Phillipe Welthagen

Welcome to the Lesaka Tech's webcast for the third quarter of fiscal 2025.

As a reminder the webcast is being recorded and the presentation can be accessed through the webcast link provided. Management will address any questions you may have at the end of the presentation.

Participants, please enter your questions into the questions section of this webcast

The webcast link as well as our press release and supplementary investor presentation are available on our Investor Relations website at ir.lesakatech.com. Additionally, Lesaka filed its Form 10-Q after the U.S. market close yesterday, which is also available on our website.

During this call, we will be making forward-looking statements, and I ask you to look at the cautionary language contained in our Form 10-Q regarding the risks and uncertainties associated with forward-looking statements.

As a domestic filer in the United States, we report results in U.S. dollars, under US GAAP. However, it is important to note that our operational currency is South African rand and as such we analyze our performance in South African rand, which is non-GAAP. This assists investors' in understanding the underlying trends in our business. As you know, the company's results can be significantly affected by the currency fluctuations between the U.S. dollar and the South African rand.

I will now turn the webcast over to Dan.

Dan Smith

<u>Slide 3 - AGENDA</u>

Thank you Phil.

Good morning and good afternoon to our respective shareholders in the US, South Africa, Europe and Asia.

I will start the presentation by taking you through the key developments for the quarter followed by the Group's financial performance. Steve will present the Merchant division, Lincoln the Consumer Division, and Naeem the Enterprise Division. Ali will conclude with the Outlook for the rest of our current financial year to June 2025 and will also provide guidance for our 2026 financial year.

<u>Slide 5: Key Developments for FY25 Q3</u>

I characterise the past quarter as one of solid traction in the strategy that we are executing against.

Consumer out performance

Our Consumer division had a standout quarter, with record EPE transactional account enrolments, lending and insurance originations. It is pleasing to see the impact of the reorganisation and rejuvenation of our Consumer business, that we undertook over the past three years, really coming to the fore. This momentum continues into Q4.

Recharger acquisition

In early March we concluded the acquisition of Recharger, with one month's performance included in our Q3 results. Recharger augments our alternative payment offering and marks a turning point in the transition of the Enterprise division to contribute to our earnings.

Optimizing Key Divisions

In line with the execution of our strategy, we advanced the optimisation of our Merchant and Enterprise divisions.

We are building a multi-product fintech platform organised around our customers, with M&A being a key part of our strategy.

The acquisition of Adumo in Q2 of this financial year has significantly expanded our Merchant Division. As we continue to scale, the integration of product and people is core to our success and we place a great deal of importance on the optimization, integration and augmentation of our investments.

This process also includes re-aligning our capital allocation and efforts towards areas where we see significant growth, but equally being pragmatic in downscaling areas in which our 'bets' have not worked or where we deem the market opportunity not to be attractive.

Whilst this comes at a cost, which was approximately R20m this quarter, this is a net positive for the evolution of our business.

Specific details focused around the areas of impact will come through in the Merchant and Enterprise sections.

Group Debt Refinance

In the past quarter we also completed the strategic reset of our debt facilities, with our debt partners. I will provide more on the impact of this further on in my section of the presentation.

Mobikwik

As mentioned in last quarter's presentation, our non-core investment, Mobikwik listed on the Stock Exchange of India in December last year. Mobikwik's share price has been volatile and we marked it to market this past quarter with a net loss of R311million, which significantly impacted our overall financial result for the quarter. We are locked-up until June 2025 and we are exploring practical and sensible paths to monetisation. The proceeds from this monetisation will most likely be used primarily to reduce our gearing, further strengthening our balance sheet.

Staff ESOP Plan

We are very proud of the launch of our Employee Share Ownership Plan during the quarter.

Our employees, excluding executives and senior leadership, now own 3% of the issued share capital of Lesaka, more closely aligning their interests with the success of Lesaka.

Slide 6: FY25Q3 | Continuation of our strong & consistent performance

Overall, Q3 has been a continuation of our delivery of a strong and consistent performance.

We delivered Revenue of R 2.5 billion, Net Revenue of R 1.36 billion and Group Adjusted EBITDA of R 237 million, achieving our guidance across all metrics in this quarter.

Our Fundamental Earnings, which we believe is the most appropriate measure of our overall performance, has grown 98% year-on-year to R 58 million.

Our Net Debt to Group Adjusted EBITDA ended at 2.8x for the quarter both well within our bank covenants and current risk appetite.

Slide 7: Net Revenue and Group Adjusted EBITDA for Q3 FY25

Our focus is primarily on Net Revenue, as this more accurately shows the true reflection of our businesses top-line performance.

As a reminder, the difference between our Revenue to Net Revenue is due to the accounting treatment of selling ‘pinned Airtime’, where we have to recognize the principal, rather than the commission, as revenue. It also impacts cost of sales. There is no impact of this accounting treatment on the actual profit recognised.

Net Revenue increased 42% year-on-year, primarily driven by the inclusion of Adumo this year and a 32% increase in Consumer.

At a Group Adjusted EBITDA level, we recognised a 29% increase year-on-year. This result includes approximately R20 million of reorganisation costs, with the integration and strategic realignment processes underway in our Merchant and Enterprise Divisions. Outside of these costs, our Group Adjusted EBITDA would have come in towards the top end of guidance provided for the quarter.

Slide 8: Fundamental earnings for the quarter

Fundamental earnings which, in management's view, is the true reflection of our sustainable operating performance, grew 98% year-on-year to R58 million for the quarter. At a per share level this translates to 72 cents an increase of 60%.

The primary adjustment between fundamental earnings and net income is the change in fair value of Mobikwik, as mentioned earlier the presentation.

This quarter's performance reflects the highest fundamental earnings since the formation of Lesaka in 2022.

Slide 9: Strong growth in operating cash flows

Cash generated from business operations increased to R277 million.

Interest paid on bank borrowings decreased to R52 million with the R4.5 billion debt refinance concluding in February 2025. This represents two months of interest paid as we settled facilities ahead of the refinance, whereas typically it would be three months.

Cash generated in working capital was R156 million impacted by the timing of transaction processing at quarter end in our Merchant and Enterprise divisions, reduced inventory levels and enhanced focus on working capital management.

Cash generated in working capital was offset by a R217 million outflow in funding the growth in our Consumer and Merchant loan books, following strong uptake in the enhanced Consumer lending proposition and a significant uptick in our Merchant lending business, this quarter.

Bulk airtime purchases made in Q2 unwound this quarter, with an inflow of R41 million.

Net cash provided by operating activities increased to a pleasing R196 million.

Following the group debt restructure, which I will explain in more detail shortly, our Gross Debt Position has increased to R4 billion. This is primarily due to increased funding requirements for the Recharger acquisition, as well as the growth in the Consumer and Merchant loan books.

Cash on hand has increased from R1.1 billion to R1.3 billion.

Our Net Debt to Group Adjusted EBITDA was 2.8x for the quarter. As part of our leverage calculation, we include the market value of our Mobikwik position at the time of reporting. Whilst this cannot be monetizable currently, due to lock-up restrictions, the share price can affect our Net Debt to Group Adjusted EBITDA ratio.

We have communicated to the market that we are looking to continue bringing our Net Debt to Group Adjusted EBITDA ratio down, with a medium-term objective of 2 times, which we believe is comfortably serviceable and is the appropriate capital structure for the business.

Slide 10: Group Debt Refinance

During the quarter we completed the refinance of our debt facilities.

The outcomes can be summarised into 3 net positives:

- Firstly, the refinance has resulted in a simpler and more cost-effective debt facility structure, with more advantageous pricing. Previously, our weighted average cost of debt at current market rates was approximately 12.0% p.a., whereas going forward our cost of debt will be 10.7% p.a. On Gross Debt of R4bn, this equates to a saving of R52 million a year.
- Secondly, we have enhanced our financial flexibility as we repay debt and have established sufficient headroom to fund growth in our business.
- Thirdly, the debt restructure is in partnership with RMB and Investec, two of South Africa's leading commercial and investment banks. Not only has this brought a diversification in our funders, it is encouraging that our banking partners are supportive of Lesaka's growth story and improved risk profile.

Slide 11: Capital expenditures – investing for growth

We spent R83 million on capex this quarter, primarily driven by investment in growing our business. R22 million of this spend relates to the roll out of our new "Smart Safe" product.

These cash vaults are an important part of our holistic merchant offering and enables the opportunity for a greater cross sell given South Africa is still largely a cash dominated economy.

Our growth capex includes software development costs related to the enhancement of our Payment Switch in our Enterprise division, which Naeem will talk to later.

We also invested R12 million in POS devices in Kazang and Adumo to support growth in these businesses.

Slide 12 and 13 (Tables will not be presented on the webcast)

I would like to now hand over to Steve who will take you through the Merchant division KPI performance in greater detail.

<u>Slide 14 - Merchant Division</u>

Steven Heilbron

<u>Slide 15: Holistic offering & innovative solutions for merchants of any size</u>

Thank you, Dan,

Good afternoon and good morning, everyone.

Before I discuss the merchant division's third-quarter results and KPIs, I would like to briefly recap the key takeaways from our recent Investor Day.

Firstly, Lesaka is a business that has the rare capability to serve merchants of all sizes across both formal and informal markets. This enables us to capture volume across the market spectrum, from micro-merchants to large national retailers, which is not common in Africa.

Secondly, we are at the epicenter of the digitization trend for the markets that we serve, processing increasingly larger volumes every year, which gives us valuable data and insights into the activities and needs of our Merchants.

As a result, we can use this unique position to develop and sell a wide range of solutions that help our merchants across their financial lifecycles.

We use these insights to provide a comprehensive suite of products, encompassing software, card acquiring, cash and access to capital.

Thirdly, we have a differentiated “Go-to-Market” capability that enable us to reach merchants across the 5 countries in which we operate.

We continually invest in and evolve our solutions, teams, infrastructure, and technology to ensure our platform and ecosystem offer holistic solutions that enhance and add value to our merchants' businesses.

<u>Slide 16: Merchant Division | Q3 KPIs | Merchant acquiring & Software</u>

Looking at our third quarter performance.

Our merchant acquiring offering now has over 81,000 points of presence, demonstrating the additional scale that Adumo has brought to our merchant customer base. This acquisition enhanced our product set both in terms of hardware and software integrations, bolstering our ability to compete.

Throughput on these devices was R9.9 billion for the quarter compared to R3.9 billion a year ago. The inclusion of Adumo for the quarter accounted for the majority of this strong growth and was supported by double digit growth in Kazang Pay.

In our software business this quarter, the most notable being GAAP, we now operate 9 640 sites, and generated an ARPU of approximately R3,360 per month. This business has Annual Recurring Revenues of greater than 70%.

We are beginning to see real opportunities and positive traction in the cross-sell of merchant acquiring to the GAAP customer base, which we expect to be a material throughput contribution in the coming quarters.

<u>Slide 17: Merchant Division | Q3 KPIs | Cash and lending</u>

Turning to our cash KPIs, which include cash vaults and ATMs.

We effectively put the bank in our merchants' and micro-merchants' stores, enabling them to digitize cash immediately as received and reduce their cash holding risks.

Cash will continue to play a large role in the Southern African economy for the foreseeable future, with our vaults playing an important and differentiated part of our offering.

Devices grew 2% to over 4,500, with throughput growing 2% to R27.5 billion for the quarter.

An encouraging indicator included in this result is strong growth in our device estate and throughput in the informal sector. This is off a relatively low base but could be indicative of higher future growth.

We have seen a significant uptick in our merchant lending business this quarter. This has been driven by interventions in our sales model including the establishment of a dedicated sales team, access to improved merchant data and a focus on new client originations, as well as repeat borrowers.

This has not been affected by any changes to our credit criteria or credit policies.

Credit disbursed for Q3 increased to R332 million, compared to R219 million last year, with a net loan book of R494 million at 31 March 2025.

<u>Slide 18: Merchant Division | Q3 KPIs | Alternative Digital Payments</u>

Alternative Digital Payments cover pre-paid solutions, including electricity, airtime, data, and gaming, supplier-enabled payments and international money transfers.

Our devices in field have grown 16% year-on-year to over 89,000.

Pre-paid solutions throughput increased 4% year-on-year to R5.3 billion. We saw good growth in our gaming products and electricity, however increased competition in airtime and data sales held growth back. With product, hardware and distribution interventions, we aim to reposition this business back to higher growth levels.

Throughput on our supplier enabled payments platform increased 57% year-on-year to R5.9 billion. This was driven by throughput **on both** international money transfers and supplier payments increasing over R1 billion year-on-year.

Supplier payments, similar to international money transfers, attract a lower commission rate than traditional pre-paid solutions. This is a key component in the merchant eco system into which we continue to invest.

This has a positive pull through affect on our cash and card acquiring offerings which feed the merchant wallet enabling supplier payments.

Our ARPU, calculated on net revenue per device, has grown 8% year-on-year. We are focusing on higher revenue sites which will improve our ARPU potential.

Turning to the financial performance of the merchant division, net revenue was up 58% to R782 million, with Segment adjusted EBITDA up 7% to R150 million for Q3 2025.

As discussed in our Q2 presentation, we have made significant investments in our Kazang business over the past year, which has resulted in an increase in our operating expenditure.

In addition, as Dan explained earlier, we innovate, execute and learn quickly. During this quarter, we pulled back on some of these investments, which led to one-off reorganization costs, and have impacted profitability this quarter but has positioned us better for the coming quarters.

We are in exciting and dynamic times in the evolution of our merchant platform. A key component of our strategy is to differentiate ourselves as customer-led opposed to product-led. We are evolving our product offering to meet the various needs of our customers, with no single competitor offering the range of merchant solutions and addressing as many sub-segments.

Thank you. Lincoln will now take you through the Consumer performance.

Slide 19 – Consumer Division

Good morning and good afternoon, everyone.

Slide 20: South Africa remains underpenetrated with huge addressable opportunities

I am pleased report on another extremely successful quarter for the Consumer business.

Today, I will focus on the Q3 results but refer you to our recent Investor Day webcasts for detailed explanations of our consumer offering, strategy and business model.

Our core value proposition is built around addressing pain points of our primary market—permanent SASSA grant recipients.

We currently serve 1.9 million consumers every month on our "Easy Pay Everywhere" and "EasyPay Payouts" platform

We begin the lifecycle by helping our consumers RECEIVE their money and deposit their funds with us.

This includes helping them collect their government grants or their employee benefits which are critical in our markets

Then we help them MANAGE their money

We enable them to make bill payments to hundreds of billers quickly and easily...and provide them with a simple digital banking solution and MasterCard debit card to conduct their daily spending or cash withdrawals

Once we have gotten to know our customers...we can help them BORROW money

Since we can see their funding and spending activities…we can use this data to underwrite small, short-to-medium term loans

For most government grant recipients, we are the only regulated credit provider to this consumer segment in the market

And finally…we can help them PROTECT their assets and families

We sell small amounts of insurance to help their families in case of death

Every aspect of our product suite, value proposition, and distribution model is designed with this customer in mind, and the results have been exceptional.

According to the latest SASSA data, we increased our market share this quarter to 13% which is approximately 1.5 million permanent grant recipients.

However, on a revenue basis, our estimated share is just under 7% of the R25 billion annual revenue opportunity in this market

As we continue to build brand in this segment through focused, relevant solutions, we see substantial opportunity to sustain and accelerate our growth trajectory.

<u>Slide 21: Consumer | Q3 KPIs</u>

Turning to our KPIs, our performance has been driven by both consumer base expansion and effective cross-selling of our lending and insurance products.

Our permanent SASSA grant customer base grew 17% year-on-year to 1.5 million. Including temporary SRD grants, our total grant customer base reached 1.7 million. Notably, the SRD grant has been extended to March 2026.

We’ve maintained our monthly account fee at R7.50 since 2022, while continuing to improve financial outcomes through scale and product penetration.

Encouragingly, a natural consequence of demand for our offering means we have to increase capacity with our sales force now at approximately 800 sales agents compared to approximately 750 just three months ago.

Our lending product—tailored for the grant market—has seen remarkable uptake. We launched a new variant in Q2, which has been well received and is contributing to our success. Our micro-loans are now capped at R4,000 (from R2000), with simple terms and repayment periods of up to 9 months (previously 6 months).

Gross advances rose 54% year-on-year, with the loan book growing 59% to R808 million.

Our loan loss ratio has remained stable at approximately 6%—a strong result for this segment and a testament to the product's value to our customers.

Our insurance business also delivered very strong results:

- Active policies grew 27% year-on-year to approximately 527,000.
- Gross premiums written for the quarter increased 25% year-on-year to R97 million.
- Premium collection rates remain high at 96%, well above industry norms for this market.

Cross-sell momentum remains strong, with EPE account base penetration reaching 45% for loans and 34% for insurance—both up on a significantly higher base.

In our EasyPay Payouts business, we now serve around 300 corporate clients and over 200,000 cardholders.

<u>Slide 22: Continued momentum in cross selling & upselling initiatives and ARPU evolution</u>

In Q3, operational challenges at Post Bank—particularly around expiring SASSA cards—led many of their customers to seek alternative banking service providers.

Our strong brand and extensive distribution network, supported by targeted marketing, enabled us to capture a significant share of this migration, resulting in 89,000 net new account activations.

As mentioned earlier, this contributed meaningfully to our market share gains.

Our cross-sell strategy continues to drive ARPU growth. With a growing number of EPE account holders using multiple products, ARPU has increased to R106 compared to R94 last quarter and R90 a year ago.

March 2025 saw record lending and insurance sales, with April 2025 then outperforming this record. We expect this ARPU growth trend to continue into Q4 and beyond.

These KPIs reflect another outstanding quarter for the Consumer division, and resulted in:

- Revenue growth of 32% year-on-year to R446 million, and
- Segment adjusted EBITDA increasing 65% to R117 million.

<u>Slide 23: EasyPay Everywhere – Brand Evolution</u>

This week marks a personal milestone for me, I joined Lesaka exactly four years ago. Reflecting on our journey and presenting these results, considering where we came from, is truly humbling.

Across the country, in even the most remote branches, I see the impact of our work: beautifully refurbished and rebranded offices, dedicated staff proudly wearing their EasyPay Everywhere uniforms, and many satisfied customers.

We are making a meaningful difference in people’s lives. As we grow, we remain committed to enhancing the customer experience through better distribution, service, and product innovation.

I am so proud of our Consumer team— the new faces and those who've been with us since the beginning. Their dedication and resilience has been instrumental in our success.

By building a value proposition centred on our customers' needs, the Consumer division has become an invaluable contributor to Lesaka's success.

Thank you, and with that, I'll hand over to Naeem, who will take you through the performance of our Enterprise division

Naeem Kola

Slide 24: Enterprise Division

Thank you, Lincoln.

Slide 25: Enterprise Division Q3 KPIs

During Q3 FY25 we continued rebuilding and restructuring the Enterprise business. We focused on repositioning the products and services to deliver on the requirements internally within the group and developing a robust external Enterprise offering. As noted in previous quarters during quarter 3 we exited the point-of-sale hardware business and incurred cost related to this that has been taken into the Q3 results. Further we will look at exiting the payment card hardware business, although this impacts revenue and cost, we will see the benefits in FY26 as these products contributed negatively to EBITDA. We continue investing in and upgrading our technology as well as investing in senior executives to roll out the strategy in FY26. We have new products that have been launched, and we are excited about the opportunities these products will deliver.

We are developing our Enterprise as a material Group Adjusted EBITDA contributor in the coming years, which is why we are investing into it.

The acquisition of the Recharger business closed in March 2025, and we have commenced integrating this business into the Group's Enterprise Division. This will be a significant contributor to the Enterprise Division and will create an important position for the Group in the electricity vending business, I will talk in more detail about the business in the next slide.

As mentioned earlier, FY25 is very much a build year for the Enterprise Division, with a significant amount of uncapitalized development expenditure and restructuring cost impacting EBITDA this quarter. The result this quarter was an EBITDA of R2 million, down from R14 million last year.

Easypay our payment aggregator solution enabling B2B connections for bill payment and alternative payment solutions is embedded in the major retail businesses across Southern Africa and as well as smaller retailers. During Q3 FY25 Easypay Bill Payments processed R8.0 billion in throughput, which is up 12% on last year.

On utility payments we saw a 9% growth in throughput compared to last year, including approximately R100 million throughput for 1 month from the Recharger business.

The Hardware Security Modules business, operating under the Prism brand, sells very specialized high-end data security devices that are used in data centers processing sensitive information. This business generates revenue from sales of units as well as annual maintenance contracts, we continued to see good growth and demand for products and consultancy revenues.

As highlighted in last quarter's presentation we have officially gone live with our Prism switch. Our Prism switch enhances our go-to-market strategy and is strategically important. We see this as a significant opportunity to continue to release synergies across the group and internalize transaction flows. We continue to believe this unique expertise will enable the business to compete much more effectively. In Q3 FY25 we processed over 2 million transactions through the switch.

Slide 26: Enterprise Division – Recharger Acquisition

The Recharger acquisition closed in March 2025. Recharger is a South African prepaid electricity submetering and payments business with a base of over 500,000 registered prepaid electricity meters. We are excited by this opportunity as it expands our enterprise offerings and enables us to drive a significant strategy in the electricity vouchers vending through our platforms.

The recharger business provides solutions to property owners and managers to effectively manage electricity utilization through sub-meters that are installed in each unit, we sell these units through leading South African retailers. Tenants recharge the meters using vouchers that are vended through Recharger, using bill collectors such as EasyPay, the vending creates significant annuity revenue that is growing through increase in number of meters and inflation in utilities price increase, this creates a natural inflation hedge for the business. This creates a strong force multiplier effect as we look at cross sell opportunities for these tenants.

The underlying KPI’s of the business continue to show strong growth year on year, vending throughput grew by 28% and number of registered meters grew by 18%. The business has a 95% annuity revenue contribution and generates Free Cash Flow in excess of 70%.

Slide 27

Ali will now take you through the Group’s outlook.

Slide 28 – Will not be presented on webcast

SLIDE 29: FY25 GUIDANCE

Thank you Naeem, good day everyone.

Turning to our guidance for full year FY25

We are re-affirming our revenue guidance of R10 billion to R11 billion, net revenue guidance of R5.2 billion to R5.6 billion and Group Adjusted EBITDA guidance of R900 million to R1 billion.

At the mid-point of the ranges, this implies a Net revenue increase of 42% YoY and an Group Adjusted EBITDA increase of 37% for FY25, continuing the strong growth trend of the past few years. As mentioned before, we believe Net Revenue, which eliminates the effect of changes in revenue mix between agency and principal sales of airtime, is a more appropriate indicator of top line growth for our business than Gross Revenue.

SLIDE 30: FY26 GUIDANCE

Looking at FY26, we are now including Revenue and Net Revenue guidance, and confirming the Group Adjusted EBITDA guidance given last quarter.

For FY26 we anticipate Revenue of R11.4 billion to R12.2 billion, net revenue of R6.4 billion to R6.9 billion, and Group Adjusted EBITDA of R1.25 billion to R1.45 billion.

From the mid-points of FY25 to FY26 guidance, this implies 12% revenue growth, 23% net revenue growth, and 42% growth in Group Adjusted EBITDA. At the mid points of the range this would imply a Group Adjusted EBITDA to Net revenue margin of c.20%.

We are also adding a new guidance measure for FY26 year-end; positive net income on a US GAAP basis (excluding the impact of any unannounced acquisitions).

We expect that our Q4 FY25 and FY26 results will be driven by growth across each of our divisions:

- Our Consumer Division, has had an excellent FY2025 to date and we expect the momentum to continue into FY2026. We have materially and profitably grown our EPE base over the last couple of years and there remains significant runway ahead. At the same time as this we have increased our ARPU and operating margins.
- The Journey we went on with the consumer business, in creating a customer centric fintech under a single brand, that had previously operated as disparate products serving the same customer under multiple brands, is similar to the journey we are undertaking with our Merchant Division. Accordingly, in the short term, in the Merchant Division the priority is unit economics, cash conversion and strong EBITDA growth with increasing margins rather than top line growth. We do however expect to grow much faster than the market, and from a product perspective we expect this to be primarily driven by merchant acquiring and software, where we benefit from secular tailwinds.
- The Enterprise Division which was constituted in FY2025, is now emerging as a material contributor to EBITDA. In FY2025 we closed down legacy businesses to focus on building strategic technology products, for example an enhanced payment switch. We also invested in the electricity vertical, both organically, and through the Recharger acquisition, as we believe there is an opportunity here to increase not just the volumes we process but also our take rate or margins.

It is a pleasure to reflect that we now have 3 engines of growth as part of the Lesaka platform, all with excellent independent prospects but which are enhanced by the connectivity between them.

SLIDE 31: FY22 – FY26 EVOLUTION

I'd like to close the presentation by taking a step back and review the progress we've made in Lesaka. The shape and components of the business today look very different than they did 3 years ago.

From my perspective Lesaka is effectively a 3 year old business, the catalyst being the 2022 Connect Group acquisition. The consolidated Lesaka business at that time was sub-scale and deeply loss-making.

We were driven by a vision to create a special business out of these constituent parts, not just the leading fintech in Southern Africa, but a global reference. We are well on the way. The plan is working. Management has consistently pointed to where we are going and achieved the objectives set. We have now delivered on 11 consecutive quarters of profitability guidance and our guidance for FY2026 marks a milestone in that we are providing positive Net Income (excluding the impact of any unannounced acquisitions) guidance for the first time.

The Investor day we had in March of this year clearly set out the enormous opportunity ahead of us and the competitive advantage we have been building. Our FY26 guidance is indicative of the growing confidence we have in our ability to execute against this opportunity. We are excellently positioned today, while confident our best days are ahead of us.

Slide 32 - Questions

Thank you, I will now hand it to Phillipe to open the webcast for questions to be addressed by the management team.

<u>Phillipe.</u>

We will now open for Q&A addressing questions submitted online. Please enter your questions into the questions section of this webcast if you have not done so already.

Lesaka Q&A – May 2025

Phillipe Welthagen

We will now open for Q and A addressing questions submitted online. Please enter your questions into the questions section of this webcast if you have not already done so. The first question is from Frank Geng at Briarwood Capital, another excellent quarter in consumer. Comment on your market share gains in this business, and has this continued into April and May?

Lincoln Mali

Thanks Frank. You know, if you just go back to what Ali was saying, we we've made significant investments in our people, technology, the value proposition and the distribution. Those, that investment has paid off in the sense that they've now been able to grow our customer base by 70% year on year, to 1.5 million customers. We now have 13% market share in that base. But what you've seen over the last two months is that we've had record sales where we've taken more market share than our natural market share from competitors, and that is a vindication of the strategy that we embarked on two or three years ago. So, we see more growth that's coming. We see more customers coming to us because of the value proposition that we've put there. But what is also pleasing is that at the very same time that we are growing our customer base, we've seen a growth in our ARPU. We've seen our ARPU grow from 90 Rand a year ago a 106 Rand. So going forward, we still see, as Ali was saying, lots of good runway with both account growth and growth in our ARPU.

Phillipe Welthagen

Our next question comes from Theo Neil at LHR Research. How deep could the end point for penetration end up?

Lincoln Mali

If you think about our penetration, the insurance base we have invested in this product as well. We've grown it 27% in terms of policies. We're now sitting with over half a million, you know, insurance policies in place, and we've got a penetration now that is above 34%. We think that A, we can start to grow that penetration rate into the 40s, but the biggest opportunity is outside the EPE base. We've built a new system that will enable us to be able to go to 26 Reg A with a Sasa base, so that we can attract customers that are not EPE customers, and be able to sell our product.

The next opportunity is as we start to think about customers beyond the grant space, we think that our funeral policy is very competitive, and you'll be attractive in that environment, so we still see lot of room to grow with our insurance product, both within the EPE base, outside the EPE base into the grant space and then outside the Grant Space.

Phillipe Welthagen

We have a question from Ross Krige at Investec Securities. In your investor day, you highlighted that the merchant market is expected to grow at 10% to 15% compound annual growth rate over the next five years. That said, two of your Key Merchant contributors, card acquiring and ADP, appear to be growing slower than the market. Can you give us any insight on why this is currently the case, and what will change going forward for these businesses to grow in line with the market or higher than the market.

Steven Heilbron

Thanks Ross. Our top line growth, our top line growth metric, is net revenue. This is growing at 58% year on year, inclusive of MaA, with our organic growth component of this being at or around the market rates previously indicated. It's important to understand that our net revenue contribution is a function of the net revenue generated from our full product suite. Your question is specific to the net revenue on card acquiring and ADP, to clarify, we do not disclose the net revenue at a product level. But having said that, our card acquiring net revenues are growing at market, and we are confident on a go forward basis that we can continue with this momentum and exceed the market rates that we've previously discussed.

In relation to ADP. It's important to draw a distinction between the prepaid component and our supplier payments business, focusing first on the supplier payments piece, we had stunning growth in the year that just passed at 57%, this is a healthy contributor to net revenues, and acts as a strong pull through product on our cash acquiring and card acquiring services, filling our wallets from which supplier payments are enabled. On the prepaid space, we underwhelmed with growth at 4% with the correlation in a net revenue around that level. Having said that, we have now a number of interventions, and we are very confident that we will restore that growth rate back to the mid teen type levels. The last point that I want to make is that over the last period, we have spent a fair amount of time organically and inorganically building a foundation, broadening out our product suites, deepening our segment penetration and distribution capability. In the year ahead, our focus is very much now on bolstering our unit economics, achieving the operational leverages that we that we have previously communicated, and proving our business model.

Phillipe Welthagen

Thank you Steve, a reminder to participants to please enter your questions into the webcast question box.

I have another question. This one is from Luca at SBG Securities. Team, please elaborate on the Enterprise divisions contribution to group adjusted EBITDA, and what in the division has caused the deterioration of this contribution to both revenue and group adjusted EBITDA.

Naeem E. Kola

As mentioned in the presentation. You know, for us, enterprise, FY 25 was the year of rebuild and restart. We closed legacy businesses, and obviously that had contributed negatively to both revenue and EBITDA. But we also invested into new verticals, such as the switch, as Ali mentioned as well, into the electricity both from an acquisition perspective, as well as organic, organically growing their business. We've also invested into our Easy Play platform, which is now ready, and we'll be launching that on a much more broader basis and into different enterprises. So, as we look into FY26 you know, we're expecting contribution to be north of 10% and of segment adjusted EBITDA, and this becoming a more meaningful part of the business going forward.

Phillipe Welthagen
A question from Sven Thorson at Anchor Securities. You have consistently invested in a large percentage of your growth capex in cash vaults, yet this appears to be a low growth business compared to your other offerings. How do you think about capital allocation in this context? Would it not be better to invest expansion capex in your higher growth businesses.

Dan Smith
Thanks Sven. Let me address capex more generally. We're in the phase of investing in our business as we develop and scale our platforms. Over the last year, we spent approximately 360 million Rand in capex. And going forward, I don't expect that to change materially.

However, if you look at the guidance we provided on earnings midpoint this year, FY25 to FY26 we expect our earnings to grow in excess of 40%. On the similar base of CapEx, one can clearly see the benefits of our investments coming through in operating leverage in our business.

If I turn specifically to question of the cash vaults, we don't view our vaults as a standalone business or product. It's part of our holistic offering to our merchants. The vaults, quite simply, digitize cash. They turn it into an electronic store of value for our merchants. In time, we migrate our merchants to card acquiring, to ADP sales and we layer on credit to enable them to fund and grow their businesses. These other ancillary services we offer them are asset light and lead to attractive unit economics when taken as a whole, and strong cash conversion when taken as a whole. Of course, as we more fully serve our customer needs, we will integrate these businesses more and more to achieve these economies of scale and integrated unit economics.

Phillipe Welthagen

Thanks, Dan, I can confirm all the technical issues have been resolved. I think we have time for one more question.

I have another one from Frank at Briarwood Capital. To the group, how do you think we should think about margin evolution within your group, per division and as a whole, where should margins get to over time?

Ali Mazanderani

Thanks, Phil. I'll take that and thanks Frank for the question.

So, the merchant division had a segment adjusted EBITDA to net revenue margin of about 19% in Q3 and the consumer division of about 26%, I would note that year on year, the consumer division has increased from about 21% of that 26% so there's a material uplift and operation leverage at play then, and we have an expectation that the margin in the consumer division could and should be north of 30% over time. I have a similar perspective on the merchant division, the evolution that that business is going through, we hope and expect, will mirror what was achieved within the consumer division, and an EBITDA margin of 30% there is is certainly obtainable.

Within the enterprise division obviously, it's an earlier stage of evolution, but we certainly believe that margins EBITDA, margins of north of 20% in the short run, are achievable there. In the aggregate, the group adjusted EBITDA to net revenue in FY25 was 18%, the expectation, or circa 18% it will be based on the midpoint of the guidance range, in FY26 we expect it to be north of 20% so that's effectively a 2% margin increase in a single year, given that, you know, our group adjusted EBITDA is a composite of the divisions, minus obviously the group costs, which will we expect to grow far, far, far slower than revenue growth, we would trend towards a 30% group margin in that context. And we think that that is, as I say, achievable in the medium term, at a similar evolution as we expect to achieve between 25 and 26.

Phillipe Welthagen

Thank you Ali, those are all the questions we have time for today, for the questions that we haven't gotten to I will contact you directly to answer those questions. Thank you so much for attending and have a good afternoon.