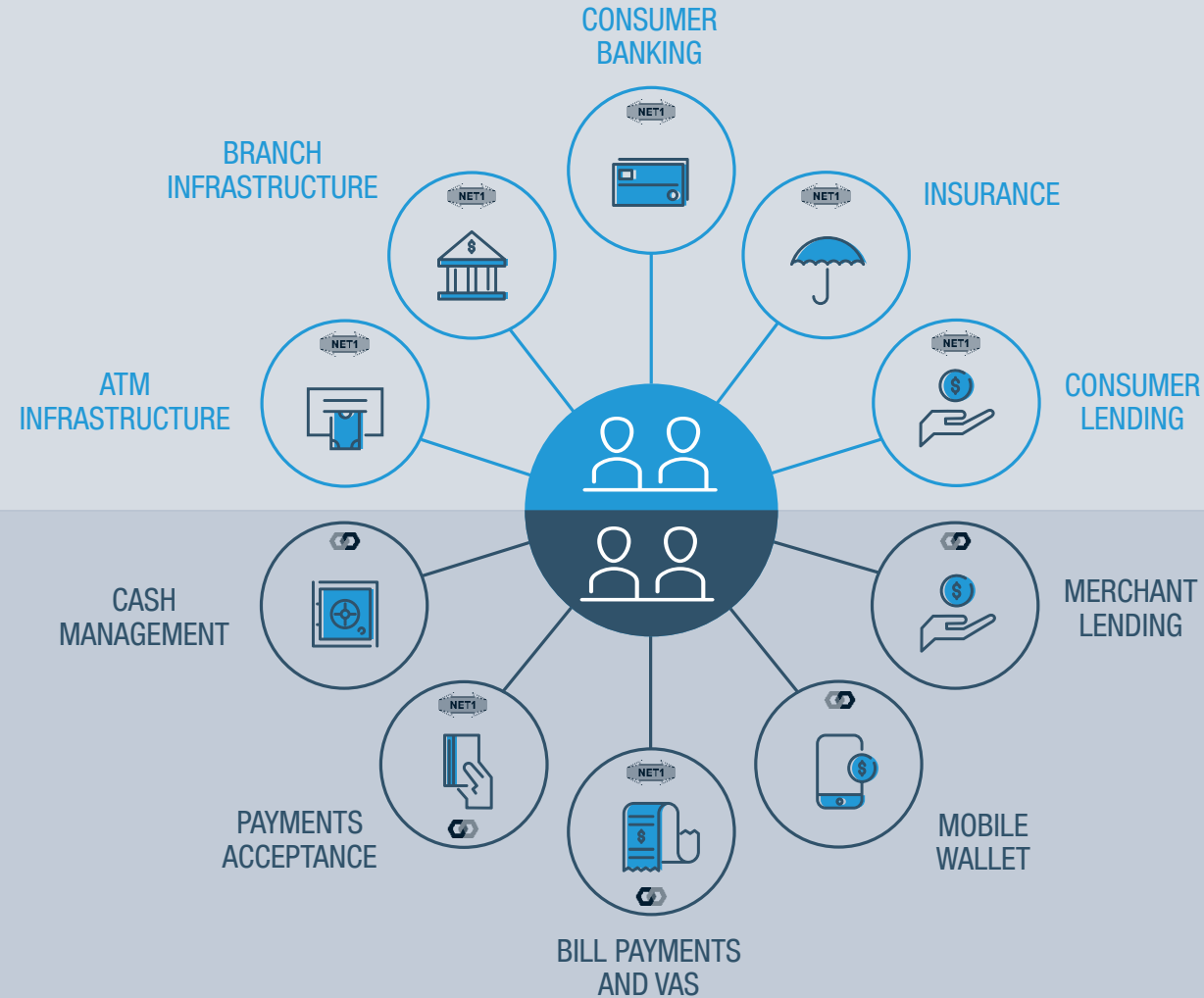
CREATING THE LEADING FINTECH PLATFORM FOR SOUTH AFRICAN CONSUMERS & MERCHANTS



South African Leader in
Financial Services for
Underbanked Consumers



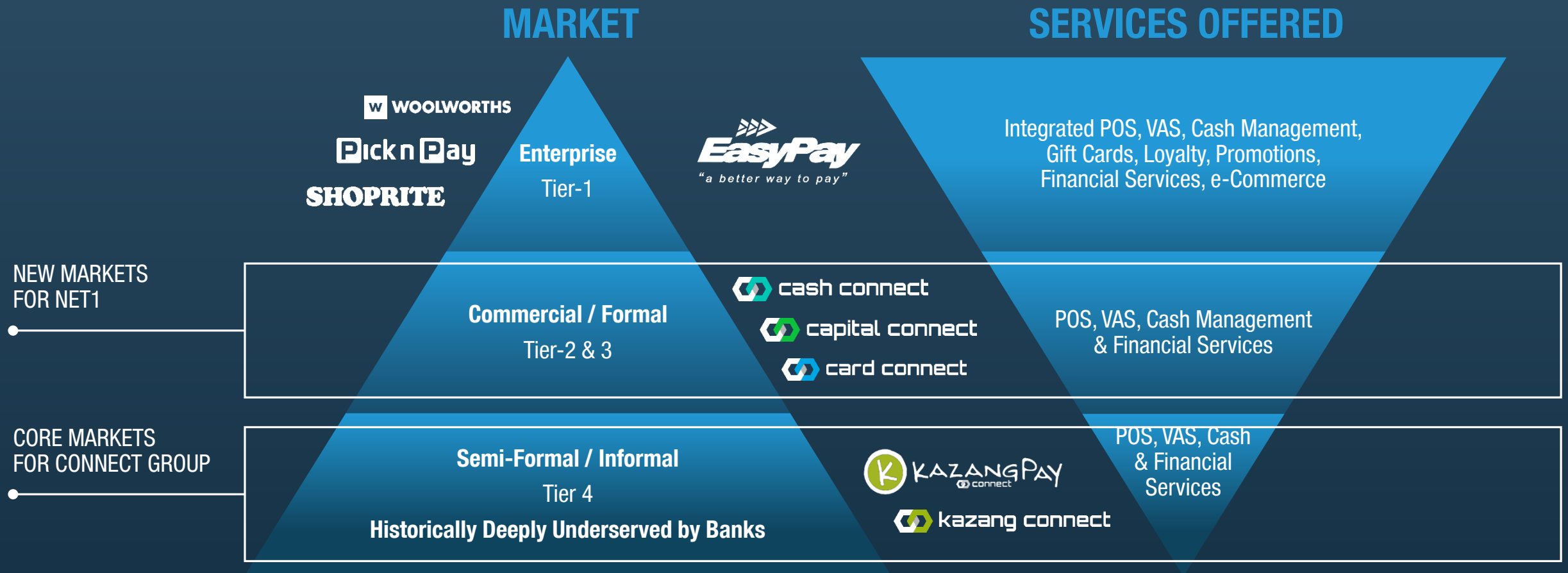
South African Leader in
MSME Merchant Services
and Commerce Enablement



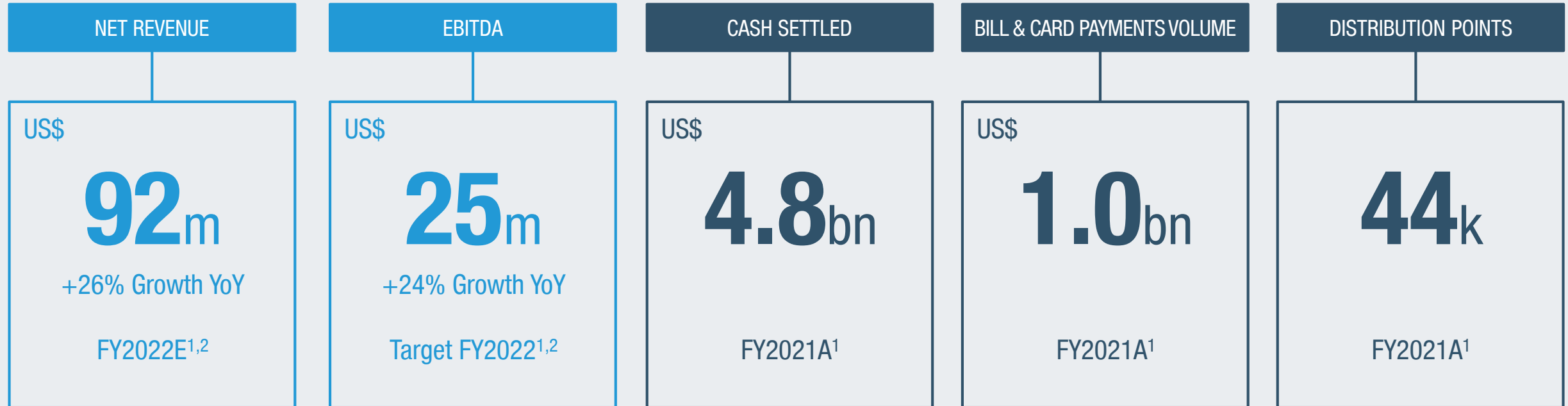
FOR CONSUMERS

FOR MERCHANTS

END-TO-END FINTECH CAPABILITIES FOR ALL MERCHANTS



CONNECT GROUP FINANCIAL & OPERATING PERFORMANCE



Net revenue reconciliation included in Annexure A
⁽¹⁾ Financial years ending February 28
⁽²⁾ Growth rates calculated in constant currency
FX: ZAR 15.22 = US\$ 1.00

ANNEXURE A: RECON OF NON-GAAP MEASURES

The reconciliation between revenue under IFRS and net revenue for the year ended February 28, 2022, is presented below:

	Year ended February 28, 2022	
	ZAR '000	\$ '000 ⁽¹⁾
Revenue under IFRS	5,708,171	375,044
Less: Adjustment for cost of prepaid airtime	(4,302,353)	(282,678)
Net revenue – non-GAAP	1,405,818	92,366

⁽¹⁾ Translated at the current exchange rate of \$1: ZAR 15.22.

**THANK
YOU**



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CONNECTING POTENTIAL