Lesaka Technologies, Inc. (LSAK)
Q4 2023 Earnings Conference Call
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PARTICIPANTS

Lesaka Technologies, Inc.

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

Naeem Kola – Chief Financial Officer, Lesaka Technologies, Inc.

Steve Heilbron – CEO Connect Group, Head-Merchant Business & Director, Lesaka Technologies, Inc.

Lincoln Mali – Chief Executive Officer-Southern Africa & Director, Lesaka Technologies, Inc.

Matt Chesler –Partner, FNK IR

Other Participants

Theo O'Neill – Litchfield Hills Research

James Stark – Morgan Stanley

Raj Sharma – B Riley & Co.

Sven Thordsen, CFA – Anchor Securities

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Matt Chesler – Partner, FNK IR

Hello everyone and welcome to the Lesaka Technologies fiscal fourth quarter 2023 webcast and conference call.

As a reminder the webcast is being recorded and the presentation can be accessed through the webcast link as well as dialling into the zoom conference call dial-in numbers provided. Management welcomes any questions you may have during a Q&A session after the prepared remarks. For those joining us via the webcast live, you can ask your questions by "raising your hand" in zoom. For those joining via the zoom teleconference line, you cannot ask your questions live.

The webcast link, zoom conference call dial-in numbers 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-K after the U.S. market close yesterday, 12 September 2023, which is also available on our Investor Relations website.

As a reminder, 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-K regarding the risks and uncertainties associated with forward-looking statements.

Also, 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. In this presentation, we will discuss our results in South African rand, which is non-GAAP. This assists investors' understanding of 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. In the presentation that accompanies this call, we provide all financial metrics as reported in U.S. dollars, in the appendix.

Slide 2 – AGENDA

Taking a quick look at today's agenda: Chris Meyer, Group CEO of Lesaka, will start with performance highlights for the fourth quarter of fiscal 2023 and a review of Lesaka's progress against its key strategic objectives.

Steve Heilbron, CEO Connect and Head of Merchant Division, will provide an update on the Merchant Division, which has produced an excellent set of results. Lincoln Mali, CEO of Lesaka Southern Africa, will provide an update on the Consumer Division, which has delivered a third consecutive quarter of EBITDA profitability, and then Naeem Kola, Group CFO, will present an overview of our financial performance for the three months ended June 30, 2023.

Chris will then conclude the results presentation with a discussion on the outlook for Lesaka, before the team opens up for Q&A, where we welcome any questions, you may have.

I'd like to now turn the call over to Chris.

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

Slide 4

Good morning and good afternoon, and welcome to our fourth quarter 2023 earnings webcast and conference call.

The fourth quarter was a strong ending to a transformative year for Lesaka. Excellent growth in the Merchant Division was driven by the Connect and Kazang businesses, and we delivered the third consecutive quarter of profitability in the Consumer Division, where we have executed on our turnaround strategy and are moving strongly on to the front foot.

Slide 7

It has undoubtedly been a year of significant positive change at Lesaka, so I would like to contextualize these results. Only 16 months ago, we announced the finalisation of the Connect Group acquisition and our rebranding as Lesaka, positioning us to build the leading Southern African FinTech platform focused on delivering financial inclusion to underserved merchants and consumers.

Today, I am delighted to report this robust set of results for the twelve months to 30 June 2023, especially in light of the increasingly challenging operating environment. These results demonstrate not only the resilience of our business model but also the resilience of our customers and, more importantly, the value they place on our services. The tireless dedication of our employees, from whom we have asked a great deal over this period, further underpins our success.

Whether providing micro-loans to grant beneficiaries to help them in their daily lives or giving merchants quick access to working capital and solutions that help them de-risk their businesses and enhance operational efficiencies, our financial products and services are positively impacting previously underserved communities. We are delivering tangible evidence that our holistic financial service offerings are improving the lives of consumers and merchants across Southern Africa.

And, much has happened during this short period, and our consumer and merchant customers have felt the negative effects of high inflation, high-interest rates, and the escalating impact of power failures or "load shedding", as it is called in South Africa. Inflation has been debilitating for all South Africans, who are not seeing corresponding increases in their monthly incomes. The South African Reserve Bank increased interest rates on six consecutive occasions during the past year adding a further three and a half percent to interest rates since the start of FY2023. Power cuts have risen rapidly over the last six months, particularly in the fourth quarter, with 10-hour-per-day blackouts regularly experienced. We must recognize the cumulative negative effect of these challenges on our merchant and consumer customers.

FY2023 has also been a year of many milestones.

We first issued revenue and Group Adjusted EBITDA guidance for Lesaka as a Group a year ago. We have delivered on this guidance despite the tougher-than-expected trading environment, with revenue exceeding our guidance and Group Adjusted EBITDA falling in line with our guidance.

As I have said before, the acquisition of the Connect Group was genuinely transformational for Lesaka, but integrations don't just happen in the ordinary course of business. The work put in by our teams to bring the businesses together while continuing to deliver the growth and performance they have achieved has been nothing short of remarkable. As we previously reported, the Connect Group implied Enterprise Value to EBITDA multiple was approximately 12.8 times at the time of the acquisition (that's using Connect's February FY 2022 projected EBITDA). Notably, the Connect Group has surpassed the acquisition investment case, and this effective multiple, Enterprise Value to FY 2023 Merchant Segment Adjusted EBITDA, has become approximately 8 times, with Connect contributing approximately 99% of the Merchant Segment Adjusted EBITDA in FY 2023.

Our vision to build the leading FinTech providing cash and digital solutions to small merchants and consumers in Southern Africa remains. On the M&A front, we continue to evaluate opportunities in South Africa that will enhance our market positioning. This includes bolt-on acquisitions that will provide scale to our existing offering or broaden our product offering in serving existing clients. Our M&A focus is primarily in our Merchant business.

We have successfully turned around the Consumer Division from a performance perspective, achieving three consecutive quarters of profitability. We have also fundamentally transformed the division into a customer-oriented, sales-focused business. We still have work to do, but we are firmly on the right trajectory.

From a balance sheet perspective, we made significant progress with our lenders this year through, restructuring our debt facilities providing greater flexibility in managing our cash balances as well as increasing our capacity for growth. Reducing our debt position is a key focus for Lesaka with numerous levers at play to achieve this. Our operating cashflows continue to improve, with $9.7 million (which is R183 million reported in rands) in net cash provided by operating activities in Q4, compared to $6.7 million (reported at R104 million) of net cash used by operating activities in Q4-22.

We have made some progress in the realization of our non-core assets with the signing a share repurchase agreement regarding our interest in Finbond for a cash consideration of approximately R64 million. Which we intend to utilize to partially settle debt. The share buy-back is subject to certain conditions precedent, including Finbond shareholder approval, and is expected to close in December 2023.

We continue to focus on our other non-core asset disposals, which should further improve our balance sheet strength and debt ratios when completed.

From an operational perspective, we broke some new barriers this year.

We processed over R26 billion of VAS products, including supplier payments, on behalf of our merchants. Within that number, the use of our supplier payments platform increased more than 300% year-on-year to almost R4 billion in FY2023.

Our merchants deposited over R110 billion in cash into our vaults in FY2023, evidencing the value they derive from our ability to digitalize this cash and immediately provide access to working capital.

Supporting this, we lent over R1 billion in growth capital to these merchants over this period.

We continue to innovate and integrate market-leading solutions, often successfully tweaking formal market solutions for the informal market. Kazang Pay Advance and Kazang Vaults are great examples of how we rolled out formal market solutions to the informal market that are being well received.

EasyPay MoneyMarket was introduced in the formal market this year demonstrating how our teams have been able to collaborate during the integration process. Our new ATM recycler is generating significant interest, and this business has been transferred to our Merchant Division, where it has been fully integrated into our Cash Connect proposition as an alternative to vaults for our merchant customers.

In the Consumer Division, we extended over 850,000 micro-loans or R1.3 billion to our account holders and wrote just short of 125,000 new micro-insurance policies in FY2023. These figures demonstrate real financial inclusion and Lesaka's tangible impact on previously underserved community members.

We not only continue to deepen our understanding of the needs of South Africa's grant beneficiaries and the dynamics of this market; we have invested in data capabilities that allow us to better understand the impact that our enhanced products, distribution and service offerings are having across our customer base. As a result, we are on a completely different trajectory from where we were 12 months ago.

To reiterate, our mission at Lesaka is to enable small merchants to compete and grow and to improve the lives of South Africa's grant beneficiaries. We are seeing daily evidence across our business of the significant impact that we are having on the lives of our merchant and consumer customers.

Lesaka is a leading player in the sectors in which we choose to participate, and we are on the brink of launching an exciting project utilizing our unique data sets and insights into the informal and township markets in South Africa. There is very little empirical data available at this end of the market and what is readily available is often contradictory. We are hard at work with other thought leaders in this space and aim to bring consistency to definitions and market size in order to drive better understanding and servicing of this market segment. With our extensive footprint in this market, we are targeting to release quarterly statistics combined with relevant thought leadership at our Q1-24 results.

Lesaka has undergone a remarkable transformation since 2021. Our discussions at the Board and operations level, and with our investors and other stakeholders are vastly different now, with a clear focus on growth and opportunity rather than turnaround and integration.

Lesaka has delivered on the strategy as communicated to investors and achieved several significant milestones. As a group, the Lesaka of today is ready for the exciting growth stage of our journey.

Slide 8

The results for FY2023 have been excellent. We have exceeded our revenue guidance for the year primarily due to the stronger than expected growth in our Kazang VAS and Card business. In our Consumer Division, whilst account growth was slower than forecast, revenue increased 12% year-on-year, which was very encouraging especially considering the restructuring process was in full swing for the majority of the twelve-month period.

At an EBITDA level, our results were near the mid-point of our guidance, despite the challenging operating environment.

The year-on-year growth rates are skewed by the inclusion of the Connect Group for a full year, but I am hugely encouraged by the continued improvement in our quarterly performance, with each quarter this year reflecting an increase in revenue and EBITDA. We are especially proud of the turnaround in Operating Income, which has improved from a loss of R611 million in FY22 to a loss of R275 million for FY23. Adjusting for the amortization of acquired intangibles and for the impairment of our NUETS business, which in aggregate accounts for an approximately R400 million charge to the Income Statement, we have delivered in excess of a R670 Million improvement to operating income over the year. Naeem will address the Q4 results in detail later in the presentation.

With that I would like to hand over to Steve to take you through the excellent performance of our Merchant Division.

Steve Heilbron – CEO Connect Group, Head-Merchant Business & Director, Lesaka Technologies, Inc.

Slide 10

We have just completed our first full year as the Lesaka Group, and it has been both challenging and rewarding, successfully integrating the Kazang and Connect businesses into the wider organization. Seldom do all aspects of an acquisition work out as planned, but the way in which the teams have worked together and adapted to the changes has been remarkable. At the time of the acquisition, we said there was a close alignment of culture and values between the leadership teams, which has underpinned the transition and has seen us through a difficult trading environment in South Africa. The performance of Kazang and Connect have continually surpassed base case assumptions, and Lesaka shareholders have received value for their investment, particularly given the increasingly challenging operating environment Chris spoke about earlier. The Kazang and Connect operations have brought diversity to Lesaka with exposure to different market sectors and revenues.

Before getting into the numbers, I would like to briefly recap what we see as the opportunity in the Merchant Division. With our comprehensive product portfolio covering both cash and digital, and formal and informal markets, Lesaka's unique position allows us to benefit from both the significant reliance on cash in the South African economy and the rapid shift to digital that is currently taking place.

This shift opens up opportunities for us to pioneer informal markets and disrupt the incumbents and traditional ways of transacting in the formal markets. We rely on being innovative and responsive to the needs of our merchants, quick development turnaround times, and getting products onto the street. We take calculated risks, learn quickly, and are adaptable. We are instilling this culture across the Group as we fight for success in these competitive markets. As Chris mentioned earlier, we are a formidable competitor in the FinTech space across any considered key metric.

Critical to our strategy is the holistic offering we have for our merchants. We have numerous competitors on an individual product basis, but our holistic solution is a significant and durable differentiator. We have always said the SME sector is critical to South Africa's economic growth, and we need to assist these merchants to compete and grow, which we achieve through providing solutions that resolve their critical business issues and pain points.

As a FinTech company, this holistic approach is unique and disruptive – from cash vaults and immediate digitalization, quick access to capital for growth and opportunities, a comprehensive VAS product suite to attract customers to merchants' stores, to supplier payments systems and industry-leading payment technologies, we offer solutions that make a meaningful difference to our merchant's daily trading, risk management, and business administration. We will entrench and extend our position in the informal and formal MSME markets by continuing to embed ourselves as a partner to our merchants and by offering real value.

We now offer four primary solutions to both formal and informal merchants. Our portfolio of products results in increased customer adoption driving higher volumes of sales for merchants. We utilize our proprietary infrastructure to offer merchants and their customers what they need.

We provide merchants with a POS device linked to a digital wallet from which they can pay suppliers, sell many VAS products, make bill payments, take customer payments via card swipes or tap-and-pay, whilst providing instant settlement. Merchants are also able to access funding and a smart vault via the device.

For us, as Lesaka, partnership with a merchant usually starts with a VAS device, this drives growth in all products – more merchants, more devices, more wallets, more product flow. By way of example, more than 60% of Kazang merchants that have our VAS device in store convert to also utilizing our Kazang Pay offering, which can then be followed by Kazang Pay Advance. This deeper relationship with merchants increases our value and stickiness to them and is key to our strategy.

Our VAS throughput in Q4 has seen growth of 23% compared to Q4 2022 and a 30% increase year-on-year for the 12 months despite the increase in load shedding that we witnessed during 2023 and particularly in Q4. Our product development team continues to innovate and provide merchants with a comprehensive product set to attract customers into their stores.

From a device perspective, we have increased our estate by 47% in the past 12 months and 4% in Q4 (compared to FY2023 Q3) to approximately 75,000 devices.

On a quarterly comparative basis, in Q4, we saw a significant change in product mix for VAS sales, with low-margin money transfers reducing significantly. While we saw a retraction of 7% in throughput primarily due to this, the impact on the bottom line was negligible, with our gross profit earned on VAS increasing during the quarter. Adjusting for money transfers, we saw an increase in throughput of 3%. It is hugely pleasing to show growth despite our merchants' substantial loss in trading hours in Q4.

During Q1 to Q3 we installed a significant number of devices at informal merchants in order to support supplier payments to two major beverage companies in South Africa. During Q4, and into Q1-24, we focused on making sure these devices are processing appropriate volumes and removing the sub-economical devices. This pattern of on-boarding and clean-up is an expected occurrence in the Kazang business when major partnership are initiated.

In our card-acquiring business, we continued the excellent growth rate in our estate and throughput. Our installed POS devices increased to 44,900, representing a 98% year-on-year growth and a 7% quarter-on-quarter growth, compared to Q3-23. This robust growth in devices demonstrates the frictionless process of converting VAS devices to POS devices, and we are confident we will continue expanding our market share in the informal market.

From a throughput perspective, Q4-23 versus Q4-22 was up 83%, with FY23 versus FY22 up 97%. In Q4, we saw a 5% increase in throughput compared to Q3-23, which was impacted by the challenging conditions and reduced trading hours and disruption due to load shedding during the quarter.

Slide 11

We saw a slight pullback in credit extension in our Merchant Credit business in Q4 as we tightened our credit criteria in response to the higher interest rate and inflationary pressures in the economy. This resulted in R262 million credit disbursements in Q4, compared to R280 million in Q3, with our loan book reducing to R333 million at year-end, marginally down from R343 million on 31 March 2023.

Continued innovation and market penetration during FY2023 have seen a year-on-year growth in our book of 38% and 62% in credit disbursement. In FY23, we extended over R1 billion in credit to our merchant customers, delivering the funds within 24 hours, demonstrating the utility and value our cash vault and our Kazang Pay customers receive from our offering.

By many accounts, we are at or near the top of the interest rate cycle and recent inflation data shows an encouraging downward trend; as such, we anticipate a more favourable operating and trading environment for our merchants and thus a resumption of growth in our credit business.

Our cash vaults or cash digitalization business put in a pleasing performance despite being primarily exposed to the formal SME market, which load shedding, interest rates, and consumer pressures have impacted more severely. We saw an 8% year-on-year increase in throughput on our vaults. The number of cash vaults increased similarly by 8% year-on-year.

Over R300 million in cash is deposited into our vaults on busy trading days and is immediately available to our merchants in the form of working capital.

We effectively put the bank in our merchants’ store and significantly enhanced their risk profile and operating efficiencies. As we extend this solution into the informal market, we anticipate making a real difference in our merchants' lives, entrenching our ability to enable them to compete and grow.

Slide 12

Our EasyPay enterprise market solution, which offers VAS, switching and bill payments in the formal market through retail partners has been under pressure this year. Whilst this solution is relatively small in terms of profit in the overall merchant business, it is strategically important and a growth opportunity. We are investing in its development in order to unlock, what we believe, is an exciting future.

Overall, it has been a challenging environment with significant headwinds, but we are encouraged that the underlying growth and profitability trends remain intact.

We currently have some exciting innovations in our development cycle. In this FinTech-enabled environment, innovation and agility are critical to long-term success. We are in the fortunate position to have the financial strength, skill, and a large installed client base across which we can continue to drive innovation and enhance our market positioning.

Slide 13

Considering the challenging economic environment and the impact of increased load shedding on our merchants and their customers, the Merchant Division delivered a good fourth-quarter result and excellent year-on-year revenue growth. As both Chris and I have mentioned, the Connect and Kazang businesses continue to outperform their acquisition base case, although they are growing at different rates.

I am encouraged by the results for the fourth quarter, despite facing numerous challenges, we still managed to grow. Notwithstanding the tightening credit cycle, VAS product mix changes, significantly increased load shedding disrupting our sales efforts, and continued pressure on our merchants' customers, the Merchant Division still reported 2% growth in revenue compared to Q3. On an annual basis growth was 17%, but within that the Connect Group revenues grew by more than 25% for the year.

From an EBITDA perspective, Q4 grew 4% on Q3-2023 to R154 million, negatively impacted by our pre-existing Merchant Division.

In conclusion, it has been an excellent year for the Merchant Division. We have successfully integrated the Kazang and Connect operations into Lesaka and continued on our strong growth trajectory, with our value proposition to informal and formal merchants resulting in deeper, stickier relationships that will continue to underpin the overall growth rate of the business going forward. We are excited by the overall growth opportunity that lies before us as we continue to focus on our merchants' ability compete and grow.

I would like to hand over to Lincoln to take you through the Consumer Division results and strategy.

Lincoln Mali – Chief Executive Officer-Southern Africa & Director, Lesaka Technologies, Inc.

Slide 14

Good morning and afternoon, everyone; thank you, Steve.

I want to contextualize our consumers' situation. As you know, we focus on the social grant beneficiaries in South Africa. Their monthly expenditures have been subject to high inflation, in many cases ahead of reported inflation figures. Our customers often rely on just one grant to cover monthly essentials to keep their households going and feed their families. As the only financial institution focused exclusively on this end of the market, we dedicate 100% of our resources to understanding and servicing their needs as effectively as possible through product design, fit-for-purpose distribution networks and service channels.

Slide 15

This focus has led to our making significant strides in the execution of our strategy. FY2023 and Q4 have been a story of continued improvement for the Consumer Division. After breaking even on an adjusted EBITDA basis in the second quarter, we have recorded three consecutive quarters of increasing profitability. Q4 segment adjusted EBITDA was R46 million, up from R30 million in Q3.

For FY23, we reported a segment-adjusted EBITDA of R59 million, compared to a loss of R329 million in FY22. This swing of almost R400 million in EBITDA in one year was an incredible challenge for us, and I am immensely proud of what the Consumer team has achieved. As a positive contributor to the Group, I am confident we can take this momentum into FY24, which has started with encouraging results.

The revenue growth of 27% compared to Q4-22 and 9% from Q3-23 is further evidence of the progress we have made. Given that this growth is being achieved off a greatly reduced cost base, as well as in a difficult operating environment, it clearly demonstrates that we are already yielding robust results.

With the cost optimization lever effectively complete, we have more predictability and consistency in our numbers. We are now focused on revenue increases through EPE account growth and cross-selling initiatives. We should also see widening jaws every quarter as we grow off this stable cost base.

Slide 16

We closed the 2023 financial year with an active EPE account base of 1.3 million customers, representing 10% growth on a net basis. Approximately 85%, or 1.1 million, are our core permanent grant recipients. Growth in this cohort has been 2% on a net basis for the year, which has been slower than expected and the primary reason for the Consumer Division falling short of EBITDA guidance.

In unpacking our net EPE account growth it is worth noting that Gross EPE account activations, for the permanent base, showed significant improvement in the fourth quarter, evidencing progress on the ground stemming from various strategic initiatives to lift our growth rate. We achieved approximately 60 000 gross account activations in the fourth quarter, compared to approximately 38 000 in the third quarter of FY 2023. The net EPE account growth result was impacted by higher-than-normal churn in the fourth quarter that related to routine closure of approximately 60 000 dormant accounts. Adjusting for this, the permanent account base showed an 8% increase in 2023.

Customer churn is a major focus in our business and our churn rate remains in line with the natural attrition in South Africa's grant beneficiary market which is largely attributable to children turning 18 and mortality. Churn averages around 10-12% per annum in the overall grant beneficiary market.

Growing our permanent grant recipient account base is a strategic priority for our leadership and sales teams. We have several initiatives to lift our growth rate in FY2024, including:

- Increased marketing initiatives and budget
- Investment in our sales force with incentives focused on active account base growth
- Improved onboarding systems reducing friction on activations
- Customer incentives to promote customer switching
- Branch renewal and repositioning to enhance customer experience and convenience and;
- Continued engagement with SASSA and support of their programs

Encouragingly, we have started this financial year with some very robust EPE account opening numbers, including a number of record days being achieved. We anticipate our internal initiatives, current SAPO difficulties and the SASSA outreach programmes, to support this momentum through FY 2024.

In our EasyPay loans business, we have seen a continued improvement in our uptake by our account holders as we offer a distinct product from most competitors. We tailor our loan structure and repayment terms to the grant recipients, with a maximum value of R2,000 repayable over up to 6 months. Our simple terms and conditions, repayment profiles, and no-interest charges are easy for our customers to understand. This credit product is [“best in market”] and offers significantly cheaper costs than those prescribed by the National Credit Act. Our customers highly value these loans, as demonstrated by the low loss ratio and high percentage of borrowers regularly renewing their loans. With our loan book turning over at least every six months, we get real insights into our customers' borrowing patterns and default rates allowing us to continue providing real value to our customers and manage our risk. We continue to improve customer experience with the recent addition of USSD and voice-branch channels, where customers can complete loan applications with instant approval on-line, without visiting a branch. USSD facilitates transacting functionality on feature phones, which are largely used by our customer base given they do not have a Smartphone.

Our EasyPay micro-insurance policies have continued to exceed our expectations, with our account base penetration now at 30%, compared to 20% just 12 months ago. Upskilling our salesforce to improve their cross-selling capabilities and upgraded technology platforms have delivered significant benefits, with 124,700 new policies being written in FY2023, compared to 27,600 in FY2022, an impressive 450% increase. The book’s quality remains excellent, with a premium collection ratio of approximately 96% compared to an industry average at this end of the market of 60%.

Our insurance product’s success and loan performance improvement has resulted in an ARPU for our regular grant customers of approximately R80 per month in FY23 Q4, compared to R70 per month 12 months ago.

In conclusion, we see the trend of continual improvement extending through 2024 and beyond. The improvements to our products, distribution, and technology are bearing fruit, and we are well placed to quickly and sustainably expand our market share of the grant market in South Africa. For my colleagues and I in the Consumer Division, FY2023 has been nothing short of an amazing year. Whilst the EBITDA performance has been remarkable, it is hugely rewarding and motivating to see how our customers are returning to us and switching from the South African Post Office, setting the tone for growth into FY2024.

With the momentum built this year and the enthusiasm with which our people are taking on the challenge, I am excited about the prospects for the Consumer Division over the next few years.

I would like to hand over to Naeem now who will take you through the income statement and balance sheet in more detail.

Naeem Kola – Chief Financial Officer, Lesaka Technologies, Inc.

Slide 18

Thank you, Lincoln.

As Chris said, it has been a year of great achievements, we have delivered against what we set out just 12 months ago. As my colleagues discussed earlier, we exceeded our revenue and met our EBITDA guidance for the year. Given the challenging trading environment, turnaround and restructure in the Consumer Division, and the integration process as well as high growth from Kazang and Connect, overall a robust performance.

As a reminder, Lesaka is a domestic filer in the United States, we report results in U.S. dollars, under US GAAP. However, our operational currency is South African rand and as such we analyse our performance in South African rand. In this presentation, we will discuss our results in South African rand, which is non-GAAP. This assists investors' understanding of the underlying trends in our business. As you know, our results can be significantly affected by the currency fluctuations between the U.S. dollar and the South African rand. Amounts reflected in South African Rands in this presentation are calculated by translating USD amounts reported using the applicable USD/ZAR exchange rate. We use average quarterly exchanges rates to convert our quarterly performance presented from USD to ZAR and an annual average exchange rate to convert annual amounts presented. As a results, the sum of our quarterly amounts presented in ZAR may not agree to the annual amount presented in ZAR.

Q4 2023 includes pre-existing Lesaka and Connect Group for the full quarter, as was the case for Q3 2023, however Q4 2022 only includes the Connect Group results from 14 April to 30 June 2022. Thus, the Q4 2023 vs. Q4 2022 comparison is not an exact like for like comparison. From our next quarter results all comparisons will be like-for-like and this slide and explanation will no longer be necessary.

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Looking at the Group income statement for the quarter, we reported a consolidated Group revenue of R2.5 billion for the fourth quarter, up 32%, compared to Q4 FY22. However, if adjusting FY22 Q4 to include Connect revenues for the full comparative quarter, revenues are up 18% compared to Q4 FY22.

In USD, reported Consolidated Group revenue was $133 million for the quarter, up 9% compared to $122 million in Q4 2022, which is reflective of the 20% weakness in the ZAR against the USD over the period.

The significant financial turnaround is demonstrated by a narrowing of the operating loss to R124 million including a non-cash, impairment charge related to the pre-existing Merchant Division of R132 million.

The R132 million impairment loss reported in the fourth quarter relates to our NUETS business, being our terminal distribution business. It is important to note that this impairment has no cash flow impact on Lesaka. Further, the Nuets business is not a material contributor to our overall Merchant business.

Depreciation and amortization of R109 million for Q4-2023 includes R67 million related to the amortization of acquired intangibles. As a reminder, acquired assets amortization reflects the accounting treatment for acquired assets, which is both a non-operational and a non-cash accounting charge.

Adjusting for the amortization of acquired intangibles, R67 million, and for the impairment loss of R132 million, operating income for the fourth quarter would be R75 million which compares to R33 million operating income in the third quarter, a quarter-on-quarter increase of greater than 100%.

Fundamental Loss per share for the quarter, of 76 South Africa cents per share which excludes non-operating items, improved 48% compared to the fourth quarter of FY 2022. In managements view this is the appropriate earnings per share measure in given the adjustment for once-off, non-repeatable item, and PPA amortization which is a non-cash item.

Slide 20

Execution over the past 18-months has been transformational for Lesaka's financial performance in FY 2023 with consolidated Group revenue of R9.4 billion for the year, exceeding the upper end of our revenue guidance which was R8.7 billion to R9.3 billion.

The Group's operating loss narrowing from a loss of R611 million in FY 2022 to a loss of R275 million for FY 2023.

Depreciation and amortization of R425 million for FY 2023 includes R269 million related to the amortization of acquired intangibles, compared to R58 million included in the R115 million for FY 2022.

Net interest expense increased from R57 million in FY 2022 to R300 million in FY 2023 predominantly due to a higher debt position given part of the Connect acquisition in April 2022 was funded with debt. The interest expense was also impacted by the increase in the repo rate in South Africa in FY 2023.

Net loss before tax reported narrowed to R579 million for FY 2023. Adjusting for the amortization of acquired intangibles and for the impairment loss the net loss would have narrowed to R184 million, compared to a net loss of R609 million for FY 2022, representing a R425 million improvement in net loss before tax.

Fundamental Loss per share for the year, of two rand and 66 cents (R2.66), which excludes non-operating items, improved 64% compared to FY 2022.

Slide 21

Unpacking the components of the operating loss, we have delivered in excess of R670 Million improvement to operating income over the year if adjusting for the amortization of acquired intangibles, of R269 million, and for the impairment loss, R126 million, which in aggregate accounts for an approximately R400 million non-cash charge to the Income Statement.

For the quarter, we have delivered a R175 Million improvement to operating income after adjusting for the amortization of acquired intangibles of R67 million and the impairment loss of R132 million, which together account for an approximately R200 million non-cash charge to the statement of operations in Q4-2023.

Slide 22, 23, & 24

Consolidated Group revenue of R9.4 billion for the year, exceeded the upper end of our revenue guidance which was R8.7 billion to R9.3 billion.

Over the last 12 months the business delivered a R766 million turnaround in Group Adjusted EBITDA reporting R498 million for FY 2023, which compares to a loss of R268 million reported in FY 2022. This result is within the mid-range of our market guidance for Group Adjusted EBITDA which was R480 million to R525 million.

At a divisional level, the Merchant division reported a Segment Adjusted EBITDA of R602 million for the financial year to June 2023, which came in above market guidance of R595 million. Pre-existing merchant business contributed approximately 1% of the merchant division Segment Adjusted EBITDA.

The Consumer division, including the ATM business, contributed R59 million Segment Adjusted EBITDA for the financial year to June 2023, which included three consecutive positive quarters of Segment Adjusted EBITDA. The Consumer division reported a R388 Million turnaround compared to the R329 million Segment Adjusted EBITDA loss in financial year June 2022.

Slide 25

The Merchant Division grew revenues by 17% on a like for like basis, to R.2.2 billion driven by the Connect Group revenues which grew by more than 25% for the year.

The Consumer Division reported revenue growth of 27% compared to Q4-22 and 9% from Q3-23 achieved off a reduced cost base, it clearly demonstrates consistent execution in achieving our financial turnaround.

Slide 26

The Merchant division reported a Segment Adjusted EBITDA of R154 million, compared to R127 million reported in Q4,2022 on a like for like basis, and R148 million in Q3.

The relative contribution to Merchant Revenue and EBITDA from our pre-existing merchant division has declined, as the Connect group of businesses continue to grow.

The Consumer division, including the ATM business, contributed R59 million Segment Adjusted EBITDA for the financial year to June 2023, which included three consecutive positive quarters of Segment Adjusted EBITDA.

Slide 27

I have addressed the financial turnaround at an operating income and income before tax level. In addition, Lesaka's financial turnaround is also evident in our quarterly progress on a revenue and Group Adjusted EBITDA basis, demonstrating continued momentum in executing on our turnaround plans successfully over the past 8 quarters.

Overall, we are hugely encouraged by the continued improvement in our quarterly performance, with each quarter this year reflecting an increase in revenue and EBITDA despite the challenging operating environment during the twelve-month period. Both the Merchant and Consumer divisions are delivering robust quarterly growth and we have been deliberate in containing our group cost base.

Slide 28

Fundamental Loss per share for the quarter, which excludes non-operating items, of 76 South Africa cents per share, improved 48% compared to the fourth quarter of FY 2022. From a cash flow perspective, we saw continued momentum in achieving positive net cash provided by operating activities R183 million in Q4 2023, compared to net cash used by operating activities of R104 million in Q4 2022.

Slide 29

Looking further at how our net cash utilized in operating activities per the cash flow statement, compares to Cash Generated from Business Operations.

We generated R197 million operating cash flow before interest paid, tax paid, working capital related items and movement in loan book funding. We define this as cash generated from business operations and consider it an appropriate indicator of our conversion of EBITDA to cash. In Q3 2023 we generated R141 million, an increase of R55 million in 3 months.

Bulk VAS purchases are short term investments usually realised within three to six months and funded through short-term funding arrangements. For us, this is opportunistic in nature, is driven by the benefits of scale, adding further profitability in our VAS business.

Bulk VAS purchases sold down over the quarter released R188 million of cash compared to an outflow of R135 million in the prior quarter.

Adjusting for the effect of the bulk VAS purchases, the business has cumulatively generated approximately R123 million of positive cashflow before CAPEX over the three financial quarters to June 30, 2023.

In our merchant card acquiring business, working capital requirements are relatively small. We estimate that approximately every R100 million in throughput growth requires R3 million in additional working capital.

Our Net debt (adjusted for short term funding of bulk VAS purchases) to EBITDA ratio, is calculated as Annualized Group Adjusted EBITDA divided by the net debt at specific date. For the fourth quarter of FY 2023 Annualized Group Adjusted EBITDA is based on the Q4-2023 results annualized for the year, and has improved to 3.2 times as compared to 3.5 times in Q3 2023.

As Chris mentioned earlier, we are very pleased with the conclusion of our new funding arrangements. In addition, our lenders have agreed, in principle, to reduce the margin on Facilities G and H by 75 basis points, on the basis of the improvement in our Net Debt/EBITDA ratio. We expect to conclude on this during Q1-FY24. Reducing our Net Debt remains a strategic objective for the Group. If we achieve a Net Debt/EBITDA ratio of below 2.5x, this will result in a further 100bp reduction in the margin on Facilities G and H.

Slide 30

Capital expenditure in Q4 FY2023 amounted to R55 million. As we previously highlighted this remains mainly growth related and in the merchant division. As set out on this slide, we believe our growth Capex delivers a strong IRR on amounts invested.

In conclusion, our robust performance in Q4 2023 is evidence of the successful execution of the strategy we have consistently communicated over the last 2 years. We will continue this focus on execution and are optimistic about delivering another positive performance for FY 2024.

Slide 31

With that, I would now like to hand over back to Chris who will address the Group's outlook.

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

Slide 32

Thank you Naeem.

I would like to now set out our revenue and EBITDA guidance for Q1-24 and FY24. We will be providing guidance at a Group level this year and not at a Divisional level for EBITDA as we did for FY2023.

For FY 2024, we anticipate revenue to be within a range of R10.7 billion to R11.7 billion. This implies a growth rate of between 14% and 24% on FY23.

At a Group Adjusted EBITDA level we expect to deliver between R680 million and R740 million, implying a 37% to 49% growth rate for FY24.

This means that at a divisional level we expect the Merchant Division Adjusted EBITDA to grow between 15% and 20%, and the Consumer Division Adjusted EBITDA to grow over 300% in FY24.

For Q1-24 we expect Group revenue to be between R2.50 billion and R2.55 billion, a quarter-on-quarter growth rate of between 1% and 3% compared to Q4-23. This represents a year-on-year growth of between 17% and 19% compared to Q1-23.

We anticipate Group Adjusted EBITDA to be between R160 million and R165 million for Q1-24. This is a quarter-on-quarter growth rate of between 1% and 4%, and a year-on-year growth rate of between 122% and 129%.

We believe our income before tax, excluding PPA amortization and the impact of any changes in our non-core investments will turn positive in the first quarter FY2024, marking another important milestone in the growth trajectory of Lesaka.

I would like to outline our medium-term growth targets and what we see as achievable given our market position and the secular trends. We anticipate that a revenue growth rate of approximately 18% to 20% per annum is achievable over the medium-term. Assuming gradual improvement of EBITDA margins, this would lead to 20% to 25% growth in Group Adjusted EBITDA over the same period.

These are very exciting numbers that we are challenging ourselves to achieve and to surpass. As we continue to innovate in the Merchant Division and start to grow our account base in the Consumer Division, we believe that Lesaka is positioned to deliver exceptional performance over the coming years.

Our outlook provided does not include the impact of any potential business acquisition opportunities we may be evaluating.

Thank you for attending the presentation of our annual and fourth quarter results for the period ended 30 June 2023. I would like to invite you to ask any questions you have at this stage.

Matt Chesler – Partner, FNK IR

Thanks you, Chris. We're now going to open up the Q&A session. From Zoom, there are two ways you can participate. The first is to use the Raise Your Hand icon, which is at the bottom of your screen. Clicking this will alert the operator that you want to be called on to ask a live question, and so you'll be placed into queue and called on. Just note, you're going to be on mute until you are called on.

The second way to participate in Q&A is to use the Q&A widget, which will allow you to type in and text the question in. We will take questions from there as well, but just note, if we run into a time constraint, someone from the IR team will get back to you if your question is not asked on today's call.

With that, we now begin and pause for a moment to build the queue.

The first question is a live question from Theodore O'Neil at Litchfield Hills Research.

Theo O'Neill – Litchfield Hills Research

Thank you and congratulations on the good quarter, particularly given the economic headwinds. My first question is for Steve for Steve. Slide ten, talking about the revenue drivers. If I look on just helping with the dynamics on this, on the card acquiring chart, it shows the devices employed grew 98% and the throughput grew similarly well for the value added services and supplier payments.

00:00:41:08 - 00:00:53:24

Speaker 2

The devices group deployed grew 47% while the throughput was 30%. So it was lower than. I just wonder if you could talk us through the dynamics of how that works.

Steve Heilbron – CEO Connect Group, Head-Merchant Business & Director, Lesaka Technologies, Inc.

Sure. Our strategy is first to put out the terminal. So when we talk about our VAS devices growing, and I think we say we grow to 75,000, we went from 51,000 devices to 75,000. That represents the 47% growth. Our strategy is then to activate those devices into card processing. So when we refer to the fact that we grew to 44,900, that is off a prior number of roughly 21,000 devices where we were able to convert the VAS devices into card processing devices.

So in summary, we grew the VAS base by 47%, but with but within that base we were able to increase the card acquiring devices by 97% for name.

Theo O'Neill – Litchfield Hills Research

Naeem, your target for net debt to EBITDA of 2.5 times. Do you have a date in mind for when you get to that target? Or if not, how do you think about the dynamics that will get you to that number?

Naeem Kola – Chief Financial Officer, Lesaka Technologies, Inc.

The key point for us is in terms of optimizing the debt. So are there specific plans as part of our cash generation to reduce that over a period of time. The 2.5 times target is our near-term target that we are hoping to achieve because as we mentioned, this gives us an additional 100 basis points of saving on our facility generation is quite meaningful in terms of the reduction of interest costs. We will be looking at our targets, indicate that we should get to that level by Q3 or Q4, FY 24.

Theo O'Neill – Litchfield Hills Research

Thank you very much. That completes my questions.

Matt Chesler – Partner, FNK IR

The next question is from James Starke at RMB Morgan Stanley.

James Starke – RMB Morgan Stanley

The first question for Steve is around VAS and card acquiring devices. What is the outlook from a tempo perspective, and can you provide some color if you can maintain this sort of tempo of rollout. The other one is a high level one regarding loadshedding throughout the presentation, reference was made to the impact of loadshedding, particularly in your client segment. Can you give us a sense of where you feel the level of adaptation has got to, all your clients able to cope with sort of stage two comfortably, or is the stage full of where are we? Do you think they can actually pull that resilience?

Then on consumer for Lincoln, you mentioned the post office. Clearly events are unfolding there quite rapidly. Perhaps you can give us some color on how you see that opportunity potentially to dislodge or take a take on some of those clients that may have been with the post office in the past. Thank you.

Steve Heilbron – CEO Connect Group, Head-Merchant Business & Director, Lesaka Technologies, Inc.

First of all, let me say that for the year ahead, we should division for an ever growth of somewhere between 15 and 20 percent. Now our expectation would be closer to the upper end of that. Having said that, I think it's very important to remember that the Merchant Division just completed a year in which it grew its EBITDA by north of 40%, and it also grew its revenue by more than 25% so again, this is very strong growth on top of growth.

Let me also say there were some one off items in the in the year that we've just had which gave us that more than expected growth at north of 40% and therefore the 15 to 20% is tempered in that regard. Now having said that, we have fairly aggressive targets to continue that roll out in terms of the broader platform of VAS devices and then of course the conversion to Kazang pay and additional products.

Remember, our philosophy has always been to spend to spin off the core. So in other words, we had our VAS business and Kazang Pay was a spinoff of VAS. And then the spinoff for Deposited Bonds or Kazang Pay avance was a spinoff from Kazang Pay. So the these obviously we're growing off a much bigger base today. So if you go back a year, we had 21,000 card acquiring devices.

We now at 45,000. We have strong growth targets off that, but it's a smaller percentage because it's off a bigger base and likewise off the 75,000. All of those growth trends underpin the 15 to 20% that I started off by answering. And as I said, our expectation is closer towards the 20% growth end. And again, let me remind you that is off prior year growth number of in excess of 40% growth from an EBITDA perspective. Our momentum actually in Q1 for FY 24 also supports continued strong momentum in terms of device rollout.

Load shedding… it's a very difficult question to answer. But let me say what we've observed is that when we start getting beyond level stage four and we have, periods where we have up to 10 hours, not consecutive, but three sessions a day, we then start to find that there is more disruption in the market than our merchants are comfortable with.

Having said that, let me also say that our merchants are incredibly resilient. The last quarter of FY 24 was very testing, you'll see that in our comments when we talk about the fact that despite sustained periods of level six and up to 10 hours a day, we still grew our VAS throughput for that quarter if you ignore IMT, and there's a specific narrative we give on IMT, by more than 3%. So I think the adaptive nature showed us that even in a sustained period of level six, we were able to grow. But to answer your question specifically, level six is an uncomfortable situation and there's no question that it impacts our traders' ability to trade and it also affects consumers. It is not a sustainable, well, sustainable, but it is incredibly disruptive for our merchants. Anything from level four down, I think we've become used to.

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

And can you want to touch on the questions around post office?

Lincoln Mali – Chief Executive Officer-Southern Africa & Director, Lesaka Technologies, Inc.

Yes, thank you. I think at the human level, the problems of the post office are affecting grant recipients quite badly and there's a lot of pain and suffering out there. But there is an opportunity for consumers to make a choice to look at alternatives. And for us, from a business point of view, the timing is perfect because to spend the last two years changing a caste logistics company to a customer orientated and sales focused organization, now we are ready to be able to offer a viable alternative to these customers.

And what we've done is to invest in our marketing, both in social media, radio and lot of visibility out in the market. Secondly, we've trained our staff are quite well and incentivize them to be able to bring more customers on board. Thirdly, we've changed our branch network to have the look and feel that's attractive to customers so that grant customers can see that this is an organization that wants them and that can give them service.

We also have incentives for customers to be able to shift towards us, and that's something that's very, very positive for us. We've also relooked at our value proposition, including pricing on ATMs, to make sure that customers can be able to transact with us or transact in any ATM or any POS device when they open our accounts.

And the last thing I'll say is that already in this first two months, we're starting to see that greater momentum and we're starting to see more customers coming towards us. And we're starting to see some record sales for some of the days in the first two months. So we do think that we are going to be able to take advantage of some of the challenges that the post office is having.

But at a larger level, I think SASSA is creating an environment for all financial institutions to be able to go pitch what they can sell to these customers. And we are present in almost any one of those outreaches and that is giving us another advantage because we have a sales force that's able to reach out to where the SASSA teams are and be able to present to customers.

Matt Chesler – Partner, FNK IR

Thank you very much. I would now like to go to some of the questions that were submitted online and via the chat box. The first question is from Raj Sharma at B Riely, who asked about the Finbond share buyback, particularly with the cash come in. And there is an additional question that submitted on the same topic regarding what tax rate that investors should use for the proceeds. So we could just combine those two in a single answer that would be great.

Naeem Kola – Chief Financial Officer, Lesaka Technologies, Inc.

Thanks, Raj. In terms of the Finbond process, as we mentioned, it is subject to some final shareholder approvals. We are expecting the shareholder approval to come through in about November 2023 and the cash flow to come in around December 2023. And as Chris touched on this, we are expecting around 64 million rand, about three and a half million dollars at current rates. In terms of the tax position on this cash flow, we're not expecting to pay any tax on the Binbond realization at the moment.

Matt Chesler – Partner, FNK IR

Next question is also on the topic of the non-core assets. Can you give an update on a potential Mobikwik listing?

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

And I know you want to take that as well.

Naeem Kola – Chief Financial Officer, Lesaka Technologies, Inc.

In terms of our Mobikwik investment, we maintain fairly close relationships with the company. We have monthly calls with them. What I can say is that the performance of the business continues to be very robust, their specific plans and they have been delivering on those plans of growth. I think it's well known, that the Indian stock market, especially the IPO market, did come under pressure.

We are seeing some renewed activity on the Indian stock market. And based on our discussions with the founders of Mobikwik, together with the shareholders, they would be looking at the most opportune time to do an IPO. But I think what is quite critical for them is that they want to have a few quarters of profitable cash flow, a profitable performance as well as positive cash flow before they launch the IPO.

So we're not expecting anything imminent. But I think this is constantly in the thinking process of the founders and they are looking at the right opportunity.

Matt Chesler – Partner, FNK IR

Moving on to the next question. With the positive trend in 2023, what is a guidance for 2024 for revenue and profit expansion, particularly, will the cash flow gains driven by the forecast allow for an increase in Lesaka's current share repurchase program?

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

In terms of our growth expectations, I said earlier, we expect medium term revenue growth to be in the range of 18 to 20% and that should translate into EBIT growth of between 20 to 25%.

We see that as our medium term expectation, which would be 2 to 3 years, so beyond FY 24. In terms of specifically use of cash and as it pertains to buybacks, our approach, if I can describe it as that is, as a growth business is investing for growth within our business. We have an exciting growth path in front of us. And, we've touched on the point that M&A is also an important aspect of our growth journey. So a combination of organic and inorganic growth and then secondly, Naeem spoke to this at length, we are prioritizing debt reduction as a core strategy and, Naeem again mentioned the importance of our near-term target of getting our net debt to EBITDA below two and a half times, because if we can get there, there is meaningful savings for us in terms of interest costs.

We were very happy to see this recent 75 point reduction that we've agreed in principle with our bankers that we expect to see coming in in the next quarter. But an additional 1% is within sight over the next three quarters, and that must be one of our priorities.

Matt Chesler – Partner, FNK IR

Thank you, Chris. I'd like to ask one more question that was submitted before turning it back to you for concluding remarks. Sven Thordsen from Anchor Securities asks us to elaborate on the EasyPay issues, particularly, why was throughput growth flat?

Steve Heilbron – CEO Connect Group, Head-Merchant Business & Director, Lesaka Technologies, Inc.

Sure. As we covered in our narrative, we are reinvesting in the EasyPay platform and we're quite excited about the future of that business. Some of what you are seeing when you compare FY22 to FY23 is a function of lost business. The issues that we have struggled with in the business to some extent are the fact that we need to reinvest in some of the technology. We also lost some key some key billers. A lot of that has been addressed. And the year ahead for us right now, we're expecting growth in terms of both bill payment and VAS.

But at the same time, we are reinvesting in the platform. So it really has been a case of stabilizing our billers, developing our tech, also addressing some of the areas from a product innovation perspective. And I think all of that sits behind the answer to your question.

Matt Chesler – Partner, FNK IR

One additional question, Chris, is what are you seeing on the M&A front? What are your plans over the near medium term with regards to mergers and acquisitions?

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

Thank you. As we have said before, M&A does form an important element of our overall strategy. Our ambition is to build the leading fintech platform focused on merchants and consumers in the informal economy and in the low income groups in our country. And we do believe that an element of that will be achieved through further M&A or inorganic activity in particular.

We are actively looking and continuously evaluating opportunities where we see opportunities to add scale, adding customer numbers all to build our value proposition for our customer base – to add additional functionality or additional services, mainly as being in our merchant division. I think our consumer division would probably see more organic growth driven. In the merchant division where we have the opportunity to layer in more services for our merchants, we feel this is important. It goes to the core strategy of our business, which is deeply entrenching ourselves with those merchants, building, layering in services for them so that we become entrenched in their business and help them grow and compete. So, continuously looking at opportunities. Our mantra on this is disciplined M&A. It needs to work for us on a number of metrics. And we will have an extremely high bar in place when we look at opportunities. We continue to do so at any point in time.

Matt Chesler – Partner, FNK IR

Now, we would like to conclude the question and answer session so that we could turn it over to Chris for concluding remarks and wrap up this call before the market opened. For those of you who have submitted questions that we did not have time to get to, we will reach out to you directly to ensure that your questions are answered. Chris, over to you for concluding remarks.

Chris Meyer – Chief Executive Officer & Director, Lesaka Technologies, Inc.

Matt, Thank you. And thanks, everybody for joining us.

FY23 has been a transformative year for Lesaka. We are exceptionally proud of the turnaround we have achieved, illustrated by the improvement in the last year of R670 million in Operating Income and almost R440 million in Net Income before tax, after adjustments for the amortization of acquired intangibles and for the impairment of our NUETS. Lesaka is positioned for growth, our market opportunity is exciting, and we are fully focused on delivering to FY24 guidance.

Thank you.