# Altron Limited

ANCHOR STOCKBROKERS

## Capitalising on the growing digital economy

**Date: 18 June 2026**

- Altron announced FY26 HEPS of 239c (+34%) from continuing operations, ahead of our 231c estimate. The beat came from a stronger FinTech performance, a better than expected recovery in ADB in 2H and ADS. The full year DPS is 120c, in line with its 50% payout target, however, due to its strong cash position a special dividend of 120c was declared. The effective tax rate remained abnormally low at 20% (19.7% in FY25), a headwind for FY27E HEPS.
- The Platform businesses, which contribute 86% of EBITDA pre central costs, reported revenue and EBITDA growth of 11.7% and 21% respectively, with the EBITDA margin rising from 38.3% to 41.4%. As showcased in its recent CMD, positive momentum remains in the Platform businesses, where 91% of revenue is annuity based. Focus is on increased market penetration, new products, cross selling, upselling and ongoing operational efficiencies from effective IT utilisation with its AI factory playing a key role. IT Services managed a strong recovery in 2H driven by significant cost rationalisation and improving revenue growth.
- Netstar, 59% of Platforms' EBITDA, achieved 9% revenue growth with 13% growth in South Africa, 85% of its revenue. Excluding Toyota SA (+7%), SA subscribers increased 11% to 1079k. The mix of Enterprise subscriber growth (+19%), Consumer (+8%) and OEM (+7%) is favourable for ARPU's. However, with Enterprise at 17% of total subscribers, the impact is less visible in total revenue growth as OEM dominates with 46% of subscribers and has slower growth rates as its subscriber base now experiences churn for the first time as initial 5 year contracts mature. The EBITDA margin has, however, benefited, up from 41.1% to 43.6%. We anticipate EBIT margins to widen to 43.7% in FY27E.
- FinTech delivered another robust result, revenue up 20% and EBITDA up 31% with EBITDA margins rising from 36% to 39%. Payment and collection solutions delivered 22% growth in revenue as its customer base and number of debit orders processed increased 34%. Further growth in Integrated transaction solutions POS estate and increased switching volumes resulted in 21% revenue growth. These operations account for 87% of FinTech's revenue and will continue to benefit from cash to digital payment migration. We forecast revenue and EBITDA growth of 13% and 15% in FY27E.
- HealthTech surprised in FY26E, with a strong 2H recovery. Whilst revenue only increased 2%, EBITDA was up 22%, benefiting from prior year investments. We forecast 9% and 10% growth for revenue and EBITDA in FY27E.
- ADB was the groups most challenged operation with revenue declining 8%. Following a significant cost base reduction, 2H profitability improved considerably from an operating loss of R42m in 1H to R7m profit for the year. New order momentum has improved with a higher pipeline than FY25. We remain cautious on its recovery – we forecast 5% revenue growth in FY27E. ADS had a remarkable recovery in its profitability despite only a 2% rise in revenue. EBITDA rose 46% to R123m, a more normalised base following cost restructurings and a move to higher margin managed and support services.
- FY27E won't see a benefit from a change in depreciation charge or a low tax rate due to depleted tax losses. We forecast operating profit up 18.5% from 7.5% revenue growth and further margin widening. A normalised tax rate of 26.5% will see HEPS growth of 10%. We adjust our FY27E HEPS from 250c to 263c. Altron trades on a 12m forward P/E of 10.7x, a 4.9x EV/EBITDA. In our DFCF valuation we calculate a value range of R30-37 per share, a mid-point of R33.50. At the mid-point it implies an undemanding fwd. 5.6x EV/EBITDA. This compares favourably to 6.4x for our weighted basket of peers.

### Analyst

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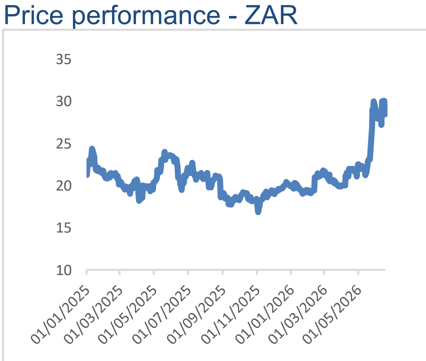
| | |
|---|---|
| Price (17/06/2026): | R28.20 |
| Market cap | R10803mn |
| Shares in issue | 383.1mn |

*Sponsored Research: Anchor Stockbrokers and/or its affiliates is compensated by certain corporates to produce objective and impartial research. A Recommendation and Target Price are not provided.*

Price performance - ZAR




*Source: FactSet*

## Figure 1 Financial summary – R’mn

| Year Ending | FY2024 A | FY2025 A | FY2026 A | FY2027 E | FY2028 E | FY2029 E |
|---|---|---|---|---|---|---|
| **Income Statement** | | | | | | |
| Sales | 9,603 | 9,588 | 9,637 | 10,360 | 11,078 | 11,823 |
| *Sales growth (%)* | *-0.4%* | *-0.2%* | *0.5%* | *7.5%* | *6.9%* | *6.7%* |
| Recurring EBITDA | 1,437.0 | 1,822.0 | 2,002.0 | 2,317.7 | 2,542.7 | 2,752.1 |
| *EBITDA Margin (%)* | *15.0%* | *19.0%* | *20.8%* | *22.4%* | *23.0%* | *23.3%* |
| *% growth* | *20.8%* | *26.8%* | *9.9%* | *15.8%* | *9.7%* | *8.2%* |
| Recurring EBIT | 651.0 | 972.0 | 1,218.0 | 1,443.1 | 1,619.9 | 1,778.3 |
| *EBIT Margin (%)* | *6.8%* | *10.1%* | *12.6%* | *13.9%* | *14.6%* | *15.0%* |
| *% growth* | *28.7%* | *49.3%* | *25.3%* | *18.5%* | *12.3%* | *9.8%* |
| Profit before tax | 507.0 | 763.0 | 1,016.0 | 1,389.7 | 1,578.3 | 1,752.5 |
| Net profit | 388.0 | 616.0 | 816.0 | 1,024.7 | 1,160.5 | 1,283.3 |
| *Tax rate %* | *23.5%* | *19.3%* | *19.7%* | *26.3%* | *26.5%* | *26.8%* |
| Recurring headline earnings | 391.0 | 678.0 | 911.0 | 1,009.4 | 1,143.2 | 650.7 |
| *Growth %* | *42.2%* | *73.4%* | *34.4%* | *10.8%* | *13.2%* | *-43.1%* |
| HEPS Recurring (ZAR) | 1.03 | 1.78 | 2.39 | 2.63 | 2.96 | 3.26 |
| *EPS Growth* | *41.5%* | *72.8%* | *33.7%* | *10.2%* | *12.7%* | *10.0%* |
| DPS (ZAR) | 0.58 | 0.90 | 1.20 | 1.31 | 1.48 | 1.63 |
| *Payout ratio (%)* | *56.2%* | *50.4%* | *50.3%* | *50.0%* | *50.0%* | *50.0%* |
| **Balance Sheet** | | | | | | |
| Cash and Cash equivalents | 1,140 | 1,017 | 1,351 | 1,115 | 1,699 | 1,733 |
| Current asset (ex – all cash) | 3,308 | 3,381 | 3,533 | 3,812 | 4,054 | 4,326 |
| Net tangible fixed assets | 350 | 304 | 288 | 288 | 290 | 293 |
| Rental devices & capitalised costs | 1,152 | 1,360 | 1,788 | 1,882 | 1,997 | 2,131 |
| Intangible assets | 1,535 | 1,547 | 1,582 | 1,638 | 1,690 | 1,749 |
| Investments | 418 | 421 | 289 | 252 | 197 | 123 |
| Other assets | 1,460 | 1,082 | 817 | 844 | 900 | 957 |
| **Total assets** | **9,363** | **9,112** | **9,648** | **9,832** | **10,825** | **11,312** |
| Debt excl lease liabilities | 1,357 | 864 | 914 | 714 | 714 | 714 |
| Lease liabilities | 826 | 828 | 756 | 798 | 842 | 885 |
| Current liabilities | 2,461 | 2,525 | 2,550 | 2,785 | 2,978 | 3,178 |
| Other liabilities | 642 | 711 | 859 | 1,005 | 1,156 | 1,329 |
| **Total liabilities** | **5,286** | **4,928** | **5,079** | **5,302** | **5,689** | **6,106** |
| Shareholders' equity | 3,923 | 4,015 | 4,394 | 4,408 | 5,016 | 5,091 |
| Minorities | 146 | 169 | 175 | 190 | 208 | 227 |
| **Total shareholders' equity** | **4,069** | **4,184** | **4,569** | **4,598** | **5,223** | **5,317** |
| *BVPS (ZAR)* | *10.7* | *11.0* | *11.9* | *11.9* | *13.5* | *13.7* |
| *ROE (%)* | *9.3%* | *16.4%* | *20.8%* | *22.0%* | *23.3%* | *24.0%* |
| *ROIC (%)* | *8.7%* | *14.2%* | *18.2%* | *21.3%* | *23.5%* | *25.3%* |
| **Debt ex leases** | | | | | | |
| *Debt: Ebitda* | *0.9* | *0.5* | *0.5* | *0.3* | *0.3* | *0.3* |
| *Interest Cover* | *6.4* | *11.2* | *27.1* | *27.0* | *39* | *69* |
| **Cash Flow** | | | | | | |
| **Reported net profit** | **-170** | **390** | **727** | **1,009** | **1,143** | **651** |
| Change in net working capital | 139 | -192 | -686 | -44 | -49 | -72 |
| Other adjustments | 1,426 | 1,377 | 1,794 | 847 | 923 | 1,587 |
| Dividends paid | -170 | -285 | -394 | -996 | -535 | -1,189 |
| **Cash flow from operations** | **1,225** | **1,290** | **1,441** | **817** | **1,482** | **976** |
| Net Capex | -551 | -699 | -794 | -922 | -986 | -1,064 |
| *Capex/sales (%)* | *5.7%* | *7.3%* | *8.2%* | *8.9%* | *8.9%* | *9.0%* |

| Year Ending | FY2024 A | FY2025 A | FY2026 A | FY2027 E | FY2028 E | FY2029 E |
|---|---|---|---|---|---|---|
| Other investing cash flows | 18 | 5 | -25 | 40 | 59 | 78 |
| **Cash flow from investing** | **-533** | **-694** | **-819** | **-882** | **-927** | **-987** |
| Equity raised/(bought back) | 0 | 0 | 0 | 0 | 0 | 0 |
| Net inc/(dec) in borrowings | -425 | -1 | 75 | -200 | 0 | 0 |
| Other financing cash flows | -318 | -130 | -222 | 146 | 151 | 173 |
| **Cash flow from financing** | **-743** | **-231** | **-258** | **-171** | **28** | **45** |
| **Net cash flow** | **-64** | **366** | **354** | **-236** | **584** | **34** |
| **Free cash flow** | **906** | **784** | **322** | **987** | **1,090** | **1,147** |
| **Lease payments** | **-105** | **-100** | **-111** | **-117** | **-122** | **-128** |
| **Net free cash flow** | **801** | **684** | **211** | **870** | **968** | **1,018** |
| **Valuation Summary** | | | | | | |
| Share Price (ZAR) | 10.24 | 20.56 | 28.20 | 28.20 | 28.20 | 28.20 |
| P/E (Underlying) (x) | 9.9 | 11.5 | 11.8 | 10.7 | 9.5 | 8.7 |
| P/BV (x) | 1.0 | 1.9 | 2.4 | 2.4 | 2.1 | 2.1 |
| EV/EBITDA (x) | 7.8 | 6.2 | 5.6 | 4.9 | 4.4 | 4.1 |
| EV/EBIT (x) | 17.3 | 11.6 | 9.2 | 7.8 | 6.9 | 6.3 |
| FCF Yield (%) | 7.5% | 6.4% | 2.0% | 8.1% | 9.0% | 9.5% |
| Dividend Yield (%) | 5.7% | 4.4% | 8.5% | 4.7% | 5.3% | 5.8% |
| Net Debt | 1,043 | 675 | 319 | 397 | -143 | -134 |
| Debt/Equity | 0.26 | 0.16 | 0.07 | 0.09 | -0.03 | -0.03 |
| Net Debt (excl lease liabilities) | 217 | -153 | -437 | -401 | -985 | -1,019 |
| Debt/Equity (excl lease liabilities) | 0.05 | -0.04 | -0.10 | -0.09 | -0.19 | -0.19 |

*Source: Company data, ASB research, FactSet*

## Figure 2 Summarised income statement – recurring earnings – R'mn

| Revenue | FY25 | % | FY26 | % | FY27E | % | FY28E | % |
|---|---|---|---|---|---|---|---|---|
| **Platforms** | 3,956 | 12% | 4,417 | 12% | 4,876 | 10% | 5,292 | 9% |
| FinTech | 1,282 | 17% | 1,532 | 20% | 1,731 | 13% | 1,887 | 9% |
| HealthTech | 397 | 6% | 403 | 2% | 439 | 9% | 470 | 7% |
| Netstar | 2,277 | 10% | 2,482 | 9% | 2,705 | 9% | 2,935 | 9% |
| **IT services** | **5,055** | -6% | **4,778** | -5% | **5,024** | 5% | **5,305** | 6% |
| ADB | 3,241 | -9% | 2,982 | -8% | 3,131 | 5% | 3,319 | 6% |
| ADS | 1,417 | 1% | 1,385 | -2% | 1,440 | 4% | 1,498 | 4% |
| Security | 397 | -12% | 411 | 4% | 452 | 10% | 488 | 8% |
| **Arrow** | 669 | -17% | 581 | -13% | 610 | 5% | 641 | 5% |
| **Total pre-eliminations** | **9,680** | -1% | **9,776** | 1% | **10,509** | 8% | **11,238** | 7% |
| **Eliminations** | -92 | | -139 | | -149 | | -160 | |
| **Group recurring revenue** | **9,588** | **3%** | **9,637** | **1%** | **10,360** | **8%** | **11,078** | **7%** |

| EBITDA | FY25 | % | FY26 | % | FY27E | % | FY27E | % |
|---|---|---|---|---|---|---|---|---|
| **Platforms** | 1,514 | 23% | 1,829 | 21% | 2,029 | 11% | 2,201 | 8% |
| *Total Margin* | *38.3%* | | *41.4%* | | *41.6%* | | *41.6%* | |
| FinTech | 457 | 38% | 597 | 31% | 684 | 15% | 740 | 8% |
| *Margin* | *35.6%* | | *39.0%* | | *39.5%* | | *39.2%* | |
| HealthTech | 122 | 15% | 149 | 22% | 163 | 10% | 175 | 7% |
| *Margin* | *30.7%* | | *37.0%* | | *37.2%* | | *37.3%* | |
| Netstar | 935 | 17% | 1,083 | 16% | 1,182 | 9% | 1,286 | 9% |
| *Margin* | *41.1%* | | *43.6%* | | *43.7%* | | *43.8%* | |
| Depreciation & amortisation | -716 | *15%* | -672 | *-6%* | -749 | *12%* | -814 | *9%* |
| EBIT | 798 | *30%* | 1,157 | *45%* | 1,280 | *11%* | 1,386 | *8%* |
| *EBIT margin* | *20.2%* | | *26.2%* | | *26.3%* | | *26.2%* | |
| **IT services** | **307** | 41% | **255** | -17% | **329** | 29% | **387** | 18% |
| *Total Margin* | *6.1%* | | *5.3%* | | *6.6%* | | *7.3%* | |
| EBIT | 230.0 | *77%* | 195.0 | *-15%* | 273.9 | *40%* | 322.6 | *18%* |
| *EBIT margin* | *4.5%* | | *4.1%* | | *5.5%* | | *6.1%* | |
| **Arrow** | 69.0 | 0% | 33.0 | -52% | 33.6 | 2% | 37.2 | 11% |
| *Margin* | *10.3%* | | *5.7%* | | *5.5%* | | *5.8%* | |
| EBIT | 67.0 | *0%* | 31.0 | *-54%* | 31.5 | *2%* | 34.9 | *11%* |
| *EBIT margin* | *10.0%* | | *5.3%* | | *5.2%* | | *5.5%* | |
| **Total pre-eliminations** | **1,890** | 24% | **2,117** | 12% | **2,392** | 13% | **2,625** | 10% |
| **Corporate and consolidation** | -68.0 | | -115.0 | | -74.8 | | -82.2 | |
| EBIT | -123.0 | *-23%* | -165.0 | *34%* | -142 | *-14%* | -124 | *-13%* |
| **Group recurring EBITDA** | **1,822** | **26.8%** | **2,002** | **9.9%** | **2,318** | **15.8%** | **2,543** | **9.7%** |
| *Group Margin* | *19.0%* | | *20.8%* | | *22.4%* | | *23.0%* | |
| Depreciation & amortisation | **-850** | 8% | -784 | -8% | **-875** | 12% | **-923** | 6% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| EBIT | 972 | 49% | 1,218 | 25% | 1,443 | 18% | 1,620 | 12% |
| Net interest | -87 | -15% | -45 | -48% | -53 | 19% | -42 | -22% |
| Profit before tax | 885 | 61% | 1,173 | 33% | 1,390 | 18% | 1,578 | 14% |
| Capital items | -120 | | -146 | | 0 | | 0 | |
| | 765 | 49% | 1,027 | 34% | 1,390 | 35% | 1,578 | 14% |
| Tax | -150 | 24% | -203 | 35% | -368 | 81% | -421 | 14% |
| PAT | 615 | 56% | 824 | 34% | 1,021 | 24% | 1,157 | 13% |
| Other | 63 | -3250% | 87 | 38% | -12 | -114% | -14 | 14% |
| **Headline Earnings** | 678 | 73% | 911 | 34% | 1,009 | 11% | 1,143 | 13% |

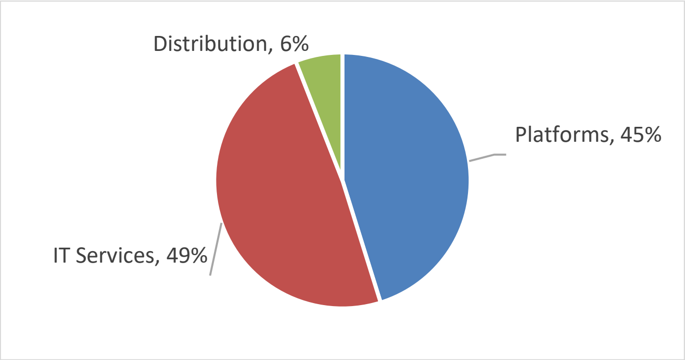
*Source: Company data, ASB research*

Comments with regards to the above tables:

- Platforms delivered revenue and EBITDA broadly in line with our expectations, Within the mix FinTech performed marginally better on EBITDA, compensating for a slightly weaker Netstar performance. We attribute the latter to a weak performance in Australia as customer numbers were negatively impacted by 3G and 4G migration issues. The Australian business is subsequently recovering with customer numbers back on the rise. We revise our Platforms FY27E revenue and EBITDA expectations up 1% and 2% respectively.
- IT services revenue came in slightly below our expectations but managed to improve profitability, generating EBITDA of R255m vs our R238m estimate. The revenue pipeline sounds more promising and the cost rationalisation that benefited 2H will realise for the full year in FY27E. We remain conservative in our revenue outlook, forecasting 5% growth off a low base. We adjust our EBITDA forecast down as we reduce our forecast EBITDA margin from 7% to 6.6%. Whilst positive momentum has been seen in the order book the impact of the Middle East crisis may temporarily stall this recovery.
- Arrow's revenue was ahead of our expectations prompting us to revise our FY27E expectations. However, its EBITDA margin was lower than expected resulting in a downward revision to our FY27E EBITDA.
- Corporate/Other EBITDA loss rose significantly from R68m to R115m after the distribution of a portion of the pension fund surplus to its members amounting to R74m. Forecast risk for this segment remains high and it could be material to the final result. In FY27E we forecast R75m which is 10% higher than FY25.
- The tax rate has remained low in FY25 and FY26 due to the utilisation of assessed losses. These losses are depleted in FY27E, and the tax rate has been guided closer to the SA statutory tax rate of 27%. We forecast a 26.3% tax rate.
- In FY25 Netstar depreciated the bulk of its devices over three years which was misaligned with the circa five year period in which revenue is generated. This was amended to 5 years in FY26 with no prior year restatement. The benefit to Netstar was R136m pre-tax. Adjusting for this its operating profit increased 24% compared to the reported 78%.
- Excluding the depreciation policy change and the once-off pension fund expense, the operating profit rose 19% to R1.15bn. R1.15bn is management's previous FY26 operating profit target pre the change in the depreciation policy. This was achieved despite a subsequent sharp decline in IT Services profitability.
- We revise our FY27E headline earnings up from R956m to R1009m, HEPS of 263c (+10%). This reflects a strong operational performance, driven lower by the higher tax rate.
- Capex was R800m, up 13% due to greater investment in tracking devices (+11%) and POS terminals (+155%), as its banking clients currently favour renting over the purchase of POS devices, in line with market trends. Maintenance capex was low at R61m. Based on the same themes we see capex up 15% in FY26E.
- The business remains lowly geared, with a net debt position of R319m, net cash of R437m excluding lease liabilities. Debt facilities of R1bn are in place should an acquisition take place. Ongoing strong cash generation will see debt levels decline further. We anticipate a consistent 50% dividend payout ratio in FY27E and FY28E, with the likelihood of another special dividend in FY28E should no acquisitions have occurred by then.

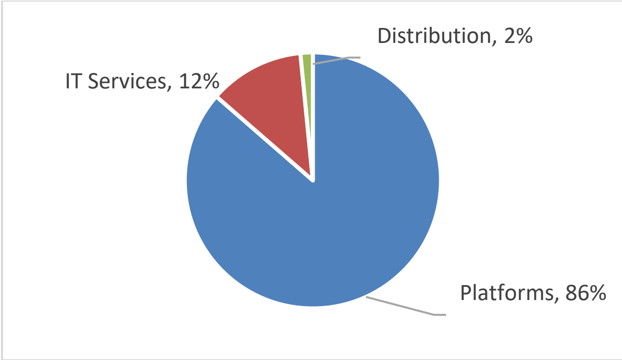
- Our estimates above do not take account of any acquisitions. We do believe that in the medium term acquisitions will be made and given the healthy state of the balance sheet they could be meaningful. These are expected to happen in the Platform businesses, most likely in Netstar and FinTech. Management has been actively pursuing opportunities; however, none have met its criteria to date.

**Figure 3 Revenue split pre eliminations – FY26**



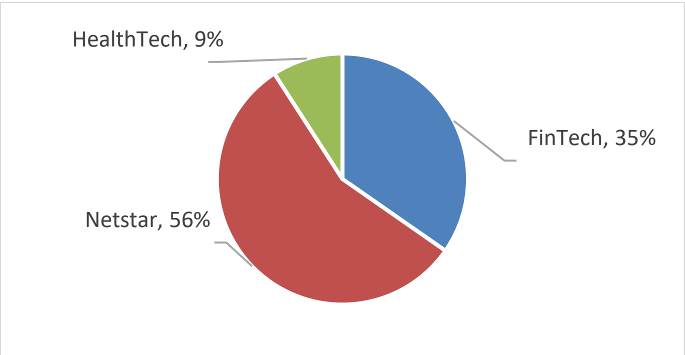

Source: Company data, ASB Research

**Figure 4 EBITDA split pre eliminations – FY26**



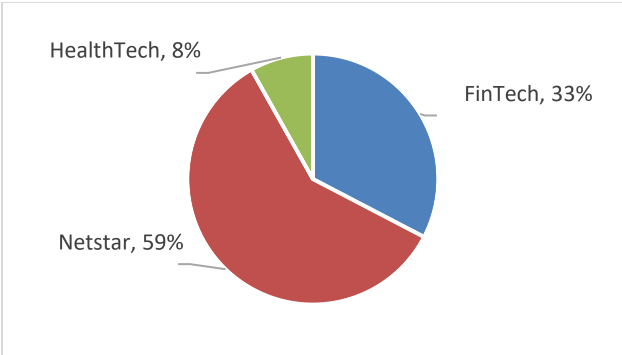

Source: Company data, ASB Research

**Figure 5 Platform revenue split pre eliminations – FY26**



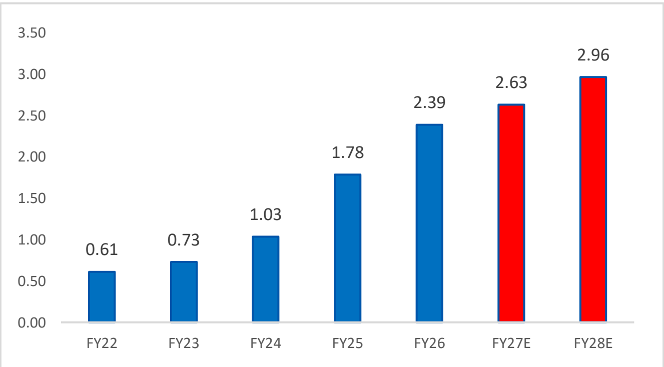

Source: Company data, ASB Research

**Figure 6 Platform EBITDA split pre eliminations – FY26**



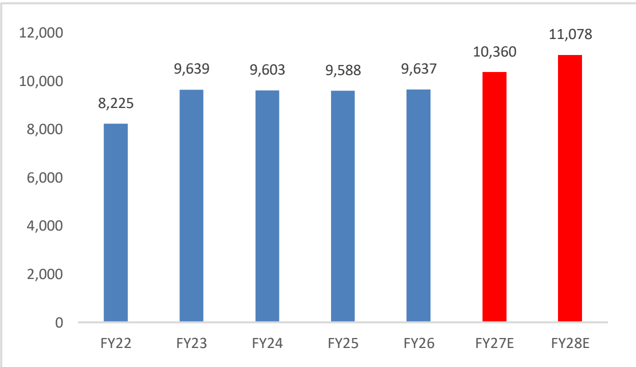

Source: Company data, ASB Research

**Figure 7 HEPS – excl held for sale but incl ATM – (R)**



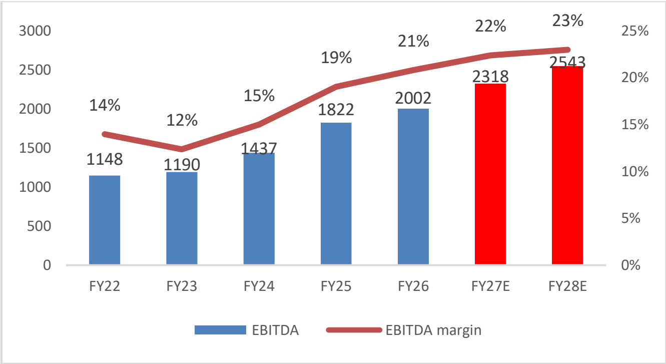

Source: Company data, ASB Research

**Figure 8 Recurring revenue – R'm**



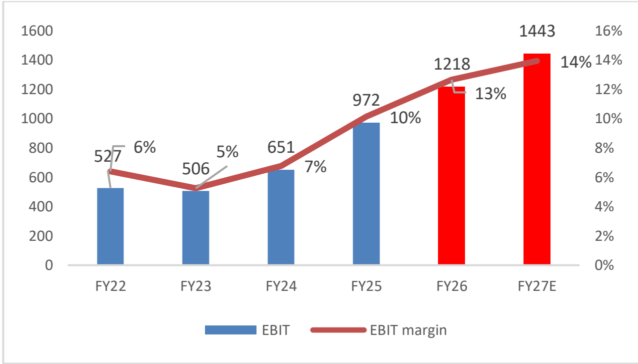

Source: Company data, ASB Research

**Figure 9 Recurring EBITDA and EBITDA margin – R'm**




Source: Company data, ASB Research

**Figure 10 Recurring EBIT and EBIT margin – R'm**




Source: Company data, ASB Research

## Netstar

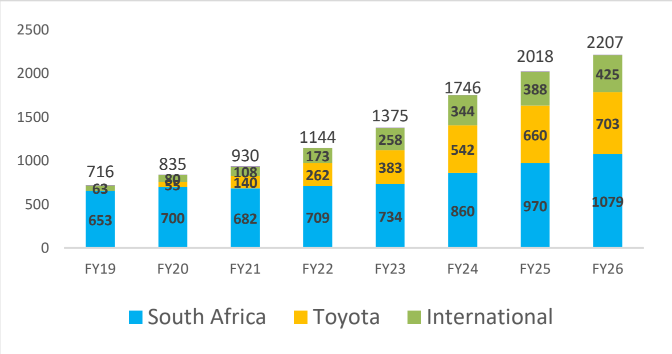
Netstar has achieved 17% 3-year CAGR growth in subscribers (2.2m), compared to 19% growth in connected devices (2.7m). This suggest that subscribers are opting for more than one product,  a key strategy for Netstar. In addition to cross sell, upselling is also a key driver, particularly in Enterprise.

Net subscriber number growth slowed from 273k in FY25 to 189k in FY26, impacting overall subscriber growth and numbers. This was impacted by the first-time churn in the Toyota subscriber base as five-year contracts began maturing in FY26. This drop off rate will normalise going forward. As depicted in Fig 13 below, semi-annual growth in 1H26 and 2H26 subscribers declined sharply in OEM. However, this is not the case for Consumer and Enterprise that have both risen since 2H24. Gross subscriber additions were 497k in FY26 compared to 495k in FY25 and 533k in FY24. Toyota ARPU's are circa 20% of non-OEM ARPU's.

Management highlighted independent market research from Berg Insights at its recent CMD which suggests between 2025 and 2030 there is scope for 17% and 13% annual growth in OEM devices and SVT (Stolen Vehicle Tracking) devices. In addition, over the same period active management fleet systems are anticipated to grow 10% p.a. Its growth in the OEM space can be catapulted should it attract another major vehicle manufacturer – its relationship and experience with Toyota in SA and Malaysia places it in a favourable position to do so. In addition, its product offering across its three market segments is consistently being enhanced to ensure greater cross and upsell. Acquisitions form part of the Netstar growth strategy and are most likely to happen outside of SA, with Southeast Asia being spoken of in the past.

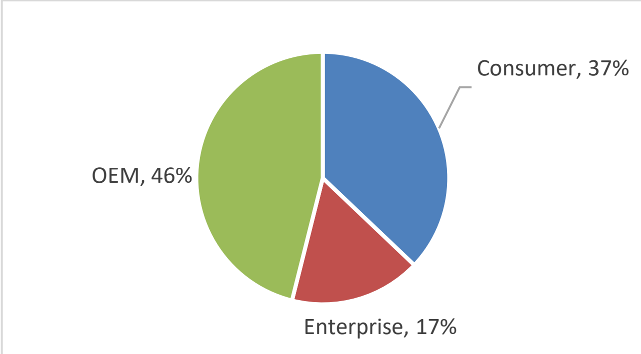
We remain optimistic on the revenue growth prospects for Netstar as it benefits from ongoing growth in its market segments and product innovation. Additional cross sell opportunities will bode well for margins. Opportunities to monetise its enormous data pool are consistently being explored.

### Figure 11 Netstar subscriber numbers FY26 – '000



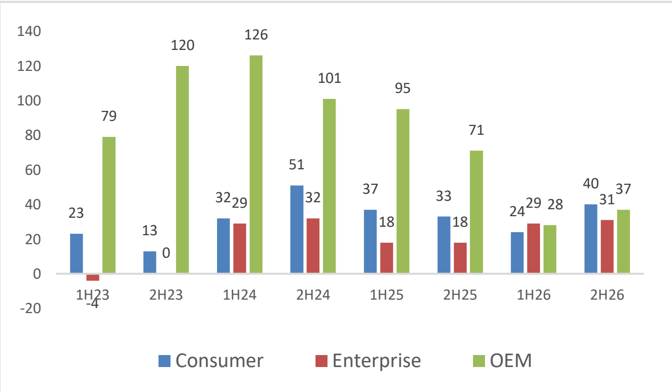

Source: Company data, ASB Research

### Figure 12 Netstar subscriber mix



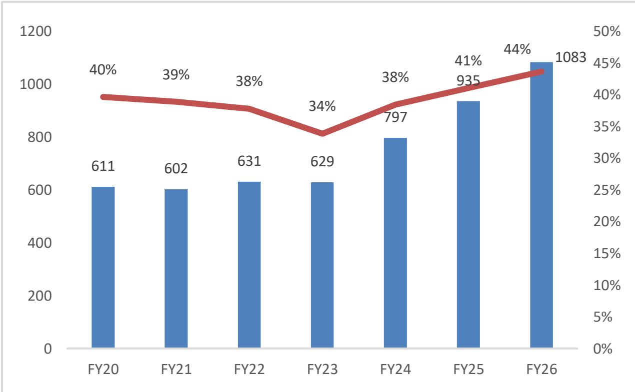

Source: Company data, ASB Research

### Figure 13 Netstar semi-annual subscriber additions




Source: Company data, ASB Research

### Figure 14 Netstar EBITDA & EBITDA margin FY26 – R'm




Source: Company data, ASB Research

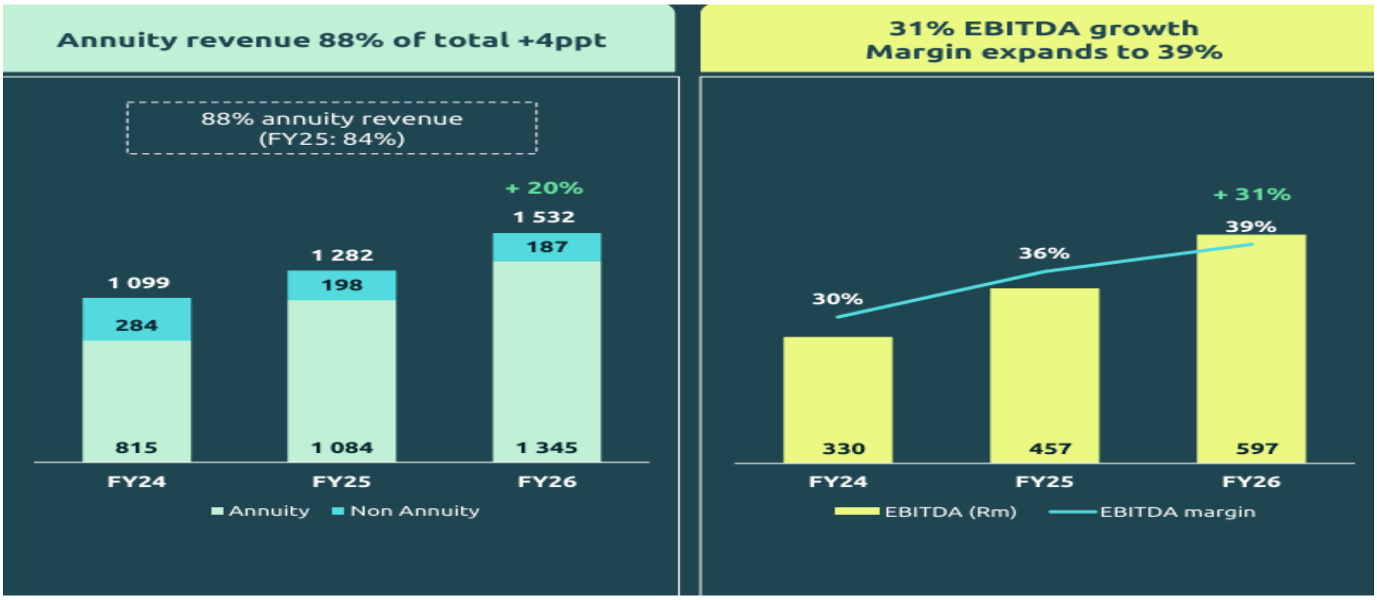
## HealthTech

HealthTech has managed to gain market share in the private practice space, currently estimated at 40%. This has been achieved through lower churn rates, currently 2 customers gained for every one lost. Several years back this was 1.4 to 1. This is testimony to its service and product offering and it's likely that the momentum will continue. It currently enjoys a 65% market share of medical claims switched in FY26 – a total of R121bn.

Opportunities exist in growing market share in its traditional product offering. In addition, new revenue streams are available through the monetisation of its data for retail, financial services, large pharma, retail pharmacies and healthcare. Its oncology ecosystem is evolving rapidly with 38 of the 70 large group practices subscribed. It's also the only practice company with CSIR FHIR R4 certification, which positions it well to participate meaningfully in government's NHI launch.

## FinTech

**Figure 15 FinTech FY26 performance**




*Source: Company data*

FinTech's well established payment platform is achieving high levels of operating leverage with over 34% and 29% growth in the number and value of debit orders processed through it respectively– 41m DebiCheck transactions in FY26. In addition, it has 180 000 terminals connected and transacting through its payment switch, 273m transactions in FY26.

Its Kasi sales force in the informal sector, which has only recently expanded out of Soweto to Ekurhuleni, Khayelitsha and the Eastern Cape, has already engaged with over 2600 customers post year end. The intention is to digitise collections with the primary offering being a DebiCheck payment solution, although merchant acquiring (POS Device) is also offered should the opportunity arise. The product and solution offering is broadened with the increased size of the merchant, providing multiple payment solutions to SME's, including VAS, BNPL, wallets, gift cards etc. Its payment offering extends to larger formal retailers as well as payment service processors, including HealthTech.

Payment and collection solutions remains the dominant source of revenue at 75% driven by a 34% increase in total customers to 5 581. Its revenue grew 22%. Credit management solutions revenue, which is only 5% of FinTech revenue, showed less impressive growth of 4% as the number of branches serviced declined 4% (there is a high level of churn), offset by a 13% increase in credit enquiries. Integrated transaction solutions revenue (12% of FinTech revenue) grew 21% as the number of devices rented and sold grew 150% and 7% respectively with a 29% increase in values processed.

The outlook for FinTech remains positive as customer growth and distribution increases. The ongoing conversion of cash to digital in the SA economy supports growth, particularly in the informal market where efforts are now being increasingly focused. Upcoming regulatory changes that provide access to the National Payment System to non-banks is not only a revenue opportunity but also one that allows significant cost savings given that 80% of FinTech's cost of sales is bank fee related. Card issuance may benefit from the recently announced government phase out of Green ID books requiring a sharp rise in card ID printing. There may also be opportunities in printing driver's license cards. Further medium-term opportunities arise from new challenger bank entrants into SA which are likely to require card printing facilities.

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