Idris Dungarwalla - Head of Investor Relations

Welcome to Lesaka Technologies' results webcast for the fourth quarter and full year of fiscal 2026. As a reminder this webcast is being recorded. Management will address any questions you have at the end of the presentation.

To ask a question LIVE, participants are requested to join the Chorus Call line by registering via the link provided. Alternatively, please enter your questions into the questions tab of this webcast.

Our press release and investor presentation are available on our Investor Relations website at ir.lesakatech.com.

During this call, we will be making forward-looking statements, and I ask you to look at the cautionary language contained in our press release, presentation and Form 10-K, available on our website.

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.

I will now turn the webcast over to Ali.

Ali Mazanderani - Executive Chairman

Slide: Our Transformative Journey

Good morning, good afternoon, and thank you for joining us for Lesaka's results for the fourth quarter and full year of fiscal 2026.

FY2026 was another excellent year for Lesaka, delivering on all of our guidance measures, which we will come to shortly. But before reviewing the year, I want to reflect briefly on Lesaka's evolution.

Lesaka was launched in May 2022 following the merger with the Connect Group. We had set out on a journey through organic and inorganic growth to build the leading independent fintech platform in Southern Africa. As I sit here today, I am extremely proud to reflect on what we have built. The platform, the people and the performance. Challenges set and challenges met, fostering a culture of accomplishment and belief. A team whose depth, breadth, diversity, resilience and ability are fitting representatives of the extraordinary country in which they live.

Yet until a few months ago that team was spread across a disparate office network, operating under multiple brands. The name Lesaka, was barely heard or known by our most important stakeholders, our customers. While the financial milestones we will turn to later are significant achievements, one of the biggest reasons for celebration this year is the coming together of One Lesaka.

Slide: One Brand, One Culture, One Lesaka

The coming together in our wonderful new Johannesburg office in July 2026, which will be followed in the coming couple of months with our new offices in Cape Town and Durban, creates the environment to foster the cross-pollination between teams that will be one of our core competitive advantages. We are Lesaka, we are a kraal. It is very difficult to be so when not together. This change from where we work has been accompanied by the change in the brand unveiled in Q2 FY26, and a month ago, the public launch of that brand.

Today, I am delighted to say that our customers now say our name and I am delighted that they are embracing our brand as enthusiastically as our c.4,000 employees. It is difficult to convey the palpable energy and enthusiasm that has come with the brand launch. The street parades, the music, the crystallization of an identity. This is a new commitment we make.
A commitment to show up, where our customers are. Whether they be mothers or pensioners, spaza shop owners or companies, whether they be in the city centers of the highveld or the rural villages of the interior, the mountains of the Drakensberg or by the beaches and the valleys of the Cape. Where you are, we are. A pledge to be present, with empathy, with commitment. To serve with dignity, with humility and with authenticity. Those are the silent subtle tones now ringing loudly across our country, with a voice that is gathering momentum every week, proclaiming Lesaka. Where you Are.

Slide: Group Performance Year in Review

And so, to where we are, as of June 2026. For the year, net revenue grew 20% to R6.33 billion, Group Adjusted EBITDA grew 41% to R1.27 billion and adjusted earnings per share grew 210% to R6.51.

It’s a performance that reflects delivery on our promises. On the right are the guidance measures we gave for FY2026, across net revenue, Group Adjusted EBITDA, adjusted EPS and positive GAAP net income. I am pleased to say we delivered against all four measures, including turning GAAP net income positive for the full year for the first time since 2022. In addition our Net debt to Group Adjusted EBITDA fell to 1.9x below the 2.0x we had set as are goal.

Underneath the group numbers, our three divisions had different years, reflecting their different stages of evolution and I want to spend a few minutes on the revenue drivers of each.

Slide: Merchant Performance Year in Review

Merchant had a challenging year as various businesses were brought together. It grew net revenue 3% to R3.1 billion, and core net revenue, which strips out hardware sales and residual products, by 6% to R2.8 billion. Significantly, no single one of the 5 products that constitute the core of the business dominates contribution. Over the course of FY2026, Acquiring grew by 21% to R777 million and software grew by 34% to R391 million, while ADP, cash and lending each declined by single-digit percentages.

At the primary level of revenue drivers, we grew our average active merchant base by 12% to 132k while our weighted average ARPU declined by 5%.

Across our three largest products we saw volume growth: acquiring TPV grew 27% to R44 billion, ADP TPV grew 31% to R55 billion, and cash TPV grew 4% to R119 billion. Merchants are transacting more with us, but on individual products there has been a decline in take rate. ADP take rates declined 25%, mainly due to the reset in commissions for airtime set by the mobile networks over the year. We also experienced a mix-effect, where our fastest-growing volumes are in lower-margin supplier payments. A combination of mix effect and competitive pressure also lead to the cash and acquiring take rate decline.

In lending, where we feel we have a great opportunity, we underindexed on our expectations during the year, with a 3% decline in core net revenue. The demand from our merchants is there, and they are overwhelmingly underserved, but we are still evolving the offering which will allow us to scale the product with the appropriate capability, risk appetite and controls.

Slide: Consumer Performance Year in Review

Consumer had an outstanding year. Net revenue grew 38% to R2.4 billion, with all three products growing well. Transactional accounts revenue grew 24% to R855 million on strong consumer acquisition, lending grew 49%, and insurance grew 42%, both driven by cross-selling into our account base. Our blended transactional fees rose by just 3%, so growth came primarily from acquisition, not pricing. In a largely flat market, with many competitors, we grew our customer base by 19%, more than any competitor. This demonstrates a best in-class proposition build to serve customers with technology and humanity, where they are.

Slide: Enterprise Performance Year in Review

Enterprise had a strong year as well, growing net revenue to R913 million, with core net revenue growing 45%. Pleasingly the growth was across both volumes and take rates for both the two main products; ADP and utilities.

A year ago, we told you FY2025 was a year of build for Enterprise and that it would become a meaningful contributor in FY2026. It has done exactly that. We now have three meaningful divisions on which to build our future, combining into a unique Southern African fintech platform.

Dan will now take you through the broader financial performance focusing on the Quarter.

Dan Smith - Group CFO

Slide: Key Financial Highlights

Thank you, Ali. Good morning and good afternoon to everyone joining us today. Ali has described the platform we have built and the performance drivers of each division. I will explain what that progress means financially, before taking you through the fourth quarter's results.

Slide: FY26 A year of financial inflection

FY26 was a year of financial inflection for Lesaka. We delivered Group Adjusted EBITDA within our latest guidance, exceeded the top end of our adjusted earnings per share range and achieved positive full-year GAAP profitability of approximately R40 million. We are clearly seeing the improvement in our financial performance translate into stronger cash generation, with net cash from operating activities at R864 million for the year. After capital expenditure of R421 million, this leaves R443 million of positive cash generation. This is a significant improvement over the prior year and reflects the growing cash-generating capacity of our business. Our balance sheet has also strengthened. As a reminder, our medium-term leverage target has been 2.0 times or lower. We closed the year at 1.9 times, compared with 2.9 times a year ago, and reduced gross debt by approximately R200 million. We have achieved this ahead of the Bank Zero acquisition.

Pleasingly, we have seen a significant reduction in non-operational and once-off charges. As shown on the slide, non-operational charges reduced from approximately R1.7 billion to R35 million. During the course of FY26 we made good progress in exiting of our remaining non-core investments and businesses, the overall financial impact of which, was quite limited compared to the previous year. In addition, once-off charges reduced from R322 million to R91 million.

Taken together, these milestones reflect improved cash generation and quality of earnings as we continue to scale our platform. A significant amount of the "noise" and complexity has been eliminated in our numbers going forward.

Slide: Group level financial performance

Turning to the fourth quarter's performance, net revenue increased 8% to R1.62 billion, with Group Adjusted EBITDA increasing 22% to R367 million, demonstrating increasing operating leverage. Our adjusted earnings, which we regard as the key measure of our underlying performance, increased to R199 million. On a per-share basis, adjusted earnings increased from 90 cents to R2.40. Our leverage ratio closed at 1.9 times.

Slide: Divisional financial performance

Our Consumer division delivered another strong quarter, with net revenue increasing 31% to R669 million. This reflects growth in our active customer base and the continued success of our cross-sell initiatives. Enterprise net revenue increased 34% to R255 million, reflecting the contribution from Recharger and growth across ADP and utilities. We are pleased to see the division making a growing contribution as its platforms scale.

Merchant net revenue declined 10% to R729 million. As Ali has outlined, the division faces pressure on revenue conversion, despite growth in transaction volumes. It is an area of key focus for us. Lincoln will take you through the operational drivers.

Slide: Profitability performance

At a group level, Adjusted EBITDA of R367 million was an all-time quarterly high for Lesaka, representing growth of 22%. Our margin increased to nearly 23%, compared with 20% a year ago. Consumer segment adjusted EBITDA increased 56% to R253 million, while Enterprise delivered R54 million, an increase of 255%. These are pleasing contributions and reflect the growing scale of both divisions. Merchant segment adjusted EBITDA declined 33% to R122 million. This reflects the softer operational performance, and the ongoing integration of the division.

Group costs were R63 million for the quarter and R238 million for the year. The quarterly figure is broadly in line with the run-rate discussed at our third-quarter results. Looking ahead, as we prepare to bring Bank Zero into our platform and further scale our operations, we expect a reset in our annual group cost run-rate, to approximately R350 million in FY27. This increase represents an investment in group enabling functions, including data and information systems, people and risk and compliance capabilities. We remain focused on ensuring that it supports growth and improves efficiencies across the business and expect the spend to stabilize at this level in the medium term, with positive operating leverage emerging.

Slide: Cash flow and leverage ratio performance

Turning to cash flow and our balance sheet, cash generated from business operations was R384 million for the quarter, compared with R379 million a year ago. As a reminder, this measure is before working-capital movements, loan-book funding, bulk ADP purchases, tax and interest. After these movements, net cash generated from operating activities was R279 million, compared to cash utilized of R113m a year ago.

For the full year, net operating cash flow was approximately R864 million. Working-capital releases contributed to this result. We also continue to reinvest cash into growing our lending books, with the funding requirement varying through the year, particularly around the December festive season.

Our earnings growth and cash generation have supported the reduction in our net debt to Group Adjusted EBITDA ratio to 1.9 times. This reflects both higher EBITDA and a reduction in gross debt from approximately R4.0 billion to R3.8 billion. We have also experienced the benefit of reduced leverage with a decrease in effective borrowing rates from our lenders.

As mentioned earlier, we have achieved our leverage target before the acquisition of Bank Zero. Subject to completion and the planned migration of lending-book funding, we anticipate further benefits to our funding costs and external debt requirements. Steve will unpack the timing and assumptions in more detail.

Slide: Capex spend and areas of investment

Capital expenditure was R171 million in the fourth quarter, above our recent run-rate, taking our full-year spend to R421 million. This is above the R400 million annual guidance previously communicated and partially due to timing of operational investment and fit-out costs relating to our recent One Lesaka office consolidation programme.

In the fourth-quarter, approximately 42%, or R72m, related to point-of-sale devices and cash vaults, supporting the growth of our merchant base. A further 30% related to non-operational capex for the fit-out of our new offices.

Looking ahead to FY27, we expect total operational capex to be around the R450m level, as we invest in the growth of our business, particularly merchant. We also expect non-recurring leasehold improvement capex of approximately R100m as we consolidate our offices across in Cape Town and Durban. We remain focused on capital discipline and the returns on investment.

Slide: Benefits of scaling the platform

In recent quarters, the benefits of the platform we are building have become increasingly evident. Our Group Adjusted EBITDA margin increased to 22.6% this quarter, compared with 20.1% a year ago, reflecting improving operating leverage at a group level.

On a last-twelve-months basis, capex as a percentage of Group Adjusted EBITDA reduced from 42.0% to 33.0%. Given the investment planned for FY27, the near-term ratio will be elevated, but trend down to below 30% in the medium term.

Combined with an improving quality of earnings, these trends highlight the strengthening financial fundamentals of Lesaka. We remain focused on improving Merchant performance and generating improved returns as we continue to evolve and scale our platform.

Thank you. I will now hand over to Lincoln to take you through our divisional performance.

Lincoln C. Mali - CEO Southern Africa

Slide: Merchant Division (divider) and Slide: Merchant Base & Engagement

Thank you, Dan. Good morning and good afternoon. Four years ago we set out to build a single platform that could serve a merchant of any size, from a spaza shop through to a national franchise. FY2026 has been a year of building that machine rather than running it.

Turning to our quarterly results, our active merchants grew 3% to 132 thousand. Within that, community merchants grew 6% to 107,000, and corporate merchants declined 7% to 25,000. On our Community channel, we are seeing positive traction in multi-product bundling. As we digitize cash, merchants are enabled to transact digitally through our complementary ADP and acquiring products. The Corporate channel has been more challenging. Attrition in the base is a combination of expected patterns and market dynamics. Firstly, we exited the ATM business in the second half of FY26 and have been sunsetting a legacy, non-core acquiring product, representing the decline we expected. What matters is the evolving mix of merchants we can build a full relationship with, as we're demonstrating within Community. Within Corporate, we are deliberately focusing on integrated acquiring with software rather than standalone.

Blended merchant ARPU declined 8%, to R1,750, largely a mix effect of gaining more community than corporate merchants. Corporate standalone ARPU was flat at just under R6,000, confirming the merchants we reduced were non-core. Community standalone ARPU came down 8%, from R824 to R755, due to declining take rates in ADP.

Community merchants represent more than 80% of our active base and are growing the fastest. A stable corporate ARPU coupled with a softer community ARPU produces a downward blended figure, and that will remain true for as long as community grows faster than corporate. On product penetration, merchants using three or more products came down from around 10% to around 7%. That is largely arithmetic, as community is where the base is growing and new merchants often come in on a single product. We also tightened community lending criteria during the year.

Slide: Merchant Volumes

Acquiring TPV grew 6% to R10.6 billion in the quarter, with active acquiring merchants up from 70,300 to 73,700; that growth came from community. In corporate, our larger merchants have generally stayed with us.

Cash TPV grew 5% to R29.8 billion across 4,900 vaults. Corporate cash continued its structural decline, down around 2%, while community cash grew by roughly R3 billion. That aligns with expectations: formal-economy cash acceptance is declining, while township and rural cash is not.

Cash taken into our vaults flow into ADP. ADP TPV grew 34% to R14.6 billion. Prepaid solutions grew 6% to R5.7 billion, a return to growth, and supplier-enabled payments grew 62%, from R5.5 billion to R8.9 billion. Supplier payments tie a merchant into our ecosystem by taking cash-handling risk out of their business and creating cross-sell opportunity. We have more than doubled that network in two years and are still adding suppliers. We are pursuing various monetization strategies given the increasing TPV, particularly within ADP.

Slide: Merchant Lending and Software

Merchant lending originations improved sequentially through the year, with the fourth quarter up 20% to R249 million and the book closing 15% higher at R463 million. This has been supported by disciplined lending back into merchants we already know and whose transaction data we can see.

Software sites were flat for the year. The development that matters is Unity, our cloud-native hospitality platform that enables acquiring at scale and is central to our long-term Merchant strategy. 16% of our software base has now migrated to Unity, up from 10% a year ago, and our nearest-term opportunity lies within the sites we already manage.

Slide: Merchant Base & Engagement (product layering)

On the left is our base, split by how many products each merchant uses. Merchants using a single product grew from 69,000 to 71,000; two products grew from 46,000 to 52,000. Three or more products fell from 12,000 to 9,000, for the reasons I gave. On the right is what layering is worth. In corporate, a second product lifts ARPU by nearly 60%. In community, a third doubles it.

The economics of layering is not theory; it is visible in our base today. More than five thousand additional merchants took a second product from us this year. As we focus on integrating the businesses within Merchant, our expectation is to drive that multi-product growth. I will now move to Consumer.

Slide: Consumer Base and Engagement

FY2026 has been another record year for Consumer, across every metric we track. Active consumers grew 11% to 2.1 million. Our share of the grant beneficiary market rose from 13.6% to 14.9%, and from 10.8% two years ago. I want to put that in context, because on its own the number understates what our teams achieved. In the six months to June, the grant beneficiary market contracted as SASSA reviewed its register and removed recipients who no longer qualified. We grew our base in a shrinking market, and we added more customers in absolute terms than anyone else in this segment. That is the clearest evidence of the strength of our proposition and distribution.

On economics, Consumer ARPU grew 15% to R98 per month, from R85 last year and R76 two years ago, a compounding effect of cross-sell. Our product penetration continued to improve: 51% of active consumers now hold two or more products, the first time we have been above half our base, and 20% now hold all three, up from 16% last year and 14% two years ago.

Slide: Consumer ARPU Driven by Cross-Sell

We are showing the composition of Consumer ARPU for the first time, and intend to show it annually. Our transactional accounts product has remained relatively stable over the last two years in ARPU contribution, with lending and insurance creating the ramp. We have been routinely challenged on whether competition will erode our core transactional relationship; the evidence is that it has not. It has held while our base grew by more than half a million, and that stability is the foundation for cross-sell.

Effectively all our ARPU expansion has come from lending and, increasingly, insurance, layered onto a transactional relationship that holds. On the right is a core reason the strategy works: our distribution. We have grown our branch footprint with an emphasis on rural communities where our customers live and our competitors are not. Our model is a deliberate hybrid: we acquire customers face to face, through people who live in the communities that they serve and transact with them digitally. The two are intertwined.

Slide: Lending Origination

Our lending business had another very strong year. Fourth-quarter originations were R937 million, up 20% year-on-year, with the outstanding portfolio growing 40% to R1.4 billion. The product mix shows how the book is evolving: our nine-month product, introduced in FY2025, now accounts for 63% of our portfolio; our shorter 6-month product represents 35% of the portfolio, with the balance attributed to tenors under 3 months.

The quality of the book remains strong. We only lend to consumers who are active Lesaka customers, with most originations going to repeat borrowers. We are growing by deepening relationships with consumers we understand well, not by taking on unfamiliar risk. We have recently introduced a R5,000 loan on the same nine-month term, priced for the slightly higher risk of a larger advance, a direct response to customer demand.

Slide: Insurance

Insurance continues to scale well. Gross written premiums grew 36% to R155 million for the quarter, and in-force policies grew 34% to 753,000. Our collection ratio moved from 96% to 94%. As flagged in recent quarters, we expect this to moderate towards 90% over time as the book broadens beyond customers we onboard at account opening. This year's movement also reflects the SASSA register review: policyholders whose grants are terminated often do not pay the next premium. At 94%, this remains an exceptionally high collection rate for this end of the market. FY2026 has been a phenomenal year for Consumer. I will now move to Enterprise.

Slide: ADP TPV

ADP TPV grew 18% to R12.2 billion for the quarter, with bill payments up 12% to R9.3 billion. We now settle on behalf of consumers and businesses with more than 650 billers, including municipalities, telcos and retailers. For bill payments we earn a fixed fee per transaction; for prepaid we earn a commission on value. We have not raised prices; what has changed is the mix, as prepaid grows faster and a larger share of revenue is earned ad valorem. Our channel relationships span banking, retail, fintech and telcos, whose end consumers access ADP through the Enterprise engine, through one seamless integration.

Slide: Enterprise Utilities TPV and Active Meters

Utilities TPV grew 16% to R502 million for the quarter, and our active meter base grew 11% to 382,000 meters. This is a different model from ADP: lower volume, higher margin, largely annuity based. We sell a meter once, through retailers such as Builders Warehouse and Buco, and then earn on every recharge for as long as that meter is in use. TPV growth reflects both organic volume and the pass-through of electricity price increases.

As Ali said, this was the year it began to make a significant financial and operational impact. That concludes the operational review. I will now hand to Steve.

Steven J. Heilbron - Head of Corporate Development

Slide: Bank Zero Update

Thank you, Lincoln. I would like to spend the next few minutes providing an update on our acquisition of Bank Zero which we announced late June 2025. To date, we have said very little while the regulatory process has been running, so today I want to set out why we bought it and what it does for the group. This is a key strategic milestone for us, and today we will provide some clarity as to why, and what this acquisition does for the Lesaka group.

Lesaka is a fintech and we intend to remain true to this domain. We acquired Bank Zero because a banking license is a key enabler to our fintech strategy and our core activities. There are things we want to do for our merchants and consumers that we can do much better with a licensed bank in the group. It should also be said that this was a natural fit in that we have an alignment on vision and ambition and have tremendous amount of respect for what Yatin, Michael and team have built.

There is strong international precedent for fintechs going down this path. Acquiring a bank takes time, substantial capital and requires a high regulatory watermark. That difficulty is exactly what makes it valuable, and after completion we will be on the right side of it.

As the owner of a licensed bank, we have a seat at the industry table, we become a member of all key payment streams and have our own clearing capability. This gives us representation in our own right, less reliance on sponsors, and more freedom to execute our strategy.

Slide: Transaction Timeline and Status

This slide sets out the current status of the transaction. We announced the transaction in June 2025, when Bank Zero held a deposit base of approximately R400 million. We received unconditional approval from the Competition Tribunal in November 2025. In April 2026 Bank Zero onboarded its first alliance banking partner, Paymentology.

The 2 conditions that remain outstanding before this transaction becomes unconditional are approval from the Prudential Authority and Exchange Control. We anticipate, given the good progress and feedback received to date, that the transaction will close before the end of this calendar year. An observation to be made on timing. We signed in June 2025. As you will appreciate, change in control of a South African bank routinely takes up to eighteen months or longer.

This slide points to the progress made by Bank Zero during the interim period. At the time the SPA was signed in June 2025, Bank Zero was in a loss-making position of just over R3m per month, with just under R400 million of deposits and around 40,000 customers. It was an extremely well-engineered neo bank, but lacked scale. Since then, it has built its alliance banking unit, Deposits passed R700 million by April, and we expect a deposit base in excess R1.0 billion by December 2026. We told the market at announcement that we expected the bank to be at or near break-even by completion. On our current forecast Bank Zero is budgeted to achieve break-even on a standalone basis by December 2026, before any contribution from Lesaka.

Slide: Bank Zero's Impact to Lesaka

This slide sets out the compelling rationale of acquiring Bank Zero and highlights 4 primary benefits for Lesaka. The first is product. We will be able to offer a more complete set of banking services to the consumers and merchants that we already serve, and move into select product arenas expanding our customer offering, an example of which is foreign exchange and cross-border payments. Bank Zero is a key enabler, it enhances our product offering, makes us more complete, and earns a larger share of a customer.

The second is the deposit-taking license itself. Our consumer float does not sit on our balance sheet today. Bank Zero will enable this and allow us to earn interest on deposits and fund our lending activities.

The third is infrastructure, and what Bank Zero does in reducing our cost to serve. We depend on third parties for parts of our proposition today. A dependency of that kind carries a cost and a strategic exposure. Owning a modern and well-engineered banking platform reduces both our strategic and economic leakage. The economic leakage is what we pay others to do which we can do ourselves. Strategic leakage results from being in a position where things that matter most to your customers are run by competitors and/or third parties.

The fourth is funding, and it is the one with the most significant financial benefit attached to it. Our lending books today are funded with bank debt. Once these books sit inside the bank they can be funded with customer deposits. This materially reduces our cost of funding and group leverage, we will show you the effect of this shortly.

Slide: Unlocking More Market Opportunity

The Banking license also widens what we are able to do in each of our three divisions. In Consumer, we are positioned today around the roughly 12 million South Africans who receive a social grant. Owning a bank gives us the ability to serve a materially broader market, including the further fourteen million or so South Africans who earn a taxable income from which we will choose the segments where we believe we can compete.

In Merchant, the Bank allows us to add business banking, business savings and remittances alongside the payments, software and lending we already provide. It enables us to give a merchant more reason to consolidate financial activities on our platform, which is at the heart of our merchant strategy. And in Enterprise, the Bank, opens a vertical that was previously closed to us: alliance banking, which provides account hosting, card programmes and compliance support to fintechs, marketplaces and retailers. This is a business we could not have entered without a banking license, and it is where Bank Zero has grown substantially over the past year.

Slide: Deposit Base Evolution

It is important to address the expected deposit base evolution. There are three sources. The first is the initiation of alliance banking. Following the onboarding of Paymentology as the first alliance banking partner in April, we have seen a material increase in deposits. The second is our Consumer accounts; we anticipate these deposits migrating in Q1 FY28. The third is organic growth of Bank Zero's deposits into the South African retail market. Combined, and subject to completion, we expect a deposit base of in excess of R1 billion by December 2026, growing to above R4 billion by June 2029, representing a compound growth rate of roughly 60 per cent.

Slide: Self-Funded Loan Book from Deposits

At 30 June 2026, our gross debt stood at R3.8 billion and our Net Debt to Group Adjusted EBITDA was 1.9 times. Close to half of that debt is not funding the operating business; it is funding our lending books. Once Bank Zero is part of Lesaka, we will migrate these books into the bank and fund them with customer deposits. We are targeting the transfer of the consumer book first, followed by the merchant book, with both being transferred to the bank by the end of the fourth quarter FY2027. On the assumption this is achieved, gross debt falls to approximately R2.3 billion and we estimate our leverage ratio to be less than 1.0 times by FY27, year-end.

This does two critical things. It significantly reduces the interest cost to the group, and it provides us greater flexibility in respect to capital allocation. We can reduce bank debt, buy back shares, or pursue acquisitions that enhance our growth prospects. We will make those choices on their merits at the time. Assuming our choice were to be debt reduction, given our forecasted free cash flow generation, we would anticipate close to zero gross debt by our financial year end in June 2028. Dan spoke earlier about reaching our medium-term leverage target of two times during this year; this slide shows the balance sheet story travels well. I will hand back to Ali, who will take you through our guidance and medium-term ambitions.

Ali Mazanderani - Executive Chairman

Slide: Q1 FY27 and FY27 Guidance

Thank you, Steve. Turning to guidance. For the first quarter of FY2027, we are guiding to net revenue of R1.58 billion to R1.66 billion, Group Adjusted EBITDA of R200 million to R240 million, and adjusted EPS of R0.40 to R0.60. Q1 reflects both seasonality and expected once off and restructuring costs in the merchant business.

For the full year of FY27, we are guiding to net revenue of R7 billion to R7.7 billion, Group Adjusted EBITDA of R1.45 billion to R1.60 billion, and adjusted EPS of R7.50 to R8.50. This is inclusive of Bank Zero which as Steve said we expect to complete by December of this year. We do not expect this to have a meaningful impact on Net Revenue and Group Adjusted EBITDA in

FY27 as the company is close to break-even and most of the synergy benefits are expected to accrue during FY28.

Partly as a consequence of this, we expect our Net Revenue, Group Adjusted EBITDA and Adjusted EPS to accelerate their growth in FY28 relative to FY27.

Slide: Our 3-Year Operational Ambition

This is represented in our medium term ambition where we are looking three years ahead. These are management's operational and financial ambitions to FY29 inclusive of bank zero but excluding any future unannounced acquisitions. We regard them as a floor, the level we are setting ourselves to deliver better than. They are ambitions rather than guidance, they can of course change as the business and the environment evolve, but they represent the direction and the shape we are building towards and we believe is achievable.

Operationally by June 2029, in Consumer we intend to reach 3 million active consumers, with a meaningful contribution from non-grant recipients. In Merchant, 200,000 active merchants, with growth driven by the community segment both in South Africa and neighboring countries. And in Enterprise, a total TPV of R80 billion. We expect the ARPU in consumer to marginally increase, in merchant to decline slightly due to the mix effect of community growing faster than corporate and having a lower ARPU, but for the ARPU in each segment to be maintained through product cross-sell. In Enterprise we are expecting a modest increase in take rate, again largely reflective of product mix.

Slide: Our 3-Year Financial Ambition

The consequence of achieving this would be Net Revenue growth of more than 20% CAGR to c.ZAR11bn for year end June 2029. As we continue to experience operational leverage, we expect to have a Group Adjusted EBITDA CAGR of more than 30% resulting in an EBITDA margin of >25%. This should translate into an Adjusted EPS CAGR of more than 40% resulting in adjusted earnings per share of >ZAR18. At current exchange rates this implies more than >$1 in earnings per share for the year ending June 2029.

We are grateful from where we have come and excited about where we are going. Thank you for your time and we will now take questions.

Idris Dungarwalla - Head of Investor Relations: Thank you. Operator, can you open the questions to the first person on the line?

Operator: Thank you. The first question we have is from Ross Krige of Investec. Please go ahead.

Ross Krige: Good afternoon, everyone. Thanks very much for the call. I have quite a few questions. I am going to break it up, so I can give other people a chance. Just first set of questions is on merchant. The first two parts would be firstly on the Q4 performance. Relative to your expectations in May, it looks like a bit worse than you expected. Just wondering what has deteriorated beyond that expectation. In Q1, the restructuring that you referred to in merchant for Q1, just wondering what specifically will this entail, and how confident are you that this will not continue beyond Q1?

Ali Mazanderani - Executive Chairman: Okay. Thanks, Ross. The line was a bit weak, but just to repeat what I understood, you were talking about the Q4 performance of merchant and how that linked to our expectations. The second one was around the restructuring in Q1 of next year and how confident we are that it's a once-off. I'd say a few things. The first thing around the Q4 performance, and it's not just the Q4 performance, I think it's across FY 2026. As we said in the presentation, it is weaker than we had expected. The process of putting the businesses together requires quite a lot of energy and effort and focus, but I think we're making good headway against that. I think that the issues are more issues of timing, relative to anything else. There was some softness as a consequence of the margins, especially in the ADP business, which we also alluded to in the presentation. The Q1 to Q evolution is not really, though, an evolution that's underpinned by a change in the core net revenue. It is a cost issue. Whether that cost issue will have consequences into the beginning part of Q2 or not, I can't be sure. What I would say is that we certainly don't expect it to go beyond that, and our guidance for the year reflects that as well. I don't know, Ross-

Ross Krige: Thanks. That's really helpful. If I can just follow up .

Ali Mazanderani - Executive Chairman: Yep. Go for it, Ross.

Ross Krige: Thanks. Just follow up on that. That's helpful. Thanks. Just on terms of the, I guess, the One Lesaka rebranding and some of the timing issues that you referred to. I mean, if I look at the operational ambitions to FY 2029, again, in merchant, clearly a very strong acceleration in run rates of active merchant growth relative to the 3% at Q4 year-on-year. Just wondering, at what point would you expect that acceleration to really take hold?

Ali Mazanderani - Executive Chairman: I think that acceleration, candidly, is already beginning. I think that when you are looking at the Q2 numbers of next year, you will see that acceleration within our merchant count. So obviously, Q1 is July, August, and September. It's really over the course of September that we've started to implement that strategy.

Ross Krige: Understood. Thanks, Andy. I'll hand over for now.

Idris Dungarwalla - Head of Investor Relations: Thank you very much. We'll now take a question from the webcast. We have a question from James Slabbert from Standard Bank Securities. We have a couple of questions. The first, congratulations on a great quarter and year. Appreciating that you can't give too much detail around Bank Zero, are you able to give an indication of how you intend to grow Bank Zero's deposit base, excluding the EasyPay deposits?

Ali Mazanderani - Executive Chairman: Steven?

Steven J. Heilbron - Head of Corporate Development: Sure. As we pointed out in the presentation, there are three sources of deposits within Bank Zero. The first is the alliance banking source, the second is our own consumer deposits, and the third is an organic retail treasury strategy which we will embrace within the bank. As we pointed out, we expect that deposit base to be in excess of ZAR 1 billion by December 2026. When we first signed the SPA, we had ZAR 400 million, or just under ZAR 400 million of deposits, and significant progress has been made in that regard. In April of this year, we were already at ZAR 700 million, and you can see that we're forecasting to June 2029, ZAR 4 billion. As I said, three pools. The alliance banking, which is scaling substantially, the organic strategy within Bank Zero, and we will be moving our consumer business. The sponsorship will be moving from African Bank to Bank Zero over time, and all of those customer deposits will sit on our own balance sheet. I think we'll actually surprise on the upside in relation to the deposit base, and we've seen very good evolution to date.

Idris Dungarwalla - Head of Investor Relations: Great. Thanks, Steve. One more follow-on from James as well from Standard Bank, probably related to you, Steve. Given that the group currently has numerous fintech verticals in the stable, is there the intention to continue with M&A, and if so, which areas do you think you currently are lacking and therefore seek to acquire in the space?

Steven J. Heilbron - Head of Corporate Development: Thanks, James. Yes, there is an intention to carry on. I think we have our eye on two or three specific transactions which could be quite transformative for us. I'm not at liberty to disclose what those would be, but I think I would want to point out that we are committed to doing acquisitions that are accretive. I guess we would argue that we're substantially undervalued at this point. If you look at the presentation, dilution is not something that we're prepared to do on a non-accretive basis. But if you look at the presentation that we put forward, you will see that by June 2027, our leverage ratio comes down under one. So we will have, again, an ability to use debt substantially and given that we expect our share price to rerate, we think we will be in a position to focus on some of these transformative opportunities. Separately to that, as we speak today, we are doing smaller bolt-on transactions with a key focus on the SADC region in some of the jurisdictions outside of South Africa where we are deepening our customer set and augmenting our products, and those transactions will be announced in due course.

Idris Dungarwalla - Head of Investor Relations: Thank you, Steve. Operator, could we open the line to the next person in queue?

Operator: We have a question from Theodore O'Neill of Litchfield Hills Research. Please go ahead.

Theodore O'Neill: Oh, thanks very much. Question for Lincoln. Discussing the merchant business, I just want to clarify, exiting the ATM business had some marginal negative impact on the merchant business. Is that what you were saying?

Lincoln C. Mali - CEO Southern Africa: This is a business that we've highlighted before, that it was not part of the core strategy going forward. We made a decision to exit that business, there was a small impact in our numbers that relates to that. Those costs are not costs that will recur in the future. We've been able to exit that business responsibly.

Theodore O'Neill: Yeah. Do you expect there will be some rebound after the acquisition is completed of the bank?

Lincoln C. Mali - CEO Southern Africa: I think Ali has alluded to the transformation and changes that need to take place in the merchant business, that we want to see that growth coming through in the second half of the financial year. It's not really linked to the Bank Zero acquisition, there are benefits when the Bank Zero acquisition comes through. There are prospects that are good on the standalone basis of the merchant business because of the actions that we're going to take. There's an added layer that comes from what Steve has outlined about the benefits of Bank Zero for all the different divisions of the group.

Theodore O'Neill: Okay. My last question, following up on the bank acquisition is it too early to say how you expect to promote the new business to your existing customers and the new customers? Will it result in any kind of meaningfully higher OpEx in 2027?

Steven J. Heilbron - Head of Corporate Development: I think we spoke about in the presentation the fact that we will have a strong foray into the alliance banking space, which we think from a societal perspective is pivotal to financial inclusion, which is part of our core strategy. Separately to that, the bank is a key enabler. It is going to enable us to do a lot more for our merchants in the form of business banking, business savings, Forex, and we will broaden that product arena to satisfy the needs of our merchants. The important thing is that this allows our merchants to consolidate their financial activities onto our platform and gives us a much bigger share of wallet. Likewise, from a consumer perspective, owning a banking business broadens the opportunity within the consumer space, and we spoke about the fact that we will step outside of the grant niche, and we will choose areas where we can compete in both technology and product. Then in our enterprise business, under which the alliance banking business fits, this gives us an opportunity to substantially develop that business. I think the market was looking for a new entrant, and we are very happy with the progress that has been made to date.

Ali Mazanderani - Executive Chairman: At a broader level, I think what the bank does is it allows us to, from an economic perspective, it creates a lot of value, and from a strategic perspective, it enables our offering to broaden across all the segments that we play in.

Idris Dungarwalla - Head of Investor Relations: Thank you.

Operator: The next question we have is from Rayna Kumar of Oppenheimer & Co.. Please go ahead.

Guru Sidaarth: Hi. This is Guru on for Rayna, and thanks a lot for taking our question. Just more broadly, given incumbent banks' larger size and scale, like with Capitec entering into the merchant market and with some localized fintechs starting to gain some momentum, just curious as to how these dynamics play out for Lesaka, and what are some potential implications we should be thinking about in this regard? Thank you.

Ali Mazanderani - Executive Chairman: Thanks very much for the question. I believe that we have three fundamental, I suppose, strategic benefits to the incumbents. Those are centered around the first being technology, the capacity to build technology in the modern environment for a specific purpose rather than the legacy that a number of incumbents are constrained by. I think that advantage, if anything, is more pointed today with the evolution of AI than it was five years ago. So we definitely see that technological opportunity, and I think that's partly reflected in our cost to serve. It's also reflected, obviously, in the fact that Bank Zero's relative cost to serve is very low. So we need to be the most efficient provider. The second structural opportunity we have is the disruption of distribution, and that's embedded in that where you are tagline. An enormous proportion of our business is in frontline, in sales and support that go to our customers, that go to their villages, that go to their shops and serve them where they are, rather than relying on them coming to a bank branch or a retail outlet that may cost a material amount for them to get to. That is technology enabled, but human distribution strategy. We think that it is what separates us and creates a material competitive moat vis-a-vis others. You can see the consequences of that cleanly in the consumer business' performance. The third one, I would say, is that we can iterate our business on the basis of what the future should look like, because we are not held captive by an existing profit pool based on legacy structures. It is very challenging when you have a big profit pool, and you are not free to evolve solutions necessarily based on what is best for the society or best for the customer because of the danger of cannibalization. We are largely free from those challenges. When we build solutions, we always build them with the efficiency at the forefront. We can candidly disrupt a banking market that we do not currently generate enormous profit from. I think that feature set of three things is common for all fintech insurgents, not just in South Africa, but really across the world. It is why, over the long run, they tend to win against the traditional incumbents.

Guru Sidaarth: Very helpful. Thanks a lot.

Idris Dungarwalla - Head of Investor Relations: Thank you, operator. We will take a couple of questions from the webcast. Two questions in a row from James Freedman at Susquehanna International Group. Thanks for doing the call. Within Merchant, what would you say are the KPIs investors should watch to measure the trajectory within this segment? Tagging along, can you talk more about the distribution within Merchant? Is it direct, or do you utilize indirect channels in the region?

Ali Mazanderani - Executive Chairman: Good questions. Thank you. I think the key things to watch are the two primary drivers that we are communicating on a quarterly basis of the number of merchants and the ARPU per merchant. Those are the drivers of what we are calling our core net revenue, and ultimately, I think they are obviously very relevant for the underlying health of the business. On a second-degree level, obviously, we are providing now annually the product drivers, where the main components are the TPV and the take rate associated with our biggest products, which are acquiring ADP and cash.

The third thing, I think, which is obviously linked to the ARPU and the product take rates, is the number of products that our customers are engaging with. Our capacity to cross-sell within that segment. I think that's what I would primarily focus on as drivers for the sustainable health of the business. In terms of the distribution model, it is today primarily direct. We do have a material sales and service operation. However, it's not exclusively so. We would engage with third-party agents and create strategic alignment as well. But the dominant acquisition channel is direct.

Idris Dungarwalla - Head of Investor Relations: Thank you. We have a question again from James Slabbert at Standard Bank Securities. How do you think about your debt picture? Of course, there are contractual obligations, but do you have the ability to retire these early from cash generation?

Ali Mazanderani - Executive Chairman: I think, Dan?

Dan Smith - Group CFO: Yes. Thanks, James. We do have significant flexibility with our lenders. They've been longstanding supporters of our business and continue to be. Within that overall construct, they're an important enabler in us moving our lending books out of our existing business into Bank Zero.

Idris Dungarwalla - Head of Investor Relations: Thank you. Operator, could we open the line for any questions that are still in queue?

Operator: Thank you. We have a follow-up question from Ross Krige of Investec. Please go ahead.

Ross Krige: Thank you. Okay, just moving to the other segments of the very strong performances in consumer and enterprise. Just firstly on consumer, I guess the intention here is just to understand the medium to longer term margin outlook. I can see on your ambitions that it looks like revenue CAGR is aimed to be at around 20% beyond 2026 in consumer. I am just wondering what sort of OpEx growth, and therefore operating leverage, might we see in that segment. Then on enterprise, very strong sequential and year-on-year performance, and I guess substantially above the EBITDA level you talked to a few quarters ago. I am just wondering again around the sustainability of that.
Sounds like from your commentary that momentum is still very positive. It sounds like if anything, there is opportunity for higher margins there. Is that a fair conclusion?

Ali Mazanderani - Executive Chairman: I will take the enterprise question, and I will let Lincoln and if Dan you want to add anything on the consumer side. Yes, Ross, I think people are materially underestimating the growth potential of what we are building in the enterprise business. I do expect that of our three segments, it will be the fastest growing segment over the course of this year, albeit for a lower base. I do believe that growth rate is sustainable for a reasonable period of time at least, and there will be the opportunity for a margin increase associated with that.

I think it is telling that across both of the core products, we were able to increase volumes while we were also able to increase take rates, which is, I think, representative of the product market fit there and representative, I guess, of the dynamic which we achieved in the consumer business. For me, two years ago, the consumer business's evolution was clear. I think this is the year where the enterprise business's evolution is clear, and I am hoping that the same is true for merchant over the subsequent year. On consumer, and the margin evolution, I do not know if

Dan Smith - Group CFO: For the last quarter, our consumer margin ended up being 38%, a little bit elevated compared to previous quarters. We have consistently guided the market on average 35%, there or thereabouts. We do see significant operational leverage within the consumer business, particularly as we scale it with more customers and grow our lending and our insurance businesses. I would expect in time our consumer margin to trend upwards from the 35%. Do just note it will not be sequential quarter on quarter given obviously some of the seasonality in that business, particularly our lending business. But we do see opportunity for margin growth in the medium term in our consumer business.

Ali Mazanderani - Executive Chairman: Okay.

Ross Krige: Great. Thanks, Dan. If I may, I have two other questions. If I can go ahead.

Ali Mazanderani - Executive Chairman: Go for it.

Ross Krige: Thanks. Just on working capital, I am just wondering any guidance at all you can give on, I guess, general working capital and then the loan flows over time for FY 2027 and whether there is anything to call out that should occur, how we should think about that evolving over the course of the year. Then on Bank Zero, I understand you might not be in a position to talk about this yet, but I was wondering if you are able to comment on capital requirements at Bank Zero at this point.

Ali Mazanderani - Executive Chairman: I think Dan on the loan capital and maybe Steve on the Bank Zero.

Dan Smith - Group CFO: Yeah, Ross, easiest way to think about overall cash generation is our EBITDA is largely cash. It translates on a quarterly basis very much into cash. Our broader working capital and loan book growth is cyclical, and there is some real seasonality in there, particularly around quarters 2 and quarter 3. I would guide you towards looking at it on an annual basis rather than a specific quarterly basis because of that cyclicality. Working capital guidance, best guidance I can give is between 1% and 2% of net revenue on an annual basis. Growth in loan books, we do have an ambition, certainly on the consumer side in the short term, to continue to growing that book. It is really performing well. Our growth in the last year and in the short term on our merchant lending book has been fairly constrained. That has been intentional. Over the course of the next 12 months, we would expect some significant growth coming through in our consumer lending book. Until we do Bank Zero, that will be funded through free cash flow. Obviously then the dynamic changes significantly in our funding model once the Bank Zero transaction and funding model has been implemented.

Steven J. Heilbron - Head of Corporate Development: Ross, as you mentioned, and I am sure you can understand, it is difficult for us to talk at this point. We are waiting still for the licensing panel and for the guidance from the regulator in relation to our capital adequacy ratios. What I will say that in all of our models, we have been probably excessively conservative. In our forecast, we have probably provided more capital than we believe is ultimately justified. Clearly, as we travel with the bank over time, we would be looking to justify a CAR ratio that over time diminishes.

Ross Krige: Great. Thanks, Steve and Dan.

Idris Dungarwalla - Head of Investor Relations: Thank you, everyone. That now concludes our webcast.