UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**
For the transition period from ________ To ________

Commission file number: **000-31203**

LESAKA TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Florida	**98-0171860**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

President Place, 4th Floor, Cnr. Jan Smuts Avenue and Bolton Road,
Rosebank, Johannesburg, 2196, South Africa
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **27-11-343-2000**

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	LSAK	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (check one):

☐	Large accelerated filer	☒	Accelerated filer
☐	Non-accelerated filer	☒	Smaller reporting company
		☐	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of May 5, 2025 (the latest practicable date), 81,249,400 shares of the registrant's common stock, par value $0.001 per share, net of treasury shares, were outstanding.

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Part I. Financial information

Item 1. Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Balance Sheets

	March 31, 2025	June 30, 2024(A)
	(In thousands, except share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 71,008	$ 59,065
Restricted cash related to ATM funding and credit facilities (Note 9)	115	6,853
Accounts receivable, net and other receivables (Note 3)	36,127	36,667
Finance loans receivable, net (Note 3)	61,261	44,058
Inventory (Note 4)	18,838	18,226
Total current assets before settlement assets	187,349	164,869
Settlement assets	25,093	22,827
Total current assets	212,442	187,696
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of - March: $46,056 June: $49,762	42,554	31,936
OPERATING LEASE RIGHT-OF-USE (Note 17)	9,447	7,280
EQUITY-ACCOUNTED INVESTMENTS (Note 6)	199	206
GOODWILL (Note 7)	209,836	138,551
INTANGIBLE ASSETS, NET (Note 7)	142,158	111,353
DEFERRED INCOME TAXES	6,788	3,446
OTHER LONG-TERM ASSETS, including equity securities (Note 6 and 8)	25,774	77,982
TOTAL ASSETS	649,198	558,450
LIABILITIES		
CURRENT LIABILITIES		
Short-term credit facilities for ATM funding (Note 9)	-	6,737
Short-term credit facilities (Note 9)	23,550	9,351
Accounts payable	15,149	16,674
Other payables (Note 10)	57,649	56,051
Operating lease liability - current (Note 17)	3,814	2,343
Current portion of long-term borrowings (Note 9)	28,088	15,719
Income taxes payable	2,438	654
Total current liabilities before settlement obligations	130,688	107,529
Settlement obligations	24,327	22,358
Total current liabilities	155,015	129,887
DEFERRED INCOME TAXES	37,367	38,128
OPERATING LEASE LIABILITY - LONG TERM (Note 17)	6,133	5,087
LONG-TERM BORROWINGS (Note 9)	166,612	127,467
OTHER LONG-TERM LIABILITIES, including insurance policy liabilities (Note 8)	3,093	2,595
TOTAL LIABILITIES	368,220	303,164
REDEEMABLE COMMON STOCK	88,957	79,429
EQUITY		
COMMON STOCK (Note 11)		
Authorized: 200,000,000 with $0.001 par value;		
Issued and outstanding shares, net of treasury - March: 81,278,900 June: 64,272,243	103	83
PREFERRED STOCK		
Authorized shares: 50,000,000 with $0.001 par value;		
Issued and outstanding shares, net of treasury: March: - June: -	-	-
ADDITIONAL PAID-IN-CAPITAL	424,912	343,639
TREASURY SHARES, AT COST: March: 29,700,666 June: 25,563,808	(297,476)	(289,733)
ACCUMULATED OTHER COMPREHENSIVE LOSS (Note 12)	(193,799)	(188,355)
RETAINED EARNINGS	251,489	310,223
TOTAL LESAKA EQUITY	185,229	175,857
NON-CONTROLLING INTEREST	6,792	-
TOTAL EQUITY	192,021	175,857
TOTAL LIABILITIES, REDEEMABLE COMMON STOCK AND SHAREHOLDERS' EQUITY	$ 649,198	$ 558,450

(A) – The Company reclassified an amount of $11,841 from long-term borrowings to current portion of long-term borrowings , refer to Note 1.
See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Operations

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	(In thousands, except per share		(In thousands, except per share	
REVENUE (Note 16)	$ 135,670	$ 138,194	$ 428,034	$ 418,176
EXPENSE				
Cost of goods sold, IT processing, servicing and support	91,233	107,854	303,418	329,610
Selling, general and administration	34,217	23,124	97,213	67,146
Depreciation and amortization	8,429	5,791	22,928	17,460
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs (Note 2)	1,222	631	3,174	665
OPERATING INCOME	569	794	1,301	3,295
CHANGE IN FAIR VALUE OF EQUITY SECURITIES (Note 5 and 6)	(20,421)	-	(54,152)	-
LOSS ON DISPOSAL OF EQUITY-ACCOUNTED INVESTMENT (Note 6)	-	-	161	-
REVERSAL OF ALLOWANCE FOR DOUBTFUL EMI DEBT RECEIVABLE	-	-	-	250
INTEREST INCOME	645	628	1,952	1,562
INTEREST EXPENSE	5,777	4,581	16,983	14,312
LOSS BEFORE INCOME TAX (BENEFIT) EXPENSE	(24,984)	(3,159)	(68,043)	(9,205)
INCOME TAX (BENEFIT) EXPENSE (Note 19)	(2,934)	931	(9,268)	1,881
NET LOSS BEFORE EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS	(22,050)	(4,090)	(58,775)	(11,086)
EARNINGS (LOSS) FROM EQUITY-ACCOUNTED INVESTMENTS (Note 6)	12	43	89	(1,319)
NET LOSS	(22,038)	(4,047)	(58,686)	(12,405)
LESS NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTEREST	20	-	48	-
NET LOSS ATTRIBUTABLE TO LESAKA	$ (22,058)	$ (4,047)	$ (58,734)	$ (12,405)
Net loss per share, in United States dollars (Note 14):				
Basic loss attributable to Lesaka shareholders	$ (0.27)	$ (0.06)	$ (0.81)	$ (0.20)
Diluted loss attributable to Lesaka shareholders	$ (0.27)	$ (0.06)	$ (0.81)	$ (0.20)

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Comprehensive (Loss) Income

	Three months ended March 31,		Nine months ended March 31,	
	2025	**2024**	**2025**	**2024**
	(In thousands)		(In thousands)	
Net loss	$ (22,038)	$ (4,047)	$ (58,686)	$ (12,405)
Other comprehensive income (loss), net of taxes				
Movement in foreign currency translation reserve	6,346	(5,718)	(5,860)	(450)
Release of foreign currency translation reserve related to liquidation of subsidiaries (Note 12)	-	-	6	(952)
Release of foreign currency translation reserve related to disposal of Finbond equity securities (Note 12)	-	-	-	1,543
Movement in foreign currency translation reserve related to equity-accounted investments	-	-	-	489
Total other comprehensive income (loss), net of taxes	6,346	(5,718)	(5,854)	630
Comprehensive loss	(15,692)	(9,765)	(64,540)	(11,775)
Less comprehensive loss attributable to non-controlling interest	(196)	-	362	-
Comprehensive loss attributable to Lesaka	$ (15,888)	$ (9,765)	$ (64,178)	$ (11,775)

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Changes in Equity

	Lesaka Technologies, Inc. Shareholders											
	Number of Shares	**Amount**	***Number of Treasury Shares***	**Treasury Shares**	***Number of shares, net of treasury***	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated other comprehensive loss**	**Total Lesaka Equity**	**Non-controlling Interest**	**Total**	**Redeemable common stock**
	For the three months ended March 31, 2024 (dollar amounts in thousands)											
Balance – January 1, 2024	*89,738,784*	$ 83	*(25,295,261)*	$ (288,436)	*64,443,523*	$ 339,149	$ 319,305	$ (189,378)	$ 180,723	$ -	$ 180,723	$ 79,429
Shares repurchased (Note 13)			*(2,511)*	(9)	*(2,511)*	-			(9)		(9)	
Restricted stock granted (Note 13)	*65,525*				*65,525*				-		-	
Exercise of stock options (Note 13)	*15,832*	-			*15,832*	48			48		48	
Stock-based compensation charge (Note 13)					-	2,202			2,202		2,202	
Reversal of stock-based compensation charge (Note 13)	*(55,539)*				*(55,539)*	(112)			(112)		(112)	
Stock-based compensation charge related to equity-accounted investment (Note 6)					-	-			-		-	
Net loss					-		(4,047)		(4,047)	-	(4,047)	
Other comprehensive loss (Note 12)								(5,718)	(5,718)	-	(5,718)	
Balance – March 31, 2024	*89,764,602*	$ 83	*(25,297,772)*	$ (288,445)	*64,466,830*	$ 341,287	$ 315,258	$ (195,096)	$ 173,087	$ -	$ 173,087	$ 79,429

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Changes in Equity

	Lesaka Technologies, Inc. Shareholders											
	Number of Shares	**Amount**	***Number of Treasury Shares***	**Treasury Shares**	***Number of shares, net of treasury***	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated other comprehensive loss**	**Total Lesaka Equity**	**Non-controlling Interest**	**Total**	**Redeemable common stock**
	For the nine months ended March 31, 2024 (dollar amounts in thousands)											
Balance – July 1, 2023	*88,884,532*	$ 83	*(25,244,286)*	$ (288,238)	*63,640,246*	$ 335,696	$ 327,663	$ (195,726)	$ 179,478	$ -	$ 179,478	$ 79,429
Shares repurchased (Note 13)	-		*(53,486)*	(207)	*(53,486)*				(207)		(207)	
Restricted stock granted (Note 13)	*934,521*				*934,521*				-		-	
Exercise of stock options (Note 13)	*23,217*	-			*23,217*	71			71		71	
Stock-based compensation charge (Note 13)						5,782			5,782		5,782	
Reversal of stock-based compensation charge (Note 13)	*(77,668)*				*(77,668)*	(129)			(129)		(129)	
Stock-based compensation charge related to equity-accounted investment						(133)			(133)		(133)	
Net loss							(12,405)		(12,405)	-	(12,405)	
Other comprehensive loss (Note 12)								630	630	-	630	
Balance – March 31, 2024	*89,764,602*	$ 83	*(25,297,772)*	$ (288,445)	*64,466,830*	$ 341,287	$ 315,258	$ (195,096)	$ 173,087	$ -	$ 173,087	$ 79,429

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Changes in Equity

	Lesaka Technologies, Inc. Shareholders											
	Number of Shares	**Amount**	***Number of Treasury Shares***	**Treasury Shares**	***Number of shares, net of treasury***	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated other comprehensive loss**	**Total Lesaka Equity**	**Non-controlling Interest**	**Total**	**Redeemable common stock**
	For the three months ended March 31, 2025 (dollar amounts in thousands)											
Balance – January 1, 2025	*108,456,657*	$ 101	*(28,297,365)*	$ (302,319)	*80,159,292*	$ 421,950	$ 273,547	$ (199,969)	$ 193,310	$ 6,727	$ 200,037	$ 88,957
Shares issued (Note 2 and Note 11)	*2,490,000*	2	-	-	*2,490,000*	(2)			-		-	-
Shares repurchased (Note 13)	-		*(2,495,662)*	(27)	*(2,495,662)*				(27)		(27)	
Gain recognized related to issue of shares included in treasury shares (Note 2)			*1,092,361*	4,870	*1,092,361*	408			5,278		5,278	-
Restricted stock granted (Note 13)	*81,500*				*81,500*				-		-	
Exercise of stock options (Note 13)	*19,331*	-			*19,331*	59			59		59	
Stock-based compensation charge (Note 13)	-				-	2,531			2,531		2,531	
Reversal of stock-based compensation charge (Note 13)	*(67,922)*				*(67,922)*	(34)			(34)		(34)	
Net loss							(22,058)		(22,058)	20	(22,038)	
Dividends paid to non-controlling interest									-	(131)	(131)	
Other comprehensive loss (Note 12)								6,170	6,170	176	6,346	
Balance – March 31, 2025	*110,979,566*	$ 103	*(29,700,666)*	$ (297,476)	*81,278,900*	$ 424,912	$ 251,489	$ (193,799)	$ 185,229	$ 6,792	$ 192,021	$ 88,957

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Changes in Equity

	Lesaka Technologies, Inc. Shareholders											
	Number of Shares	**Amount**	***Number of Treasury Shares***	**Treasury Shares**	***Number of shares, net of treasury***	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated other comprehensive loss**	**Total Lesaka Equity**	**Non-controlling Interest**	**Total**	**Redeemdable common stock**
	For the nine months ended March 31, 2025 (dollar amounts in thousands)											
Balance – July 1, 2024	*89,836,051*	$ 83	*(25,563,808)*	$ (289,733)	*64,272,243*	$ 343,639	$ 310,223	$ (188,355)	$ 175,857	$ -	$ 175,857	$ 79,429
Shares issued (Note 2 and Note 11)	*19,769,803*	19	-	-	*19,769,803*	73,237			73,256		73,256	9,528
Shares repurchased (Note 13)			*(5,229,219)*	(12,613)	*(5,229,219)*				(12,613)		(12,613)	
Gain recognized related to issue of shares included in treasury shares (Note 2)			*1,092,361*	4,870	*1,092,361*	408			5,278		5,278	
Restricted stock granted	*1,445,610*				*1,445,610*	-			-		-	
Exercise of stock options (Note 13)	*36,345*	1			*36,345*	110			111		111	
Stock-based compensation charge (Note 13)	-				-	7,563			7,563		7,563	
Reversal of stock-based compensation charge (Note 13)	*(108,243)*				*(108,243)*	(45)			(45)		(45)	
Adumo non-controlling interest acquired (Note 2)							-		-	7,586	7,586	
Net loss							(58,734)		(58,734)	48	(58,686)	
Dividends paid to non-controlling interest							-		-	(432)	(432)	
Other comprehensive loss (Note 12)								(5,444)	(5,444)	(410)	(5,854)	
Balance – March 31, 2025	*110,979,566*	$ 103	*(29,700,666)*	$ (297,476)	*81,278,900*	$ 424,912	$ 251,489	$ (193,799)	$ 185,229	$ 6,792	$ 192,021	$ 88,957

See Notes to Unaudited Condensed Consolidated Financial Statements

LESAKA TECHNOLOGIES, INC.
Unaudited Condensed Consolidated Statements of Cash Flows

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	(In thousands)		(In thousands)	
Cash flows from operating activities				
Net loss	$ (22,038)	$ (4,047)	$ (58,686)	$ (12,405)
Depreciation and amortization	8,429	5,791	22,928	17,460
Movement in allowance for doubtful accounts receivable	1,679	843	5,699	3,532
Fair value adjustment related to financial liabilities	105	(49)	(159)	(919)
Loss on disposal of equity-accounted investments (Note 6)	-	-	161	-
(Earnings) Loss from equity-accounted investments	(12)	(43)	(89)	1,319
Movement in allowance for doubtful loans to equity-accounted investments	-	-	-	(250)
Change in fair value of equity securities (Note 5 and 6)	20,421	-	54,152	-
Profit on disposal of property, plant and equipment	(12)	(89)	(53)	(288)
Movement in interest payable	2,886	1,054	6,443	1,245
Facility fee amortized	83	65	220	381
Stock-based compensation charge (Note 13)	2,497	2,090	7,518	5,653
Dividends received from equity-accounted investments	-	41	65	95
Decrease (Increase) in accounts receivable	10,820	5,687	6,525	(9,815)
Increase in finance loans receivable	(11,819)	(3,720)	(21,734)	(7,097)
Decrease (Increase) in inventory	9,415	5,000	3,966	5,506
(Decrease) Increase in accounts payable and other payables	(9,503)	6,463	(18,545)	20,566
Deferred consideration due to seller of Recharger included in accounts payable and other payables (Note 2 and Note 10)	1,130	-	1,130	-
Increase in taxes payable	1,012	904	1,624	558
Decrease in deferred taxes	(4,430)	(810)	(13,804)	(2,404)
Net cash provided by (used in) operating activities	10,663	19,180	(2,639)	23,137
Cash flows from investing activities				
Capital expenditures	(2,817)	(2,943)	(13,100)	(7,950)
Proceeds from disposal of property, plant and equipment	395	395	1,720	1,115
Acquisition of intangible assets	(1,673)	(54)	(2,274)	(236)
Acquisitions, net of cash acquired	(8,997)	-	(12,954)	-
Proceeds from disposal of equity-accounted investment (Note 6)	-	-	-	3,508
Repayment of loans by equity-accounted investments	-	-	-	250
Net change in settlement assets	3,085	(3,088)	5,389	(14,368)
Net cash used in by investing activities	(10,007)	(5,690)	(21,219)	(17,681)
Cash flows from financing activities				
Proceeds from bank overdraft (Note 9)	21,440	24,893	94,188	153,479
Repayment of bank overdraft (Note 9)	(50,458)	(43,380)	(85,998)	(172,221)
Long-term borrowings utilized (Note 9)	175,819	3,398	189,496	14,426
Repayment of long-term borrowings (Note 9)	(134,503)	(7,238)	(148,297)	(13,051)
Acquisition of treasury stock (Note 13)	(27)	(9)	(12,613)	(207)
Proceeds from exercise of stock options	59	48	110	71
Guarantee fee	(539)	-	(970)	-
Dividends paid to non-controlling interest	(131)	-	(432)	-
Net change in settlement obligations	(3,152)	2,469	(5,591)	13,362
Net cash provided by (used in) financing activities	8,508	(19,819)	29,893	(4,141)
Effect of exchange rate changes on cash and cash equivalents	1,222	(1,903)	(830)	(341)
Net increase (decrease) in cash, cash equivalents and restricted cash	10,386	(8,232)	5,205	974
Cash, cash equivalents and restricted cash – beginning of period	60,737	67,838	65,918	58,632
Cash, cash equivalents and restricted cash – end of period (Note 15)	$ 71,123	$ 59,606	$ 71,123	$ 59,606

See Notes to Unaudited Condensed Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Unaudited Interim Financial Information

The accompanying unaudited condensed consolidated financial statements include all majority-owned subsidiaries over which the Company exercises control and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the rules and regulations of the United States Securities and Exchange Commission for Quarterly Reports on Form 10-Q and include all of the information and disclosures required for interim financial reporting. The results of operations for the three and nine months ended March 31, 2025 and 2024, are not necessarily indicative of the results for the full year. The Company believes that the disclosures are adequate to make the information presented not misleading.

These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements, accounting policies and financial notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2024. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments), which are necessary for a fair representation of financial results for the interim periods presented.

References to "Lesaka" are references solely to Lesaka Technologies, Inc. References to the "Company" refer to Lesaka and its consolidated subsidiaries, collectively, unless the context otherwise requires.

Revision of Previously Issued Financial Statements

In April 2025, the Company identified that it had misclassified certain of its long-term borrowings. The Company's CCC Revolving Credit Facility was scheduled to be repaid in full on November 2024, but this has been extended to June 30, 2025. The Company incorrectly classified amounts due under its CCC Revolving Credit Facility as long-term borrowings instead of as current portion of long-term borrowings in its audited balance sheet as of June 30, 2024. The table below presents the impact of the revision of the Company's financial statements for the year ended June 30, 2024:

	Condensed consolidated balance sheet June 30, 2024		
	As previously reported	Correction	Revised
	(in thousands)		
Current portion of long-term borrowings	$ 3,878	$ 11,841	$ 15,719
Long-term borrowings	$ 139,308	$ (11,841)	$ 127,467

The correction did not impact the Company's audited consolidated statements of operations, consolidated statements of comprehensive (loss) income, consolidated statement of changes in equity, or consolidated statements of cash flows for the year ended June 30, 2024 and, except as noted above, the Company's audited balance sheet as of June 30, 2024. The misclassification did not affect compliance with any debt covenants. The Company assessed the materiality of this error and change in presentation on prior period consolidated financial statements in accordance with SEC Staff Accounting Bulletin ("SAB") No. 99 "Materiality" and SAB No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements." Based on this assessment, the Company has concluded that previously issued financial statements were not materially misstated based upon overall considerations of both quantitative and qualitative factors.

Recent accounting pronouncements adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued guidance regarding *Segment Reporting (Topic 280)* to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, the guidance enhances interim disclosure requirements, clarifies circumstances in which an entity can disclose multiple segment measures of profit or loss, provides new segment disclosure requirements for entities with a single reportable segment, and contains other disclosure requirements. This guidance is effective for the Company beginning July 1, 2024 for its year ended June 30, 2025, and for interim periods commencing from July 1, 2025 (i.e. for the quarter ended September 30, 2025).

Recent accounting pronouncements not yet adopted as of March 31, 2025

In December 2023, the FASB issued guidance regarding *Income Taxes (Topic 740)* to improve income tax disclosure requirements. The guidance requires entities, on an annual basis, to (1) disclose specific categories in the income tax rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pre-tax income or loss by the applicable statutory income tax rate). This guidance is effective for the Company beginning July 1, 2025. The Company is currently assessing the impact of this guidance on its financial statements and related disclosures.

1. Basis of Presentation and Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements not yet adopted as of March 31, 2025 (continued)

In November 2024, the FASB issued guidance regarding *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)* which requires disaggregated disclosure of income statement expenses for public business entities. The guidance does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. This guidance is effective for the Company beginning July 1, 2027. Early adoption is permitted. The Company is currently assessing the impact of this guidance on its financial statements and related disclosures.

2. Acquisitions

The Company did not make any acquisition during the nine months ended March 31, 2024. The cash paid, net of cash received related to the Company's acquisitions during the nine months ended March 31, 2025, is summarized in the table below:

	Total
Total cash paid	$ 24,161
Less: cash acquired	11,207
Total cash paid, net of cash received	$ 12,954

2025 Acquisitions

October 2024 acquisition of Adumo

On May 7, 2024, the Company entered into a Sale and Purchase Agreement (the "Purchase Agreement") with Lesaka SA, and Crossfin Apis Transactional Solutions (Pty) Ltd and Adumo ESS (Pty) Ltd ("the Sellers"). Pursuant to the Purchase Agreement and subject to its terms and conditions, Lesaka, through its subsidiary, Lesaka SA, agreed to acquire, and the Sellers agreed to sell, all of the outstanding equity interests and certain claims in the Adumo (RF) Proprietary Limited ("Adumo"). The transaction closed on October 1, 2024.

Adumo is an independent payments and commerce enablement platform in Southern Africa, and at acquisition, it served approximately 23,000 active merchants with operations across South Africa, Namibia, Botswana and Kenya. For more than two decades, Adumo has facilitated physical and online commerce between retail merchants and end-consumers by offering a unique combination of payment processing and integrated software solutions, which currently include embedded payments, integrated payments, reconciliation services, merchant lending, customer engagement tools, card issuing program management and data analytics.

Adumo operates across three businesses, which provide payment processing and integrated software solutions to different end markets:

- The Adumo Payments business offers payment processing, integrated payments and reconciliation solutions to small-and-medium ("SME") merchants in South Africa, Namibia and Botswana, and the Adumo Payouts business provides card issuing program management to corporate clients such as Anglo American and Coca-Cola;
- The Adumo ISV business, known as GAAP, has operations in South Africa, Botswana and Kenya, and clients in a further 21 countries, and is the leading provider of integrated point-of-sales software and hardware to the hospitality industry in Southern Africa, serving clients such as KFC, McDonald's, Pizza Hut, Nando's and Krispy Kreme; and,
- The Adumo Ventures business offers online commerce solutions (Adumo Online), cloud-based, multi-channel point-of-sales solutions (Humble) and an aggregated payment and credit platform for in-store and online commerce (SwitchPay) to SME merchants and corporate clients in South Africa and Namibia.

The acquisition continues the Company's consolidation in the Southern African fintech sector. At acquisition, the Company's ecosystem served approximately 1.7 million active consumers, 120,200 merchants, and processes over ZAR 270 billion in throughput (cash, card and VAS) per year. The acquisition of Adumo enhances the Company's strength in both the consumer and merchant markets in which it operates.

The total purchase consideration was ZAR 1.67 billion ($96.2 million) and comprised the issuance of 17,279,803 shares of the Company's common stock ("Consideration Shares") with a value of $82.8 million (17,279,803 multiplied by $4.79 per share) and cash of $13.4 million. The purchase consideration was settled through the combination of the Consideration Shares and a ZAR 232.2 million ($13.4 million, translated at the prevailing rate of $1: ZAR 17.3354 as of October 1, 2024) payment in cash. The Company's closing price on the Johannesburg Stock Exchange on October 1, 2024, was ZAR 83.05 ($4.79 using the October 1, 2024, $1: ZAR exchange rate).

2. Acquisitions (continued)

2025 Acquisitions (continued)

October 2024 acquisition of Adumo (continued)

The closing of the transaction was subject to customary closing conditions, including (i) approval from the competition authorities of South Africa and Namibia; (ii) exchange control approval from the financial surveillance department of the South African Reserve Bank; (iii) approval from all necessary regulatory bodies and from shareholders to issue the Consideration Shares to the Sellers; (iv) obtaining certain third-party consents; (v) the Company obtained confirmation from RMB that it has sufficient funds to settle the cash portion of the purchase consideration; (vi) approval of Adumo shareholders (including preference shareholders) with respect to entering into and implementation of the Purchase Agreement, and all other agreements and transactions contemplated in the Purchase Agreement; (vii) obtained the consent of Adumo's lender regarding Adumo entering into and implementing the Purchase Agreement, and all other agreements and transactions contemplated in the Purchase Agreement; (viii) the release of certain Seller's shares held as security by such bank; (ix) consent of the lender of one of Adumo's shareholders regarding Adumo entering into the transaction; (x) the Company signing a written addendum to the Policy Agreement with International Finance Corporation that provides for the inclusion of the Consideration Shares attributable to certain Seller shareholders in the definition of "Put Shares" under the Policy Agreement, and related change; and (xi) a Seller (or their nominee), which ultimately was Crossfin, concluding share purchase agreements to dispose of an amount of Consideration Shares (which ultimately was determined as 3,587,332 Consideration Shares).

The Company agreed to file a resale registration statement with the United States Securities and Exchange Commission ("SEC") covering the resale of the Consideration Shares by the Sellers. The resale registration statement was declared effective by the SEC on December 6, 2024.

The Company incurred transaction-related expenditures of $ 1.7 million during the nine months ended March 31, 2025, related to the acquisition of Adumo. The Company's accruals presented in Note 10 of as March 31, 2025, includes an accrual of transaction related expenditures of $ 0.4 million and the Company does not expect to incur any further significant transaction costs over the remainder of the 2025 fiscal year.

March 2025 acquisition of Recharger

On November 19, 2024, the Company, through Lesaka SA, entered into a Sale of Shares Agreement (the "Recharger Purchase Agreement") with Imtiaz Dhooma (Recharger's former chief executive officer) and Ninety Nine Proprietary Limited ("the Seller"). Pursuant to the Recharger Purchase Agreement and subject to its terms and conditions, Lesaka, through its subsidiary, Lesaka SA, agreed to acquire, and the Seller agreed to sell, all of the outstanding equity interests in Recharger Proprietary Limited ("Recharger"). The transaction closed on March 3, 2025.

At the same time, Recharger also entered into independent contractor agreement with Recharger's former chief executive officer which has a term of 12 months and requires him, among other things, to support operational activities of the Recharger business, in consultation with Company representatives, facilitate the handover process and assist Recharger in transitioning ownership to Lesaka SA, avail himself for important customer and vendor meetings, attend scheduled weekly management committee meetings regarding operational and business activities of the Recharger business, and providing support on an ad-hoc basis to Company representatives with regard to operational matters and in facilitating the hand over, as and when reasonably required.

This acquisition will be reported as part of the Company's Enterprise Division and demonstrates positive advancement of the Company's strategy in its Enterprise Division. The Company expects the acquisition to act as an entry point for it into the South African private utilities space while augmenting the Enterprise division's alternative payment offering.

The transaction consideration per the Recharger Purchase Agreement was ZAR 503.4 million ($27.0 million) and comprised ZAR 328.4 million ($17.6 million) in cash and ZAR 175.0 million ($9.4 million) in shares of the Company's common stock, to be settled in two tranches. The share price applied to determine the number of shares of common stock to be issued for the equity consideration is based on the volume-weighted average price of the Company's common shares for the three-month period prior to the disbursal of each tranche. Lesaka SA extended a ZAR 43.1 million ($2.3 million) loan to Recharger at closing which was exclusively used to repay an existing loan due by Recharger to the Seller.

The first tranche, comprising ZAR 153.4 million ($8.2 million) in cash and 1,092,361 shares of the Company's common stock with a value of ZAR 98.3 million ($5.3 million), was settled at closing. The value of the shares of common stock were calculated using the shares issued multiplied by the Company's closing price on the Johannesburg Stock Exchange on March 3, 2025, of ZAR 90.00, and translated to U.S. dollars at the exchange rate of $1: ZAR 18.63. Lesaka SA delivered the 1,092,361 shares of the Company's common stock from a pool of shares it purchased in October 2024, and the Company recognized a gain in additional paid-in-capital of $0.4 million related to the difference between in the value on March 3, 2025, and the price paid per share in October 2024.

2. Acquisitions (continued)

2025 Acquisitions (continued)

March 2025 acquisition of Recharger (continued)

The total purchase consideration was ZAR 294.8 million ($15.8 million) and comprised the issuance of the 1,092,361 shares of the Company's common stock with a value of ZAR 98.3 million ($5.3 million), the settlement of the pre-existing relationship loan of ZAR 43.1 million ($2.3 million) and cash of ZAR 153.4 million ($8.2) million.

The second and final tranche is due on March 3, 2026, and comprises a contractual cash payment of ZAR 175.0 million ($9.4 million) and the delivery of shares of Lesaka's common stock with a contractual value of ZAR 75.0 million ($4.0 million). Pursuant to the Recharger Purchase Agreement, payment of the second tranche in March 2026 is contingent on Recharger's former chief executive officer's ongoing service under the independent contractor agreement until March 3, 2026. If the future services are not provided, then the second tranche will not be paid, except if failure to provide future services is due to expiry of the contract, mutual agreement or death of the former chief executive officer. The former chief executive officer is also a director of the Seller, and signed the Recharger Purchaser Agreement on behalf of himself, Recharger and the Seller. He has also signed an independent contractor agreement under which he is required to provide post-combination service to Recharger. The Company has determined that as the payment of the second tranche is contingent on these post-combination services, the value of the second tranche is not treated as purchase consideration and rather, under U.S. GAAP, represents compensation for post-combination services.

The post-combination services for the three and nine months ended March 31, 2025, of $ 1.1 million was calculated as the sum of one twelfth of the future cash payment and one twelfth of the value of future shares to be provided. The value of the future shares to be provided was calculated using the contractual value of ZAR 75.0 million divided by the volume-weighted average price of the Company's common shares for the three-month period prior to March 31, 2025, divided by twelve and at the applicable exchange rate. The post-combination compensation charge is included in the caption transaction costs related to Adumo and Recharger acquisitions and certain compensation costs included on the unaudited condensed consolidated statement of operations.

Refer to Note 13 for additional information. The liability for the future payments is included in the caption Other payables in the unaudited condensed consolidated balance sheet as of March 31, 2025, refer to Note 10.

The Company incurred transaction-related expenditures of $ 0.3 million during the nine months ended March 31, 2025, related to the acquisition of Recharger. The Company does not expect to incur any further significant transaction costs over the remainder of the 2025 fiscal year.

Other acquisitions

Effective November 1, 2024, the Company, through its wholly owned subsidiary Adumo Technologies Proprietary Limited ("Adumo AT"), acquired the remaining shares (representing 50% of the issued and outstanding shares) it did not own in Innervation Value Added Services Namibia Pty Ltd ("IVAS Nam") for $0.4 million (ZAR 6.0 million, translated at November 1, 2024 exchange rates). IVAS Nam was accounted for using the equity method prior to the acquisition of a controlling interest in the company. Adumo paid ZAR 2.0 million of the purchase price prior to the acquisition of Adumo by the Company and the balance of ZAR 4.0 million will be paid in two equal tranches, one in March 2025 and the other in September 2025. The Company did not incur any significant transaction costs related to this acquisition.

The Company, through Lesaka SA, acquired 100% of Genisus Risk (Pty) Ltd for a cash consideration of ZAR 2.0 million ($0.1 million). The Company did not incur any significant transaction costs related to this acquisition.

The Company, through its wholly owned subsidiary Cash Connect Management Solutions Proprietary Limited ("CCMS"), acquired 100% of Master Fuel (Pty) Ltd ("Master Fuel) for a cash consideration of ZAR 2.0 million ($0.1 million). The Company did not incur any significant transaction costs related to this acquisition.

2. Acquisitions (continued)

2025 Acquisitions (continued)

The preliminary purchase price allocation of acquisitions during the nine months ended March 31, 2025, translated at the foreign exchange rates applicable on the date of acquisition, in provided is the table below:

Acquisitions during fiscal 2025 through March 31, 2025

	Adumo	Recharger	Other	Total
Cash and cash equivalents	$ 9,227	$ 1,720	$ 260	$ 11,207
Accounts receivable	6,799	17	706	7,522
Inventory	5,122	194	3	5,319
Property, plant and equipment	9,170	39	15	9,224
Operating lease right of use asset	1,025	401	-	1,426
Equity-accounted investment	477	-	-	477
Goodwill	73,173	2,878	539	76,590
Intangible assets	27,187	17,179	69	44,435
Deferred income taxes assets	1,061	81	55	1,197
Other long-term assets	2,809	-	-	2,809
Current portion of long-term borrowings	(1,178)	-	-	(1,178)
Accounts payable	(3,266)	(149)	(428)	(3,843)
Other payables	(28,044)	(1,439)	(252)	(29,735)
Operating lease liability - current	(1,019)	(185)	-	(1,204)
Income taxes payable	(150)	(4)	(42)	(196)
Deferred income taxes liabilities	(6,670)	(4,638)	(19)	(11,327)
Operating lease liability - long-term	(326)	(269)	-	(595)
Long-term borrowings	(7,308)	-	-	(7,308)
Other long-term liabilities	(140)	-	-	(140)
Settlement assets	8,603	-	-	8,603
Settlement liabilities	(8,530)	-	-	(8,530)
Fair value of assets and liabilities on acquisition	$ 88,022	$ 15,825	$ 906	$ 104,753

The fair value of the non-controlling interests recorded was $ 7.6 million. The fair value of the non-controlling interest was determined as the non-controlling interests respective portion of the equity value of the entity acquired by the Company, and which was adjusted for a 20% minority discount. The allocation of the purchase price related to the various acquisitions is preliminary and not yet finalized.

The preliminary allocation of the purchase price is based upon preliminary estimates which used information that was available to management at the time the unaudited condensed consolidated financial statements were prepared and these estimates and assumptions are subject to change within the measurement period, up to one year from the acquisition date. Accordingly, the allocation may change. We continue to refine certain inputs to the calculation of acquired intangible assets and, for Adumo, the valuation of the non-controlling interest.

2. Acquisitions (continued)

2025 Acquisitions (continued)

Intangible assets acquired

No intangible assets were identified related to the acquisition of IVAS Nam. Summarized below is the fair value of the intangible assets acquired and the weighted-average amortization period:

		Fair value as of acquisition date	Weighted-average amortization period (in years)
Finite-lived intangible asset:			
Acquired during the nine months ended March 31, 2025:			
Adumo – technology assets	$	13,997	3 - 7
Adumo – customer relationships		9,567	5 - 10
Adumo – brands		3,623	10 - 15
Recharger – technology assets		1,074	4
Recharger – customer relationships		16,105	5
Genisus Risk – technology assets		68	0.1

On acquisition of these businesses, the Company recognized an aggregate deferred tax liability of approximately $12.0 million related to the acquisition of intangible assets during the nine months ended March 31, 2025.

Transaction costs and certain compensation costs

The table below presents transaction costs incurred related to the acquisition of Adumo and Recharger, as well as certain post-combination compensation costs expensed during the three and nine months ended March 31, 2025 and 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Adumo transaction costs	$ -	$ 631	$ 1,702	$ 665
Recharger transaction costs(1)	92	-	342	-
Recharger post-combination services expensed	1,130	-	1,130	-
Total	$ 1,222	$ 631	$ 3,174	$ 665

(1) Recharger transactions costs for the six months ended March 31, 2025, of $0.25 million have been allocated from Selling, general and administration to Transaction costs related to Adumo and Recharger and certain compensation costs in the unaudited condensed consolidated statement operations for the nine months ended March 31, 2025.

2. Acquisitions

Pro forma results related to acquisitions

Pro forma results of operations have not been presented for the acquisition of IVAS Nam, Genisus Risk and Master Fuel because the effect of these acquisitions, individually and in aggregate, are not material to the Company. Since the closing of these acquisitions, they have contributed revenue and net income of $0.2 million and $0.1 million, respectively, for the nine months ended March 31, 2025.

The results of the Adumo and Recharger's operations are reflected in the Company's financial statements from October 1, 2024, and March 3, 2025, respectively. The following unaudited pro forma revenue and net income information has been prepared as if the acquisitions of Adumo and Recharger had occurred on July 1, 2023, using the applicable average foreign exchange rates for the periods presented:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Revenue	$ 137,713	$ 153,890	$ 449,891	$ 466,873
Net loss	$ (21,810)	$ (3,292)	$ (56,292)	$ (23,846)

The unaudited pro forma financial information presented above includes the business combination accounting and other effects from the acquisitions including (1) amortization expense related to acquired intangibles and the related deferred tax; (2) the loss of interest income, net of taxation, as a result of funding a portion of the purchase price in cash; (3) an adjustment to exclude all applicable transaction-related costs recognized in the Company's consolidated statement of operations for three and nine months ended March 31, 2025, and include the applicable transaction-related costs for the year ended June 30, 2024; an adjustment to exclude the post-combination compensation expenses related to the Recharger acquisition recognized in the Company's consolidated statement of operations for three and nine months ended March 31, 2025, and include the expense during the year ended June 30, 2024. The unaudited pro forma net income presented above does not include any cost savings or other synergies that may result from the acquisition.

The unaudited pro forma information as presented above is for information purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had occurred on these dates.

Since the closing of the acquisitions, Adumo and Recharger have contributed aggregate revenue of $32.2 million and net income attributable to the Company, including intangible assets amortization related to assets acquired, net of deferred taxes, of $0.68 million.

3. Accounts receivable, net and other receivables and finance loans receivable, net

Accounts receivable, net and other receivables

The Company's accounts receivable, net, and other receivables as of March 31, 2025, and June 30, 2024, are presented in the table below:

	March 31, 2025	June 30, 2024
Accounts receivable, trade, net	$ 18,037	$ 13,262
Accounts receivable, trade, gross	19,881	14,503
Less: Allowance for doubtful accounts receivable, end of period	1,844	1,241
Beginning of period	1,241	509
Reversed to statement of operations	(85)	(511)
Charged to statement of operations	1,444	1,305
Utilized	(732)	(67)
Foreign currency adjustment	(24)	5
Current portion of amount outstanding related to sale of interest in Carbon, net of allowance: March 2025: $750; June 2024: $750	-	-
Current portion of total held to maturity investments	-	-
Investment in 7.625% of Cedar Cellular Investment 1 (RF) (Pty) Ltd 8.625% notes	-	-
Other receivables	18,090	23,405
Total accounts receivable, net and other receivables	$ 36,127	$ 36,667

Trade receivables include amounts due from customers which generally have a very short-term life from date of invoice or service provided to settlement. The duration is less than a year in all cases and generally less than 30 days in many instances. The short-term nature of these exposures often results in balances at month-end that are disproportionately small compared to the total invoiced amounts. The month-end outstanding balance are more volatile than the monthly invoice amounts because they are affected by operational timing issues and the fact that a balance is outstanding at month-end is not necessarily an indication of increased risk but rather a matter of operational timing.

Credit risk in respect of trade receivables are generally not significant and the Company has not developed a sophisticated model for these basic credit exposures. The Company determined to use a lifetime loss rate by expressing write-off experience as a percentage of corresponding invoice amounts (as opposed to outstanding balances). The allowance for credit losses related to these receivables has been calculated by multiplying the lifetime loss rate with recent invoice/origination amounts. Management actively monitors performance of these receivables over short periods of time. Different balances have different rules to identify an account in distress. Once balances in distress are identified, specific allowances are immediately created. Subsequent recovery from distressed accounts is not significant.

Current portion of amount outstanding related to sale of interest in Carbon represents an amount due related to the sale of the loan in Carbon Tech Limited ("Carbon"), with a face value of $3.0 million, which was sold in September 2022 for $0.75 million, net of an allowance for doubtful loans receivable of $0.75 million. The Company has not yet received the outstanding $0.75 million related to the sale of the $3.0 million loan, and continues to engage with the purchaser to recover the outstanding balance.

Investment in 7.625% of Cedar Cellular Investment 1 (RF) (Pty) Ltd 8.625% notes represents the investment in a note which was due to mature in August 2022 and forms part of Cell C's capital structure. The carrying value as of each of March 31, 2025, and June 30, 2024, respectively was $0 (zero).

Other receivables include prepayments, deposits, income taxes receivable and other receivables.

3. Accounts receivable, net and other receivables and finance loans receivable, net (continued)

Finance loans receivable, net

The Company's finance loans receivable, net, as of March 31, 2025, and June 30, 2024, is presented in the table below:

	March 31, 2025	June 30, 2024
Microlending finance loans receivable, net	$ 41,188	$ 28,184
Microlending finance loans receivable, gross	44,050	30,131
Less: Allowance for doubtful finance loans receivable, end of period	2,862	1,947
Beginning of period	1,947	1,432
Reversed to statement of operations	(160)	(210)
Charged to statement of operations	2,772	2,454
Utilized	(1,663)	(1,795)
Foreign currency adjustment	(34)	66
Merchant finance loans receivable, net	20,073	15,874
Merchant finance loans receivable, gross	23,731	18,571
Less: Allowance for doubtful finance loans receivable, end of period	3,658	2,697
Beginning of period	2,697	2,150
Reversed to statement of operations	(22)	(359)
Charged to statement of operations	1,750	2,479
Utilized	(725)	(1,672)
Foreign currency adjustment	(42)	99
Total finance loans receivable, net	$ 61,261	$ 44,058

Total finance loans receivable, net, comprises microlending finance loans receivable related to the Company's microlending operations in South Africa as well as its merchant finance loans receivable related to Connect's lending activities in South Africa. Certain merchant finance loans receivable with an aggregate balance of $19.2 million as of March 31, 2025 have been pledged as security for the Company's revolving credit facility (refer to Note 9).

Allowance for credit losses

Microlending finance loans receivable

Microlending finance loans receivable is related to the Company's microlending operations in South Africa whereby it provides unsecured short-term loans to qualifying customers. Loans to customers have a tenor of up to nine months, with the majority of loans originated having a tenor of six months. The Company analyses this lending book as a single portfolio because the loans within the portfolio have similar characteristics and management uses similar processes to monitor and assess the credit risk of the lending book. Refer to Note 5 related to the Company risk management process related to these receivables.

The Company has operated this lending book for more than five years and uses historical default experience over the lifetime of loans in order to calculate a lifetime loss rate for the lending book. The allowance for credit losses related to these microlending finance loans receivables is calculated by multiplying the lifetime loss rate with the month end outstanding lending book. The lifetime loss rate as of each of June 30, 2024 and March 31, 2025, was 6.50%. The performing component (that is, outstanding loan payments not in arrears) of the book exceeds more than 98%, of the outstanding lending book as of each of June 30, 2024 and March 31, 2025.

Merchant finance loans receivable

Merchant finance loans receivable is related to the Company's Merchant lending activities in South Africa whereby it provides unsecured short-term loans to qualifying customers. Loans to customers have a tenor of up to twelve months, with the majority of loans originated having a tenor of approximately eight months. The Company analyses this lending book as a single portfolio because the loans within the portfolio have similar characteristics and management uses similar processes to monitor and assess the credit risk of the lending book. Refer to Note 5 related to the Company risk management process related to these receivables.

3. **Accounts receivable, net and other receivables and finance loans receivable, net (continued)**

Finance loans receivable, net (continued)

Allowance for credit losses (continued)

Merchant finance loans receivable (continued)

The Company uses historical default experience over the lifetime of loans generated thus far in order to calculate a lifetime loss rate for the lending book. The allowance for credit losses related to these merchant finance loans receivables is calculated by adding together actual receivables in default plus multiplying the lifetime loss rate with the month-end outstanding lending book. The lifetime loss rate as of each of June 30, 2024 and March 31, 2025, was approximately 1.18%. The performing component (that is, outstanding loan payments not in arrears), under-performing component (that is, outstanding loan payments that are in arrears) and non-performing component (that is, outstanding loans for which payments appeared to have ceased) of the book represents approximately 88%, 11% and 1%, respectively, of the outstanding lending book as of June 30, 2024. The performing component, under-performing component and non-performing component of the book represents approximately 88%, 11% and 1%, respectively, of the outstanding lending book as of March 31, 2025.

4. **Inventory**

The Company's inventory comprised the following categories as of March 31, 2025, and June 30, 2024:

	March 31, 2025	June 30, 2024
Raw materials	$ 2,772	$ 2,791
Work-in-progress	455	71
Finished goods	15,611	15,364
	$ 18,838	$ 18,226

Finished goods as of June 30, 2024, includes $1.8 million of Cell C airtime inventory that was previously classified as finished goods subject to sale restrictions. The Company sold all of this inventory during the first two months of the nine months ended March 31, 2025.

5. **Fair value of financial instruments**

Initial recognition and measurement

Financial instruments are recognized when the Company becomes a party to the transaction. Initial measurements are at cost, which includes transaction costs.

Risk management

The Company manages its exposure to currency exchange, translation, interest rate, credit, microlending credit and equity price and liquidity risks as discussed below.

Currency exchange risk

The Company is subject to currency exchange risk because it purchases components for its safe assets, that the Company assembles, and inventories that it is required to settle in other currencies, primarily the euro, renminbi, and U.S. dollar. The Company has used forward contracts in order to limit its exposure in these transactions to fluctuations in exchange rates between the South African rand ("ZAR"), on the one hand, and the U.S. dollar and the euro, on the other hand.

Translation risk

Translation risk relates to the risk that the Company's results of operations will vary significantly as the U.S. dollar is its reporting currency, but it earns a significant amount of its revenues and incurs a significant amount of its expenses in ZAR. The U.S. dollar to the ZAR exchange rate has fluctuated significantly over the past three years. As exchange rates are outside the Company's control, there can be no assurance that future fluctuations will not adversely affect the Company's results of operations and financial condition.

5. **Fair value of financial instruments (continued)**

Risk management (continued)

Interest rate risk

As a result of its normal borrowing activities, the Company's operating results are exposed to fluctuations in interest rates, which it manages primarily through regular financing activities. Interest rates in South Africa remained unchanged for the majority of calendar 2024 however the South African Reserve Bank announced a 25-basis point reduction in the South African repurchase rate in each of September 2024, November 2024, and January 2025, with further reductions expected thereafter. Therefore, ignoring the impact of changes to the margin on its borrowings (refer to Note 9) and value of borrowings outstanding, the Company expects its cost of borrowing to decline moderately in the foreseeable future, however, the Company would expect a higher cost of borrowing if interest rates were to increase in the future. The Company periodically evaluates the cost and effectiveness of interest rate hedging strategies to manage this risk. The Company generally maintains surplus cash in cash equivalents and held to maturity investments and has occasionally invested in marketable securities.

Credit risk

Credit risk relates to the risk of loss that the Company would incur as a result of non-performance by counterparties. The Company maintains credit risk policies in respect of its counterparties to minimize overall credit risk. These policies include an evaluation of a potential counterparty's financial condition, credit rating, and other credit criteria and risk mitigation tools as the Company's management deems appropriate. With respect to credit risk on financial instruments, the Company maintains a policy of entering into such transactions only with South African and European financial institutions that have a credit rating of "B" (or its equivalent) or better, as determined by credit rating agencies such as Standard & Poor's, Moody's and Fitch Ratings.

Consumer microlending credit risk

The Company is exposed to credit risk in its Consumer microlending activities, which provides unsecured short-term loans to qualifying customers. Credit bureau checks as well as an affordability test are conducted as part of the origination process, both of which are in line with local regulations. The Company considers this policy to be appropriate because the affordability test it performs takes into account a variety of factors such as other debts and total expenditures on normal household and lifestyle expenses. Additional allowances may be required should the ability of its customers to make payments when due deteriorate in the future. Judgment is required to assess the ultimate recoverability of these finance loan receivables, including ongoing evaluation of the creditworthiness of each customer.

Merchant lending

The Company maintains an allowance for doubtful finance loans receivable related to its Merchant services segment with respect to short-term loans to qualifying merchant customers. The Company's risk management procedures include adhering to its proprietary lending criteria which uses an online-system loan application process, obtaining necessary customer transaction-history data and credit bureau checks. The Company considers these procedures to be appropriate because it takes into account a variety of factors such as the customer's credit capacity and customer-specific risk factors when originating a loan.

Equity price and liquidity risk

Equity price risk relates to the risk of loss that the Company would incur as a result of the volatility in the exchange-traded price of equity securities that it holds. The market price of these securities may fluctuate for a variety of reasons and, consequently, the amount that the Company may obtain in a subsequent sale of these securities may significantly differ from the reported market value.

Equity liquidity risk relates to the risk of loss that the Company would incur as a result of the lack of liquidity on the exchange on which those securities are listed. The Company may not be able to sell some or all of these securities at one time, or over an extended period of time without influencing the exchange-traded price, or at all.

5. Fair value of financial instruments (continued)

Financial instruments (continued)

The following section describes the valuation methodologies the Company uses to measure its significant financial assets and liabilities at fair value.

In general, and where applicable, the Company uses quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology would apply to Level 1 investments. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then the Company uses quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments would be included in Level 2 investments. In circumstances in which inputs are generally unobservable, values typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques. Investments valued using such techniques are included in Level 3 investments.

Asset measured at fair value using significant observable inputs – investment in MobiKwik

The Company's owns 6,215,620 equity shares of One MobiKwik Systems Limited ("MobiKwik"). MobiKwik listed on the National Stock Exchange of India ("NSE") on December 18, 2024. Up until its listing MobiKwik did not have a readily determinable fair value and the Company elected to measure its investment in MobiKwik at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer ("cost plus or minus changes in observable prices equity securities"). From the date of MobiKwik's listing, the Company has used MobiKwik's closing price reported on the NSE on the last trading day related to last day of the Company's reporting period to determine the fair value of the equity securities owned by the Company. The Company has determined a fair value per MobiKwik share of $3.56 (INR 304.05 per share on the last trading day of the quarter at the USD: INR exchange rates applicable as of March 31, 2025). Refer to Note 6 for additional information.

Asset measured at fair value using significant unobservable inputs – investment in Cell C

The Company's Level 3 asset represents an investment of 75,000,000 class "A" shares in Cell C, a significant mobile telecoms provider in South Africa. The Company used a discounted cash flow model developed by the Company to determine the fair value of its investment in Cell C as of March 31, 2025 and June 30, 2024, respectively, and valued Cell C at $0.0 (zero) and $0.0 (zero) as of March 31, 2025, and June 30, 2024, respectively. The Company incorporates the payments under Cell C's lease liabilities into the cash flow forecasts and assumes that Cell C's deferred tax assets would be utilized over the forecast period. The Company has assumed a marketability discount of 20% and a minority discount of 24%. The Company utilized the latest business plan provided by Cell C management for the period ending December 31, 2027, for the March 31, 2025, and June 30, 2024, valuations. Adjustments have been made to the WACC rate to reflect the Company's assessment of risk to Cell C achieving its business plan.

The following key valuation inputs were used as of March 31, 2025 and June 30, 2024:

Weighted Average Cost of Capital ("WACC"):	Between 21% and 26% over the period of the forecast
Long term growth rate:	4.5% (4.5% as of June 30, 2024)
Marketability discount:	20% (20% as of June 30, 2024)
Minority discount:	24% (24% as of June 30, 2024)
Net adjusted external debt - March 31, 2025:(1)	ZAR 7.8 billion ($0.4 billion), no lease liabilities included
Net adjusted external debt - June 30, 2024:(2)	ZAR 7.9 billion ($0.4 billion), no lease liabilities included

(1) translated from ZAR to U.S. dollars at exchange rates applicable as of March 31, 2025.
(2) translated from ZAR to U.S. dollars at exchange rates applicable as of June 30, 2024.

The following table presents the impact on the carrying value of the Company's Cell C investment of a 1.0% decrease and 1.0% increase in the WACC rate and the EBITDA margins respectively used in the Cell C valuation on March 31, 2025, all amounts translated at exchange rates applicable as of March 31, 2025:

Sensitivity for fair value of Cell C investment	1.0% increase	1.0% decrease
WACC rate	$ -	$ 863
EBITDA margin	$ 1,570	$ -

The aggregate fair value of the MobiKwik and Cell C's shares as of March 31, 2025, represented 3.4% of the Company's total assets, including these shares. The Company expects that there will be short-term equity price volatility with respect to these shares, and with respect to Cell C specifically, particularly given that Cell C remains in a turnaround process.

5. Fair value of financial instruments

The following table presents the Company’s assets measured at fair value on a recurring basis as of March 31, 2025, according to the fair value hierarchy:

	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Investment in Cell C	$ -	$ -	$ -	$ -
Investment in MobiKwik	22,113	-	-	22,113
Related to insurance				
Cash, cash equivalents and restricted cash (included in other long-term assets)	137	-	-	137
Fixed maturity investments (included in cash and cash equivalents)	4,424	-	-	4,424
Total assets at fair value	$ 26,674	$ -	$ -	$ 26,674

The following table presents the Company’s assets measured at fair value on a recurring basis as of June 30, 2024, according to the fair value hierarchy:

	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets				
Investment in Cell C	$ -	$ -	$ -	$ -
Related to insurance business				
Cash and cash equivalents (included in other long-term assets)	216	-	-	216
Fixed maturity investments (included in cash and cash equivalents)	4,635	-	-	4,635
Total assets at fair value	$ 4,851	$ -	$ -	$ 4,851

There have been no transfers in or out of Level 3 during the nine months ended March 31, 2025 and 2024, respectively.

There was no movement in the carrying value of assets measured at fair value on a recurring basis, and categorized within Level 3, during the nine months ended March 31, 2025 and 2024.

Summarized below is the movement in the carrying value of assets and liabilities measured at fair value on a recurring basis, and categorized within Level 3, during the nine months ended March 31, 2025:

	Carrying value
Assets	
Balance as of June 30, 2024	$ -
Foreign currency adjustment(1)	-
Balance as of March 31, 2025	$ -

(1) The foreign currency adjustment represents the effects of the fluctuations of the South African rand against the U.S. dollar on the carrying value.

5. Fair value of financial instruments

Summarized below is the movement in the carrying value of assets and liabilities measured at fair value on a recurring basis, and categorized within Level 3, during the nine months ended March 31, 2024:

	Carrying value
Assets	
Balance as of June 30, 2023	$ -
Foreign currency adjustment(1)	-
Balance as of March 31, 2024	$ -

(1) The foreign currency adjustment represents the effects of the fluctuations of the South African rand against the U.S. dollar on the carrying value.

Assets measured at fair value on a nonrecurring basis

The Company measures equity investments without readily determinable fair values at fair value on a nonrecurring basis. The fair values of these investments are determined based on valuation techniques using the best information available and may include quoted market prices, market comparables, and discounted cash flow projections. An impairment charge is recorded when the cost of the asset exceeds its fair value and the excess is determined to be other-than-temporary. Refer to Note 6 for impairment charges recorded during the reporting periods presented herein. The Company has no liabilities that are measured at fair value on a nonrecurring basis.

6. Equity-accounted investments and other long-term assets

Refer to Note 9 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024, for additional information regarding its equity-accounted investments and other long-term assets.

Equity-accounted investments

The Company's ownership percentage in its equity-accounted investments as of March 31, 2025, and June 30, 2024, was as follows:

	March 31, 2025	June 30, 2024
Sandulela Technology (Pty) Ltd ("Sandulela")	49.0 %	49.0 %
SmartSwitch Namibia (Pty) Ltd ("SmartSwitch Namibia")	50.0 %	50.0 %

Sale and impairment of Finbond shares during the nine months ended March 31, 2024

On August 10, 2023, the Company, through its wholly owned subsidiary Net1 Finance Holdings (Pty) Ltd, entered into an agreement with Finbond to sell its remaining shareholding to Finbond for a cash consideration of ZAR 64.2 million ($3.5 million), or ZAR 0.2911 per share. The transaction was subject to certain conditions, including regulatory and shareholder approvals, which were finalized in December 2023. The cash proceeds received of ZAR 64.2 million ($3.5 million) were used to repay capitalized interest under the Company's borrowing facilities.

As noted above, the Company entered into an agreement to exit its position in Finbond and the Company considered this an impairment indicator. The Company is required to include any foreign currency translation reserve and other equity account amounts in its impairment assessment if it considers exiting an equity method investment. The Company performed an impairment assessment of its holding in Finbond, including the foreign currency translation reserve and other equity account amounts, as of September 30, 2023. The Company recorded an impairment loss of $1.2 million during the quarter ended September 30, 2023, which represented the difference between the determined fair value of the Company's interest in Finbond and the Company's carrying value, including the foreign currency translation reserve (before the impairment). The Company used the price of ZAR 0.2911 referenced in the August 2023 agreement referred to above to calculate the determined fair value for Finbond.

6. Equity-accounted investments and other long-term assets (continued)

Equity-accounted investments (continued)

Sale and impairment of Finbond shares during the nine months ended March 31, 2024 (continued)

The Company sold 7,379,656 shares in Finbond for cash during the nine months ended March 31, 2024, respectively. The Company did not record a gain or loss on the disposal because the sale proceeds were equivalent to the net carrying value, including accumulated reserves, of the investment in Finbond as of the disposal date. The following table presents the calculation of the disposal of Finbond shares during the nine months ended March 31, 2024:

		2024
Loss on disposal of Finbond shares:		
Consideration received in cash	$	3,508
Less: carrying value of Finbond shares sold		(2,112)
Less: release of foreign currency translation reserve from accumulated other comprehensive loss		(1,543)
Add: release of stock-based compensation charge related to equity-accounted investment		147
Loss on sale of Finbond shares	$	-

Carbon

In September 2022, the Company, through its wholly-owned subsidiary, Net1 Applied Technologies Netherlands B.V. ("Net1 BV"), entered into a binding term sheet with the Etobicoke Limited ("Etobicoke") to sell its entire interest, or 25%, in Carbon to Etobicoke for $0.5 million and a loan due from Carbon, with a face value of $3.0 million, to Etobicoke for $0.75 million. Both the equity interest and the loan had a carrying value of $0 (zero) at June 30, 2022. The parties agreed that Etobicoke pledge the Carbon shares purchased as security for the amounts outstanding under the binding term sheet. The Company received $0.25 million on closing and the outstanding balance due by Etobicoke was expected to be paid as follows: (i) $0.25 million on September 30, 2023 (the amount was received in October 2023), and (ii) the remaining amount, of $0.75 million in March 2024 (the amount has not been received as of March 31, 2025 (refer to Note 3)).

Summarized below is the movement in equity-accounted investments and loans provided to equity-accounted investments during the nine months ended March 31, 2025:

		Total(1)
Investment in equity		
Balance as of June 30, 2024	$	206
Comprehensive income:		89
Other comprehensive income		-
Equity accounted (loss) earnings		89
Share of net (loss) earnings		89
Impairment		-
Dividends received		(65)
Equity-accounted investment acquired in business combination (Note 2)		477
Disposal of equity accounted investment (Note 2)		(507)
Foreign currency adjustment(2)		(1)
Balance as of March 31, 2025	$	199

(1) Includes Sandulela and SmartSwitch Namibia;

(2) The foreign currency adjustment represents the effects of the fluctuations of the ZAR and Namibian dollar, against the U.S. dollar on the carrying value.

6. Equity-accounted investments and other long-term assets (continued)

Other long-term assets

Summarized below is the breakdown of other long-term assets as of March 31, 2025, and June 30, 2024:

	March 31, 2025	June 30, 2024
Total equity investments	$ 22,113	$ 76,297
Investment in 5% of Cell C (June 30, 2024: 5%) at fair value (Note 5)	-	-
Investment in 8% of MobiKwik (June 30, 2024: 10%)(1)	22,113	76,297
Investment in 87.5% of CPS (June 30, 2024: 87.5%) at fair value(1)(2)	-	-
Policy holder assets under investment contracts (Note 8)	137	216
Reinsurance assets under insurance contracts (Note 8)	1,750	1,469
Other long-term assets	1,774	-
Total other long-term assets	$ 25,774	$ 77,982

(1) The Company determined that MobiKwik (up until December 2024) and CPS do not have readily determinable fair values and therefore elected to record these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

(2) On October 16, 2020, the High Court of South Africa, Gauteng Division, Pretoria ordered that CPS be placed into liquidation.

Refer to Note 5 for additional information regarding the determination of the fair value of Company's investment in MobiKwik as of March 31, 2025. The Company used this valuation as the basis for its adjustment to decrease the carrying value of its investment in MobiKwik by $54.2 million from $76.3 million as of June 30, 2024, to $22.1 million as of March 31, 2025. The change in the fair value of MobiKwik for the three and nine months ended March 31, 2025, of $20.4 million and $54.2 million, respectively, is included in the caption "Change in fair value of equity securities" in the consolidated statement of operations for the three and nine months ended March 31, 2025.

Summarized below are the components of the Company's equity securities without readily determinable fair value and held to maturity investments as of March 31, 2025:

	Cost basis	Unrealized holding gains	Unrealized holding losses	Carrying value
Equity securities:				
Investment in CPS	$ -	$ -	$ -	$ -
Held to maturity:				
Investment in Cedar Cellular notes (Note 3)	-	-	-	-

Summarized below are the components of the Company's equity securities without readily determinable fair value and held to maturity investments as of June 30, 2024:

	Cost basis	Unrealized holding gains	Unrealized holding losses	Carrying value
Equity securities:				
Investment in MobiKwik	$ 26,993	$ 49,304	$ -	$ 76,297
Investment in CPS	-	-	-	-
Held to maturity:				
Investment in Cedar Cellular notes	-	-	-	-
Total	$ 26,993	$ 49,304	$ -	$ 76,297

7. Goodwill and intangible assets, net

Goodwill

Summarized below is the movement in the carrying value of goodwill for the nine months ended March 31, 2025:

	Gross value	Accumulated impairment	Carrying value
Balance as of June 30, 2024	$ 157,899	$ (19,348)	$ 138,551
Acquisitions (Note 2)(1)	76,590	-	76,590
Foreign currency adjustment(2)	(5,430)	125	(5,305)
Balance as of March 31, 2025	$ 229,059	$ (19,223)	$ 209,836

(1) – Represents goodwill arising from the acquisition of Adumo, Recharger, IVAS Namibia and Master Fuel and translated at the foreign exchange rates applicable on the date the transactions became effective. This goodwill has been allocated to the Merchant (a portion Adumo, IVAS Namibia and Master Fuel), Consumer (a portion of Adumo) and Enterprise (Recharger) reportable operating segments.

(2) – The foreign currency adjustment represents the effects of the fluctuations of the South African rand against the U.S. dollar on the carrying value.

Goodwill associated with the acquisitions represents the excess of cost over the fair value of acquired net assets. Goodwill arising from these acquisitions is not deductible for tax purposes. See Note 2 for the allocation of the purchase price to the fair value of acquired net assets.

Goodwill has been allocated to the Company's reportable segments as follows:

	Merchant	Consumer	Enterprise	Carrying value
Balance as of June 30, 2024	$ 123,396	$ -	$ 15,155	$ 138,551
Acquisitions (Note 2)	64,795	8,703	3,092	76,590
Foreign currency adjustment(1)	(4,513)	(481)	(311)	(5,305)
Balance as of March 31, 2025	$ 183,678	$ 8,222	$ 17,936	$ 209,836

(1) The foreign currency adjustment represents the effects of the fluctuations of the South African rand against the U.S. dollar on the carrying value.

Intangible assets, net

Carrying value and amortization of intangible assets

Summarized below is the carrying value and accumulated amortization of intangible assets as of March 31, 2025, and June 30, 2024:

	As of March 31, 2025			As of June 30, 2024		
	Gross carrying value	Accumulated amortization	Net carrying value	Gross carrying value	Accumulated amortization	Net carrying value
Finite-lived intangible assets:						
Customer relationships(1)	$ 51,221	$ (16,445)	$ 34,776	$ 25,880	$ (14,030)	$ 11,850
Software, integrated platform and unpatented technology(1)	130,581	(35,449)	95,132	115,213	(25,763)	89,450
FTS patent	2,088	(2,088)	-	2,107	(2,107)	-
Brands and trademarks(1)	17,641	(5,391)	12,250	14,353	(4,300)	10,053
Total finite-lived intangible assets	$ 201,531	$ (59,373)	$ 142,158	$ 157,553	$ (46,200)	$ 111,353

(1) March 31, 2025 balances include the intangible assets acquired as part of the Adumo acquisition in October 2024, and the Recharger and Genisus Risk acquisitions in March 2025.

7. Goodwill and intangible assets, net (continued)

Intangible assets, net (continued)

Aggregate amortization expense on the finite-lived intangible assets for the three months ended March 31, 2025 and 2024, was $5.1 million and $3.6 million, respectively. Aggregate amortization expense on the finite-lived intangible assets for the nine months ended March 31, 2025 and 2024, was $13.9 million and $10.8 million, respectively. Future estimated annual amortization expense for the next five fiscal years and thereafter, assuming exchange rates that prevailed on March 31, 2025, is presented in the table below. Actual amortization expense in future periods could differ from this estimate as a result of acquisitions, changes in useful lives, exchange rate fluctuations and other relevant factors.

Fiscal 2025 (excluding nine months ended March 31, 2025)	$	5,721
Fiscal 2026		22,916
Fiscal 2027		22,679
Fiscal 2028		22,254
Fiscal 2029		21,690
Thereafter		46,898
Total future estimated annual amortization expense	$	142,158

8. Assets and policyholder liabilities under insurance and investment contracts

Reinsurance assets and policyholder liabilities under insurance contracts

Summarized below is the movement in reinsurance assets and policyholder liabilities under insurance contracts during the nine months ended March 31, 2025:

		Reinsurance Assets(1)		Insurance contracts(2)
Balance as of June 30, 2024	$	1,469	$	(2,241)
Increase in policy holder benefits under insurance contracts		526		(7,480)
Claims and decrease in policyholders' benefits under insurance contracts		(227)		6,970
Foreign currency adjustment(3)		(18)		29
Balance as of March 31, 2025	$	1,750	$	(2,722)

(1) Included in other long-term assets (refer to Note 6);
(2) Included in other long-term liabilities;
(3) Represents the effects of the fluctuations of the ZAR against the U.S. dollar.

The Company has agreements with reinsurance companies in order to limit its losses from various insurance contracts, however, if the reinsurer is unable to meet its obligations, the Company retains the liability. The value of insurance contract liabilities is based on the best estimate assumptions of future experience plus prescribed margins, as required in the markets in which these products are offered, namely South Africa. The process of deriving the best estimate assumptions plus prescribed margins includes assumptions related to claim reporting delays (based on average industry experience).

Assets and policyholder liabilities under investment contracts

Summarized below is the movement in assets and policyholder liabilities under investment contracts during the nine months ended March 31, 2025:

		Assets(1)		Investment contracts(2)
Balance as of June 30, 2024	$	216	$	(216)
Increase in policy holder benefits under investment contracts		11		(11)
Claims and decrease in policyholders' benefits under investment contracts		(89)		89
Foreign currency adjustment (3)		(1)		1
Balance as of March 31, 2025	$	137	$	(137)

(1) Included in other long-term assets (refer to Note 6);
(2) Included in other long-term liabilities;
(3) Represents the effects of the fluctuations of the ZAR against the U.S. dollar.

The Company does not offer any investment products with guarantees related to capital or returns.

9. Borrowings

Refer to Note 12 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024, for additional information regarding its borrowings.

Reference rate reform

After the transition away from certain interbank offered rates in foreign jurisdictions ("IBOR reform"), the reforms to South Africa's reference interest rate are now accelerating rapidly. The Johannesburg Interbank Average Rate ("JIBAR") will be replaced by the new South African Overnight Index Average ("ZARONIA"). Certain of the Company's borrowings reference JIBAR as a base interest rate. ZARONIA reflects the interest rate at which rand-denominated overnight wholesale funds are obtained by commercial banks. There is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect our borrowings. The Company is in regular contact with its lenders and negotiate changes to the existing borrowing agreements once there is greater clarity on the implementation of ZARONIA.

South Africa

The amounts below have been translated at exchange rates applicable as of the dates specified.

On February 27, 2025, the Company, Lesaka SA and a number of other subsidiaries of Lesaka SA entered into a Common Terms Agreement (the "CTA") with FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), FirstRand Bank Limited (acting through its WesBank division) ("WesBank"), FirstRand Bank Limited being a South African corporate and investment bank, Investec Bank Limited (acting through its Investment Banking division: Corporate Solutions) ("Investec" and together with RMB and WesBank, the "Lenders"), a South African corporate and investment bank, and Bowwood and Main No 408 (RF) Proprietary Limited ("Debt Guarantor"), a South African company incorporated for the sole purpose of holding collateral for the benefit of the Lenders and acting as debt guarantor, and certain other parties.

Lesaka SA has obtained three loan facilities from the Lenders, a term loan of up to ZAR 2.2 billion ($117.5 million) ("Facility A"), an amortizing loan of up to ZAR 1.0 billion ($54.5 million) ("Facility B") and a senior revolving credit facility of up to ZAR 2.2 billion ($117.5 million) ("Senior RCF"), and a general banking facility from RMB of up to ZAR 700.9 million ($38.2 million) (the "GBF", and collectively with Facility A, Facility B and Senior RCF, the "Facilities"), which are described in more detail below.

The Company, Lesaka SA and the majority of Lesaka SA's directly and indirectly wholly-owned subsidiaries have agreed to guarantee the obligations of Lesaka SA and of the other borrowers under the Facilities to the Lenders.

The CTA contains customary covenants which includes a requirement for Lesaka SA to maintain specified Net Debt to EBITDA and Interest Cover Ratios (as defined in the CTA) and restricts the ability of Lesaka SA, and certain of its subsidiaries to make certain distributions with respect to their capital stock, prepay other debt, encumber their assets, incur additional indebtedness, make investment above specified levels, engage in certain business combinations and engage in other corporate activities. The CTA provides that if any subsidiary of the Company receives proceeds from the disposal of shares in/claims against, or assets of MobiKwik, it would offer to prepay the certain specified loans/facilities and loan outstandings to the Lenders (as contemplated in the CTA).

Lesaka SA paid non-refundable debt structuring fees of ZAR 10.0 million to the Lenders on February 27, 2025.

The JIBAR, an average of 3 month negotiable certificates of deposit ("NCD") rates, on March 31, 2025, was 7.56%. The prime rate, the benchmark rate at which private sector banks lend to the public in South Africa, on March 31, 2025, was 11.00%.

Facilities obtained in February 2025

Long-term borrowings – Senior Facility A Agreement

Concurrent with the execution of the CTA, Lesaka SA, the Lenders and RMB (as facility agent) entered into a Senior Term Facility A Agreement ("Facility A Agreement") and a Senior RCF Agreement ("RCF Agreement"). Pursuant to the Facility A Agreement, Lesaka SA may borrow up to an aggregate amount of ZAR 2,2 billion for the sole purpose of refinancing the existing facilities of Lesaka SA and Cash Connect Management Solutions Proprietary Limited's ("CCMS") with RMB, funding transaction costs and for general corporate purposes. Lesaka SA utilized Facility A in full on February 28, 2025, to settle a portion of its existing facilities with RMB and to settle all of CCMS' existing facilities with RMB, as well as to pay certain transaction costs.

Facility A is required to be repaid in full on February 28, 2029. Facility A is subject to customary mandatory prepayment terms. Lesaka SA is permitted to make voluntary prepayments of Facility A, and is permitted to subsequently utilize any voluntary prepayments made under Facility A under the RCF Agreement. Amount utilized under the RCF Agreement are required to be repaid in full on February 28, 2029.

9. Borrowings (borrowings)

South Africa (continued)

Facilities obtained in February 2025 (continued)

Long-term borrowings – Senior Facility A Agreement (continued)

Interest on Facility A and utilization under the RCF Agreement is payable quarterly in arrears at end of March, June, September and December, with the first interest payment due on June 30, 2025. Interest on Facility A is based on JIBAR in effect from time to time plus an initial margin of 3.25% per annum until June 30, 2025. From July 1, 2025, the margin on Facility A will be determined with reference to the Net Debt to EBITDA Ratio, and the margin will be either (i) 3.25%, if the Net Debt to EBITDA Ratio is greater than or equal to 2.5 times; or (ii) 2.5%, if the Net Debt to EBITDA Ratio is less than 2.5 times.

Long-term borrowings – Senior Facility B Agreement

Concurrent with the execution of the CTA, Lesaka SA, the Lenders and RMB (as facility agent) entered into a Senior Term Facility B Agreement ("Facility B Agreement"). Pursuant to the Facility B Agreement, Lesaka SA may borrow up to an aggregate of ZAR 1.0 billion for the sole purpose of refinancing the Lesaka SA existing facilities, including its general banking facilities, with RMB, and for general corporate purposes. Lesaka SA utilized Facility B in full on February 28, 2025, to repay a portion of its existing facilities as well as to settle a portion of its existing general banking facility.

Facility B is required to be repaid in four annual installments, as follows: (i) ZAR 150 million ($8.2 million) on February 28, 2026; (ii) ZAR 200 million ($10.9 million) on February 28, 2027; (iii) ZAR 300 million ($16.3 million) on February 28, 2028; and (iv) R350 million ($19.1 million) on February 28, 2029. Facility B is subject to customary mandatory prepayment terms. Lesaka SA is permitted to make voluntary prepayments of Facility B, however it is unable to subsequently utilize any amounts prepaid.

Interest on Facility B is payable quarterly in arrears at end of March, June, September and December, with the first interest payment due on June 30, 2025. Interest on Facility B is based on JIBAR in effect from time to time plus an initial margin of 3.15% per annum until June 30, 2025. From July 1, 2025, the margin on Facility B will be determined with reference to the Net Debt to EBITDA Ratio, and the margin will be either (i) 3.15%, if the Net Debt to EBITDA Ratio is greater than or equal to 2.5 times; or (ii) 2.4%, if the Net Debt to EBITDA Ratio is less than 2.5 times.

Short-term facility - General Banking Facility

Concurrent with the execution of the CTA, Lesaka SA and RMB entered into a General Banking Facility Agreement ("GBF Agreement") which replaced it existing general banking facility maturing on February 28, 2025. Pursuant to the GBF Agreement, Lesaka SA and certain of its subsidiaries may borrow up to an aggregate of ZAR 700.9 million for general corporate expenditure (including capital expenditure) and working capital purposes of the Lesaka SA and certain of its subsidiaries. Lesaka SA utilized a portion of the GBF to refinance its existing general banking facility. As of March 31, 2025, the Company had utilized ZAR 432.2 million ($23.6 million) of this facility.

The GBF is available for utilization from February 28, 2025, and is subject to annual review by RMB.

Interest on the GBF is payable monthly and is based on the South African prime rate in effect from time to time less 0.50%.

The GBF Agreement also provides Lesaka SA and certain of its subsidiaries with other facilities in an aggregate of ZAR 100.7 million ($5.5 million), which indirect, short-term direct and contingent facilities, including bank guarantee, forward exchange contract, credit card and settlement facilities. As of March 31, 2025, the aggregate amount of the Company's short-term South African indirect credit facility with RMB was ZAR 100.7 million ($5.5 million). As of March 31, 2025, the Company had utilized ZAR 33.1 million ($1.8 million) of its other facilities to enable the bank to issue guarantees, letters of credit and forward exchange contracts (refer to Note 20).

Wesbank Facilities

The Company, through certain of its South African subsidiaries, has an asset-backed facility of ZAR 227.0 million ($10.9 million)] (of which ZAR 139.3 million ($7.6 million) has been utilized).

CCC Revolving Credit Facility, comprising long-term borrowings

As of March 31, 2025, the amount of the CCC Revolving Credit Facility was ZAR 300.0 million (of which ZAR 299.9 million has been utilized). The CCC Revolving Credit Facility was scheduled to be repaid in full on November 2024, but this has been extended to June 30, 2025. The Company is currently renegotiating terms with RMB. The CCC Revolving Credit Facility has been presented in current portion of long-term borrowings in the unaudited condensed consolidated balance sheet as of March 31, 2025. Interest on the Revolving Credit Facility is payable on the last business day of each calendar month and is based on the South African prime rate in effect from time to time plus a margin of 0.95% per annum.

9. Borrowings (borrowings)

South Africa (continued)

Nedbank facility, comprising short-term facilities

As of March 31, 2025, the aggregate amount of the Company's short-term South African credit facility with Nedbank Limited was ZAR 156.6 million ($8.5 million). The credit facility represents indirect and derivative facilities of up to ZAR 156.6 million ($8.5 million), which include guarantees, letters of credit and forward exchange contracts.

As of March 31, 2025 and June 30, 2024, the Company had utilized ZAR 2.1 million ($0.1 million) and ZAR 2.1 million ($0.1 million), respectively, of its indirect and derivative facilities of ZAR 156.6 million (June 30, 2024: ZAR 156.6 million) to enable the bank to issue guarantees, letters of credit and forward exchange contracts (refer to Note 20).

In terms of a commitment provided to the lender under the CTA entered into on February 27, 2025, the Company has undertaken not to utilize more than ZAR 5.0 million ($0.3 million) of the Nedbank Facility.

RMB Facilities, as amended, comprising a short-term facility (Facility E) and long-term borrowings

Long-term borrowings - Facility G and Facility H – all repaid and cancelled

On February 28, 2025, the Company used its new borrowings to settle Facility G and Facility H in full, including accumulated interest of ZAR 201.7 million ($10.9 million). These facilities, excluding accrued interest, included (i) Facility G of ZAR 492.1 million ($26.6 million); (ii) Facility H of ZAR 350.0 million ($18.9 million); and (iii) a Facility G revolver of ZAR 200.0 million ($10.8 million) (of which ZAR 199 million ($10.8 million) had been utilized at February 28, 2025). These facilities were repaid in full on February 28, 2025, utilizing funding obtained under the CTA and the Facility G and Facility H agreements were cancelled. Amounts translated at rates prevailing on the repayment date. The interest rate on these facilities was JIBAR plus a margin of 4.75%.

The Company had a short-term South African indirect credit facility with RMB under its cancelled lending facilities of ZAR 135.0 million ($7.4 million), which included facilities for guarantees, letters of credit and forward exchange contracts. As of June 30, 2024, the Company had utilized ZAR 33.1 million ($1.8 million), of these facilities to enable the bank to issue guarantees, letters of credit and forward exchange contracts (refer to Note 20).

Short-term facility - Facility E – cancelled in November 2024

The Company cancelled its Facility E facility agreement in November 2024. The overdraft facility could only be used to fund ATMs and therefore the overdraft utilized and converted to cash to fund the Company's ATMs was considered restricted cash. The interest rate on this facility was equal to the prime rate.

RMB Bridge Facilities, comprising a short-term facility obtained in October 2024 and amended in December 2024

On September 30, 2024, Lesaka SA entered into a Facility Letter (the "F2024 Facility Letter") with RMB to provided Lesaka SA a ZAR 665.0 million funding facility (the "Bridge Facility"). The Bridge Facility was used by Lesaka SA to (i) settle an amount of ZAR 232.2 due under the Adumo transaction (refer to Note 2); (ii) pay Crossfin Holdings (RF) Proprietary Limited ("Crossfin Holdings") ZAR 207.2 million under a share purchase agreement concluded between Lesaka SA and Crossfin Holdings (refer to Note 11); (iii) pay an amount of ZAR 147.5 million, which includes interest, notified by Investec to Adumo and Lesaka SA as a result of the transaction described in Note 2, and (iv) pay an origination fee of ZAR 7.6 million to RMB. The Facility also provided Lesaka with ZAR 70.0 million for transaction -related expenses.

On December 10, 2024, Lesaka SA and RMB entered into a First Addendum to the Facility Letter (the "F2024 Addendum Letter"). The F2024 Addendum Letter provided Lesaka SA with an additional ZAR 250.0 million general banking facility ("2024 GBF Facility") which could be used for general corporate purposes. The Bridge Facility and 2024 GBF Facility were repaid in full on February 28, 2025, utilizing funding obtained under the CTA and the agreements cancelled.

Interest on the Bridge Facility and the 2024 GBF Facility was calculated at the prime rate plus 1.80%. The Bridge Facility and the 2024 GBF Facility were unsecured and were repaid in full on February 28, 2025, the maturity date, pursuant to the refinancing process.

9. **Borrowings (borrowings)**

South Africa (continued)

Connect Facilities, comprising long-term borrowings and a short-term facility

The Connect Facilities included (i) an overdraft facility (general banking facility) of ZAR 170.0 million ($9.2 million); (ii) Facility A of ZAR 700.0 million ($37.9 million); (iii) Facility B of ZAR 550.0 million ($29.8 million) (both were fully utilized). These facilities were repaid in full on February 28, 2025, utilizing funding obtained under the CTA and the agreements cancelled. Amounts translated at rates prevailing on the repayment date.

On October 29, 2024, the Company, through CCMS, entered into an addendum to a facility letter with RMB, to obtain a ZAR 100.0 million temporary increase in its overdraft facility for a period of approximately four months to specifically fund the purchase of prepaid airtime vouchers. This temporary increase was repayable in equal daily instalments which commenced at the end of October 2024 with the final repayment made on February 15, 2025.

Movement in short-term credit facilities

Summarized below are the Company's short-term facilities as of March 31, 2025, and the movement in the Company's short-term facilities from as of June 30, 2024 to as of March 31, 2025:

	RMB GBF	RMB Other	Nedbank Facilities	RMB Connect	RMB Bridge	RMB Facility E	Total
Short-term facilities available as of March 31, 2025	$ 38,195	$ 5,487	$ 8,531	$ -	$ -	$ -	$ 52,213
Overdraft	38,195	-	-	-	-	-	38,195
Indirect and derivative facilities	-	5,487	8,531	-	-	-	14,018
Movement in utilized overdraft facilities:							
Restricted as to use for ATM funding only	-	-	-	-	-	6,737	6,737
No restrictions as to use	-	-	-	9,351	-	-	9,351
Balance as of June 30, 2024	-	-	-	9,351	-	6,737	16,088
Utilized	23,489	-	-	5,655	41,150	23,894	94,188
Repaid	-	-	-	(14,627)	(39,205)	(31,028)	(84,860)
Foreign currency	61	-	-	(379)	(1,945)	397	(1,866)
Balance as of March 31, 2025	23,550	-	-	-	-	-	23,550
No restrictions as to use	$ 23,550	$ -	$ -	$ -	$ -	$ -	$ 23,550
Interest rate as of March 31, 2025 (%)(2)	10.50	N/A	N/A	N/A	-	N/A	
Movement in utilized indirect and derivative facilities:							
Balance as of June 30, 2024	$ -	$ 1,821	$ 116	$ -	$ -	$ -	$ 1,937
Foreign currency adjustment(1)	-	(17)	(1)	-	-	-	(18)
Balance as of March 31, 2025	$ -	$ 1,804	$ 115	$ -	$ -	$ -	$ 1,919

(1) Represents the effects of the fluctuations between the ZAR and the U.S. dollar.
(2) RMB GBF interest is set at prime less 0.50%.

Interest expense incurred under the Company's South African short-term borrowings and included in the caption interest expense on the condensed consolidated statement of operations during the three months ended March 31, 2025 and 2024, was $1.8 million and $0.6 million, respectively. Interest expense incurred under the Company's South African long-term borrowings and included in the caption interest expense on the condensed consolidated statement of operations during the nine months ended March 31, 2025 and 2024, was $3.6 million and $1.3 million, respectively.

The Company cancelled Adumo's overdraft arrangements on October 1, 2024, and settled Adumo's outstanding overdraft balance of ZAR 20.0 million ($1.1 million) on the same day. The repayment is included in the caption repayment of bank overdraft included on the Company's unaudited condensed consolidated statements of cash flows for the nine months ended March 31, 2025.

9. Borrowings (continued)

Movement in long-term borrowings

Summarized below is the movement in the Company's long-term borrowing from as of as of June 30, 2024 to as of March 31, 2025:

	Facilities						
	Lesaka A	Lesaka B	Connect Asset backed	CCC[6]	Lesaka G & H	Connect A&B	Total
Included in current	$ -	$ -	$ 3,878	$ 11,841	$ -	$ -	$ 15,719
Included in long-term	-	-	4,501	-	56,151	66,815	127,467
Opening balance as of June 30, 2024	-	-	8,379	11,841	56,151	66,815	143,186
Facilities utilized	116,652	54,112	2,619	5,091	11,022	-	189,496
Facilities repaid	-	-	(3,299)	(554)	(60,245)	(65,910)	(130,008)
Non-refundable fees paid	970	-	-	-	-	-	970
Non-refundable fees amortized	39	-	-	21	116	32	208
Capitalized interest	-	-	-	-	5,033	-	5,033
Capitalized interest repaid	-	-	-	-	(11,077)	-	(11,077)
Foreign currency adjustment[1]	(1,393)	382	(106)	(54)	(1,000)	(937)	(3,108)
Closing balance as of March 31, 2025	116,268	54,494	7,593	16,345	-	-	194,700
Included in current	-	8,174	3,569	16,345	-	-	28,088
Included in long-term	116,268	46,320	4,024	-	-	-	166,612
Unamortized fees	(1,206)	-	-	-	-	-	(1,206)
Due within 2 years	-	10,899	2,665	-	-	-	13,564
Due within 3 years	-	16,348	1,047	-	-	-	17,395
Due within 4 years	117,474	19,073	301	-	-	-	136,848
Due within 5 years	$ -	$ -	$ 11	$ -	$ -	$ -	$ 11
Interest rates as of March 31, 2025 (%):	10.81	10.71	11.75	11.95	-	-	
Base rate (%)	7.56	7.56	11.00	11.00	-	-	
Margin (%)	3.25	3.15	0.75	0.95	-	-	
Footnote number	(2)	(3)	(4)	(5)			

(1) Represents the effects of the fluctuations between the ZAR and the U.S. dollar.

(2) Interest on Facility A and Facility B is based on the JIBAR in effect from time to time plus an initial margin of 3.25% per annum until June 30, 2025. From July 1, 2025, the margin on Facility A will be determined with reference to the Net Debt to EBITDA Ratio, and the margin will be either (i) 3.25%, if the Net Debt to EBITDA Ratio is greater than or equal to 2.5 times; or (ii) 2.5%, if the Net Debt to EBITDA Ratio is less than 2.5 times.

(3) Interest on Facility B is calculated based on JIBAR from time to time plus an initial margin of 3.15% per annum until June 30, 2025. From July 1, 2025, the margin on Facility B will be determined with reference to the Net Debt to EBITDA Ratio, and the margin will be either (i) 3.15%, if the Net Debt to EBITDA Ratio is greater than or equal to 2.5 times; or (ii) 2.4%, if the Net Debt to EBITDA Ratio is less than 2.5 times.

(4) Interest is charged at prime plus 0.75% per annum on the utilized balance.

(5) Interest is charged at prime plus 0.95% per annum on the utilized balance.

(6) Amounts presented as of June 30, 2024, have been revised, refer to Note 1 for additional information. The amount as of June 30, 2024, was incorrectly classified as long-term borrowings, instead of as current portion of long-term borrowings.

Interest expense incurred under the Company's South African long-term borrowings and included in the caption interest expense on the condensed consolidated statement of operations during the three months ended March 31, 2025 and 2024, was $4.4 million and $4.0 million, respectively. Prepaid facility fees amortized included in interest expense during the three months ended March 31, 2025 and 2024, respectively, were $0.1 million and $0.1 million, respectively. Interest expense incurred under the Company's K2020 and CCC facilities relates to borrowings utilized to fund a portion of the Company's merchant finance loans receivable and this interest expense of $0.4 million and $0.4 million, respectively, is included in the caption cost of goods sold, IT processing, servicing and support on the condensed consolidated statement of operations for the three months ended March 31, 2025 and 2024.

9. Borrowings (continued)

Movement in long-term borrowings (continued)

Interest expense incurred under the Company's South African long-term borrowings and included in the caption interest expense on the condensed consolidated statement of operations during the nine months ended March 31, 2025 and 2024, was $12.9 million and $12.1 million, respectively. Prepaid facility fees amortized included in interest expense during the nine months ended March 31, 2025 and 2024, respectively, were $0.2 million and $0.3 million, respectively. Interest expense incurred under the Company's CCC facilities relates to borrowings utilized to fund a portion of the Company's merchant finance loans receivable and this interest expense of $1.2 million and $1.1 million, respectively, is included in the caption cost of goods sold, IT processing, servicing and support on the condensed consolidated statement of operations for the nine months ended March 31, 2025 and 2024.

The Company cancelled Adumo's long-term borrowings arrangements on October 1, 2024, and settled Adumo's outstanding balances of ZAR 126.7 million ($7.2 million) on the same day. The repayment is included in the caption repayment of long-term borrowings included on the Company's unaudited condensed consolidated statements of cash flows for the nine months ended March 31, 2025.

10. Other payables

Summarized below is the breakdown of other payables as of March 31, 2025, and June 30, 2024:

	March 31, 2025	June 30, 2024
Vendor wallet balances	$ 15,897	$ 14,635
Accruals	11,139	7,173
Provisions	6,572	7,442
Clearing accounts	6,347	17,124
Income received in advance	3,468	1
Value-added tax payable	3,394	1,191
Deferred consideration due to seller of Recharger (Note 2)	1,127	-
Interest payable (Note 9)	1,679	151
Payroll-related payables	1,604	922
Participating merchants' settlement obligation	2	1
Other	6,420	7,411
	$ 57,649	$ 56,051

Income received in advance and interest payable as of June 30, 2024, were previously included in Other and have been reclassified to separate captions to conform with presentation as of March 31, 2025.

Other includes deferred income, client deposits and other payables.

11. Capital structure

Issue of shares to Connect sellers pursuant to April 2022 transaction

The total purchase consideration pursuant to the Connect acquisition in April 2022 includes 3,185,079 shares of the Company's common stock. These shares of common stock will be issued in three equal tranches on each of the first, second and third anniversaries of the April 14, 2022 closing. The Company legally issued 1,061,693 shares of its common stock, representing the third tranche, to the Connect sellers in April 2025, and this had no impact on the number of shares, net of treasury, presented in the unaudited condensed consolidated statement of changes in equity during the nine months ended March 31, 2025 because the 3,185,079 shares are included in the number of shares, net of treasury, as of June 30, 2024, and March 31, 2025.

October 2024 repurchase of common stock and issue of shares in Recharger transaction

On October 1, 2024, the Company, through Lesaka SA, and Crossfin Holdings entered into a share purchase agreement under which Lesaka SA purchased 2,601,410 of the 3,587,332 Consideration Shares for ZAR 207.2 million ($12.0 million). The transaction was settled in early October 2024, and the shares of the Company's common stock repurchased have been included in the Company's treasury shares included in its unaudited condensed consolidated statement of changes in equity for the three and nine months ended March 31, 2025, respectively. The repurchase was made outside of the Company's $100 million share repurchase authorization.

The Company, through Lesaka SA, issued 1,092,361 of the 2,601,410 shares of the Company's common stock to the Seller under the terms of Recharger Purchase Agreement described in Note 2. The Company recognized a gain of $0.4 million on issuance of these which is included in the caption additional paid-in-capital in the unaudited condensed consolidated statement of changes in equity for the three and nine months ended March 31, 2025, respectively.

11. Capital structure (continued)

Redeemable common stock issued pursuant to transaction with the IFC Investors

Put Option

Refer to Note 14 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024, for additional information regarding its redeemable common stock issued pursuant to transaction with the IFC Investors. Certain IFC Investors were investors in Adumo and the Company issued an aggregate of 1,989,162 additional shares of its common stock at a price of $4.79 to these IFC Investors pursuant to the Purchase Agreement. The Company and the IFC Investors amended and restated the Policy Agreement ("Amended and Restated Policy Agreement") to include these additional shares issued to the IFC Investors to also be covered by the put right included in the Amended and Restated Policy Agreement. The Company accounted for these 1,989,162 shares as redeemable common stock as a result of the put option. The Company believes that the put option has no value and, accordingly, has not recognized the put option in its consolidated financial statements.

Impact of non-vested equity shares on number of shares, net of treasury

The following table presents a reconciliation between the number of shares, net of treasury, presented in the unaudited condensed consolidated statement of changes in equity during the nine months ended March 31, 2025 and 2024, respectively, and the number of shares, net of treasury, excluding non-vested equity shares that have not vested as of March 31, 2025 and 2024, respectively:

	March 31, 2025	March 31, 2024
Number of shares, net of treasury:		
Statement of changes in equity	81,278,900	64,466,830
Less: Non-vested equity shares that have not vested as of end of period	2,816,172	3,131,469
Number of shares, net of treasury, excluding non-vested equity shares that have not vested	78,462,728	61,335,361

12. Accumulated other comprehensive loss

The table below presents the change in accumulated other comprehensive loss per component during the three months ended March 31, 2025:

	Three months ended March 31, 2025	
	Accumulated foreign currency translation reserve	Total
Balance as of January 1, 2025	$ (199,969)	$ (199,969)
Movement in foreign currency translation reserve	6,170	6,170
Balance as of March 31, 2025	$ (193,799)	$ (193,799)

The table below presents the change in accumulated other comprehensive loss per component during the three months ended March 31, 2024:

	Three months ended March 31, 2024	
	Accumulated foreign currency translation reserve	Total
Balance as of January 1, 2024	$ (189,378)	$ (189,378)
Movement in foreign currency translation reserve	(5,718)	(5,718)
Balance as of March 31, 2024	$ (195,096)	$ (195,096)

12. Accumulated other comprehensive loss (continued)

The table below presents the change in accumulated other comprehensive loss per component during the nine months ended March 31, 2025:

	Nine months ended March 31, 2025	
	Accumulated foreign currency translation reserve	Total
Balance as of July 1, 2024	$ (188,355)	$ (188,355)
Release of foreign currency translation reserve related to liquidation of subsidiaries	6	6
Movement in foreign currency translation reserve	(5,450)	(5,450)
Balance as of March 31, 2025	$ (193,799)	$ (193,799)

The table below presents the change in accumulated other comprehensive loss per component during the nine months ended March 31, 2024:

	Nine months ended March 31, 2024	
	Accumulated foreign currency translation reserve	Total
Balance as of July 1, 2023	$ (195,726)	$ (195,726)
Release of foreign currency translation reserve related to disposal of Finbond equity securities	1,543	1,543
Movement in foreign currency translation reserve related to equity-accounted investment	489	489
Movement in foreign currency translation reserve related to liquidation of subsidiaries	(952)	(952)
Movement in foreign currency translation reserve	(450)	(450)
Balance as of March 31, 2024	$ (195,096)	$ (195,096)

The movement in the foreign currency translation reserve represents the impact of translation of consolidated entities which have a functional currency (which is primarily ZAR) to the Company's reporting currency, which is USD.

There were no reclassifications from accumulated other comprehensive loss to net loss during the three months ended March 31, 2025 and 2024. During the nine months ended March 31, 2025, the Company reclassified a loss of $0.006 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the liquidation of subsidiaries During the nine months ended March 31, 2024, the Company reclassified losses of $1.5 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the disposal of shares in Finbond (refer to Note 6). The Company also reclassified a gain of $1.0 million from accumulated other comprehensive loss (accumulated foreign currency translation reserve) to net loss related to the liquidation of subsidiaries.

13. Stock-based compensation

The Company's Amended and Restated 2022 Stock Incentive Plan ("2022 Plan") and the vesting terms of certain stock-based awards granted are described in Note 17 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024.

Stock option and restricted stock activity

Options

The following table summarizes stock option activity for the nine months ended March 31, 2025 and 2024:

	Number of shares	Weighted average exercise price ($)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value ($'000)	Weighted average grant date fair value ($)
Outstanding - June 30, 2024	4,918,248	8.70	4.51	889	1.77
Granted - December 2024	350,000	6.00	2.00	433	1.24
Granted - December 2024	250,000	8.00	2.00	177	0.71
Granted - January 2025	100,000	8.00	2.00	71	0.71
Granted - January 2025	150,000	11.00	2.00	107	0.71
Granted - January 2025	150,000	14.00	2.00	123	0.82
Exercised	(36,345)	3.02	-	70	-
Forfeited	(13,333)	11.23	-	-	8.83
Outstanding - March 31, 2025	5,868,570	8.71	3.79	886	1.20
Outstanding - June 30, 2023	673,274	4.37	5.14	239	1.67
Granted – December 2023	500,000	3.50	5.17	880	1.76
Exercised	(23,217)	1.20	-	14	-
Forfeited	(195,739)	3.93	-	-	1.39
Outstanding - March 31, 2024	954,318	4.03	5.24	45	1.78

The Company awarded 400,000 stock options to an executive officer during the three months ended March 31, 2025 with strike prices ranging from $8 to $14, and an aggregate of 1,000,000 stock options during the nine months ended March 31, 2025 with strike prices ranging from $6 to $14. These stock options, together with the 600,000 that were awarded in December 2024, will vest on December 31, 2026, and vesting is subject to the executive officers continued employment with the Company through to the vesting date. The 1,000,000 stock options expire on January 31, 2029. The Company awarded 500,000 stock options to Ali Mazanderani, the Company's Executive Chairman, during the nine months ended March 31, 2024. These options vested in December 2024, but may only be sold during a period commencing from January 31, 2028 to January 31, 2029. In March 2025, the Company's Remuneration Committee amended the exercise terms of the 500,000 stock options from being exercisable during a period commencing from January 31, 2028 to January 31, 2029, to being exercisable from March 2025, however, any stock options exercised may only be sold during a period commencing from January 31, 2028 to January 31, 2029.

During the three and nine months ended March 31, 2025, the Company received $0.06 million and $0.1 million from the exercise of 19,331 and 36,345 stock options, respectively. During the three and nine months ended March 31, 2024, the Company received $0.05 million and $0.07 million from the exercise of 15,832 and 23,217 stock options, respectively. Employees forfeited an aggregate of 13,333 stock options during each of the three and nine months ended March 31, 2025. Employees and a non-employee director forfeited an aggregate of 8,893 and 195,739 stock options during the three and nine months ended March 31, 2024.

The fair value of each option is estimated on the date of grant using the Cox Ross Rubinstein binomial model that uses the assumptions noted in the following table. The estimated expected volatility is calculated based on the Company's 730, 1095 and 1460-day volatility (as applicable). The estimated expected life of the option was determined based on the historical behavior of employees who were granted options with similar terms.

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Options (continued)

The table below presents the range of assumptions used to value stock options granted during the nine months ended March 31, 2025 and 2024:

	Nine months ended March 31,	
	2025	2024
Expected volatility	43 %	56 %
Expected dividends	0 %	0 %
Expected life (in years)	2	5
Risk-free rate	4.3 %	2.1 %

The following table presents stock options vested and expected to vest as of March 31, 2025:

	Number of shares	Weighted average exercise price ($)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value ($'000)
Vested and expecting to vest - March 31, 2025	5,868,570	8.71	3.79	886

These options have an exercise price range of $3.01 to $14.00.

The following table presents stock options that are exercisable as of March 31, 2025:

	Number of shares	Weighted average exercise price ($)	Weighted average remaining contractual term (in years)	Aggregate intrinsic value ($'000)
Exercisable - March 31, 2025	387,901	4.58	4.91	285

During the three months ended March 31, 2025 and 2024, respectively, 26,982 and 28,569 stock options became exercisable. During the nine months ended March 31, 2025 and 2024, respectively, 26,982 and 116,063 stock options became exercisable. The Company issues new shares to satisfy stock option exercises.

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Restricted stock

The following table summarizes restricted stock activity for the nine months ended March 31, 2025 and 2024:

	Number of shares of restricted stock	Weighted average grant date fair value ($'000)
Non-vested – June 30, 2024	2,084,946	8,736
Total granted	1,396,110	5,204
Granted – August 2024	32,800	154
Granted – October 2024	100,000	490
Granted – November 2024, with performance conditions	1,198,310	4,206
Granted – January 2025	65,000	354
Total vested	(556,641)	2,865
Vested – July 2024	(78,801)	394
Vested – November 2024	(213,687)	1,134
Vested – November 2024, with performance conditions	(103,638)	524
Vested – December 2024	(77,306)	417
Vested – February 2025	(13,922)	68
Vested – March 2025	(69,287)	328
Forfeitures	(108,243)	537
Non-vested – March 31, 2025	2,816,172	10,955
Non-vested – June 30, 2023	2,614,419	11,869
Total Granted	934,521	3,622
Granted – October 2023	333,080	1,456
Granted – October 2023, with performance awards	310,916	955
Granted – October 2023	225,000	983
Granted – January 2024	56,330	197
Granted – February 2024	9,195	31
Total vested	(339,803)	1,274
Vested – July 2023	(78,800)	302
Vested – November 2023	(109,833)	429
Vested – December 2023	(67,073)	234
Vested – February 2023	(14,811)	53
Vested – March 2023	(69,286)	256
Forfeitures	(77,668)	278
Non-vested – March 31, 2024	3,131,469	13,434

Grants

In August 2024, October 2024 and January 2025, respectively, the Company granted 32,800, 100,000 and 65,000 shares of restricted stock to employees which have time -based vesting conditions and which are subject to the employees continued employment with the Company through the applicable vesting dates.

In November 2024, the Company awarded 1,198,310 shares of restricted stock to a group comprising employees and three executive officers and which are subject to a time-based vesting condition and a market condition and vest in full only on the date, if any, that the following conditions are satisfied: (1) a compounded annual 15% appreciation in the Company's stock price off a base price of $5.00 over the measurement period commencing on September 30, 2024 through September 30, 2027, and (2) the recipient is employed by the Company on a full-time basis through to September 30, 2027. If either of these conditions is not satisfied, then none of the shares of restricted stock will vest and they will be forfeited. The Company's closing price on September 30, 2024, was $5.00.

The appreciation levels (times and price) and annual target percentages to earn the awards as of each period ended are as follows:

- Prior to the first anniversary of the grant date: 0%;
- Fiscal 2026, the Company's 30-day volume weighted-average stock price ("VWAP") before September 30, 2025 is approximately 1.15 times higher (i.e. $5.75 or higher) than $5.00: 33%;
- Fiscal 2027, the Company's VWAP before September 30, 2026 is 1.32 times higher (i.e. $6.61 or higher) than $5.00: 67%;
- Fiscal 2028, the Company's VWAP before September 30, 2027 is 1.52 times higher (i.e. $7.60) than $5.00: 100%.

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Restricted stock (continued)

Grants (continued)

The fair value of these shares of restricted stock was calculated using a Monte Carlo simulation. In scenarios where the shares do not vest, the final vested value at maturity is zero. In scenarios where vesting occurs, the final vested value on maturity is the share price on vesting date. In its calculation of the fair value of the restricted stock, the Company used an equally weighted volatility of 47.7% for the closing price (of $5.50), a discounting based on U.S. dollar overnight indexed swap rates for the grant date, and no future dividends. The equally weighted volatility was extracted from the time series for closing prices as the standard deviation of log prices for the three years preceding the grant date.

In October 2023, the Company awarded 333,080 shares of restricted stock with time-based vesting conditions to approximately 150 employees, which are subject to the employees continued employment with the Company through the applicable vesting dates. The Company also awarded 225,000 shares of restricted stock to an executive officer in October 2023, which vest on June 30, 2025, except if the executive officer is terminated for cause, in which case the award will be forfeited. In January 2024 and February 2024, the Company awarded 56,330 and 9,195, respectively, shares of restricted stock with time-based vesting conditions to employees.

In October 2023, the Company awarded 310,916 shares of restricted stock to three of its executive officers which are subject to a time-based vesting condition and a market condition and vest in full only on the date, if any, that the following conditions are satisfied: (1) a compounded annual 10% appreciation in the Company's stock price off a base price of $4.00 over the measurement period commencing on September 30, 2023 through November 17, 2026, and (2) the recipient is employed by the Company on a full-time basis when the condition in (1) is met. If either of these conditions is not satisfied, then none of the shares of restricted stock will vest and they will be forfeited. The Company's closing price on September 30, 2023, was $3.90.

The appreciation levels (times and price) and vesting percentages as of each period ended are as follows:

- Prior to the first anniversary of the grant date: 0%;
- Fiscal 2025, the Company's 30-day volume weighted-average stock price ("VWAP") before November 17, 2024 is approximately 1.10 times higher (i.e. $4.40 or higher) than $4.00: 33%;
- Fiscal 2026, the Company's VWAP before November 17, 2025 is 1.21 times higher (i.e. $4.84 or higher) than $4.00: 67%;
- Fiscal 2027, the Company's VWAP before November 1, 2026 is 1.33 times higher (i.e. $5.32) than $4.00: 100%.

The fair value of these shares of restricted stock was calculated using a Monte Carlo simulation. In scenarios where the shares do not vest, the final vested value at maturity is zero. In scenarios where vesting occurs, the final vested value on maturity is the share price on vesting date. In its calculation of the fair value of the restricted stock, the Company used an equally weighted volatility of 48.3% for the closing price (of $4.37), a discounting based on U.S. dollar overnight indexed swap rates for the grant date, and no future dividends. The equally weighted volatility was extracted from the time series for closing prices as the standard deviation of log prices for the three years preceding the grant date.

The Company has agreed to grant an advisor 5,500 shares per month in lieu of cash for services provided to the Company. The Company and the advisor have agreed that the Company will issue the shares to the advisor, in arrears, on a quarterly basis. During the three and nine months ended March 31, 2025, the Company recorded a stock-based compensation charge of $0.1 million and $0.3 million, respectively, and included the issuance of 16,500 and 49,500 shares of common stock in its issued and outstanding share count.

Vesting

In July 2024, 78,801 shares of restricted stock granted to Mr. Meyer, our former Group CEO, vested. In November 2024, 103,638 shares of restricted stock with performance conditions (share price targets) vested following the achievement of the agreed performance condition. In November, December 2024, February 2025 and March 2025, an aggregate of 374,202 shares of restricted stock granted to employees vested. Certain employees elected for 137,809 shares to be withheld to satisfy the withholding tax liability on the vesting of their shares. These 137,809 shares have been included in the Company's treasury shares.

In July 2023, 78,800 shares of restricted stock granted to Mr. Meyer vested. In November, December 2023, February 2024 and March 2024, an aggregate of 261,003 shares of restricted stock granted to employees vested. Certain employees elected for 53,486 shares to be withheld to satisfy the withholding tax liability on the vesting of their shares. These 53,486 shares have been included in the Company's treasury shares.

13. Stock-based compensation (continued)

Stock option and restricted stock activity (continued)

Restricted stock (continued)

Forfeitures

During the three and nine months ended March 31, 2025, respectively, employees forfeited 67,922 and 108,243 shares of restricted stock following their termination of employment with the Company or the failure to achieved agreed performance conditions (29,121 shares were forfeited following the failure to achieved agreed share performance targets). During the three and nine months ended March 31, 2024, respectively, employees forfeited 55,539 and 77,668 shares of restricted stock following their termination of employment with the Company.

Stock-based compensation charge and unrecognized compensation cost

The Company recorded a stock-based compensation charge, net, excluding charges related to the post-combination compensation charges discussed in Note 2, during the three months ended March 31, 2025 and 2024, of $2.5 million and $2.1 million, respectively, which comprised:

	Total charge	Allocated to cost of goods sold, IT processing, servicing and support	Allocated to selling, general and administration
Three months ended March 31, 2025			
Stock-based compensation charge	$ 2,531	$ -	$ 2,531
Reversal of stock compensation charge related to stock options and restricted stock forfeited	(34)	-	(34)
Total - three months ended March 31, 2025	$ 2,497	$ -	$ 2,497
Three months ended March 31, 2024			
Stock-based compensation charge	$ 2,202	$ -	$ 2,202
Reversal of stock compensation charge related to stock options and restricted stock forfeited	(112)	-	(112)
Total - three months ended March 31, 2024	$ 2,090	$ -	$ 2,090

The Company recorded a stock-based compensation charge, net, excluding charges related to the post-combination compensation charges discussed in Note 2, during the nine months ended March 31, 2025 and 2024, of $7.5 million and $5.7 million respectively, which comprised:

	Total charge	Allocated to cost of goods sold, IT processing, servicing and support	Allocated to selling, general and administration
Nine months ended March 31, 2025			
Stock-based compensation charge	$ 7,563	$ -	$ 7,563
Reversal of stock compensation charge related to stock options and restricted stock forfeited	(45)	-	(45)
Total - nine months ended March 31, 2025	$ 7,518	$ -	$ 7,518
Nine months ended March 31, 2024			
Stock-based compensation charge	$ 5,782	$ -	$ 5,782
Reversal of stock compensation charge related to stock options and restricted stock forfeited	(129)	-	(129)
Total - nine months ended March 31, 2024	$ 5,653	$ -	$ 5,653

13. Stock-based compensation (continued)

The stock-based compensation charges have been allocated to selling, general and administration based on the allocation of the cash compensation paid to the relevant employees. Stock-based compensation charge of $1.0 million related to the post-combination compensation charges discussed in Note 2 are included in the caption transaction costs related to Adumo and Recharger acquisitions and certain compensation costs included on the unaudited condensed consolidated statement of operations for the three and nine months ended March 31, 2025. These stock-based charges are classified as cash settled awards and are in in other payables as of March 31, 2025, refer to Note 10.

As of March 31, 2025, the total unrecognized compensation cost related to stock options was $3.1 million, which the Company expects to recognize over one and half years. As of March 31, 2025, the total unrecognized compensation cost related to restricted stock awards was $5.8 million, which the Company expects to recognize over two years.

During the three months ended March 31, 2025 and 2024, the Company recorded a deferred tax benefit of $0.3 million and $0.2 million, respectively, related to the stock-based compensation charge recognized related to employees of Lesaka. During the nine months ended March 31, 2025 and 2024, the Company recorded a deferred tax benefit of $0.8 million and $0.5 million, respectively, related to the stock-based compensation charge recognized related to employees of Lesaka. During these periods the Company recorded a valuation allowance related to the full deferred tax benefit recognized because it does not believe that the stock-based compensation deduction would be utilized as it does not anticipate generating sufficient taxable income in the United States. The Company deducts the difference between the market value on the date of exercise by the option recipient and the exercise price from income subject to taxation in the United States.

14. (Loss) Earnings per share

The Company has issued redeemable common stock which is redeemable at an amount other than fair value. Redemption of a class of common stock at other than fair value increases or decreases the carrying amount of the redeemable common stock and is reflected in basic earnings per share using the two-class method. There were no redemptions of common stock, or adjustments to the carrying value of the redeemable common stock during the three and nine months ended March 31, 2025 and 2024. Accordingly, the two-class method presented below does not include the impact of any redemption. The Company's redeemable common stock is described in Note 14 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024.

Basic (loss) earnings per share includes shares of restricted stock that meet the definition of a participating security because these shares are eligible to receive non-forfeitable dividend equivalents at the same rate as common stock. Basic (loss) earnings per share has been calculated using the two-class method and basic (loss) earnings per share for the three and nine months ended March 31, 2025 and 2024, reflects only undistributed earnings. The computation below of basic (loss) earnings per share excludes the net loss attributable to shares of unvested restricted stock (participating non-vested restricted stock) from the numerator and excludes the dilutive impact of these unvested shares of restricted stock from the denominator.

Diluted (loss) earnings per share has been calculated to give effect to the number of shares of additional common stock that would have been outstanding if the potential dilutive instruments had been issued in each period. Stock options are included in the calculation of diluted (loss) earnings per share utilizing the treasury stock method and are not considered to be participating securities, as the stock options do not contain non-forfeitable dividend rights. The Company has excluded employee stock options to purchase 198,203 and 34,798 shares of common stock from the calculation of diluted loss per share during the three months ended March 31, 2025 and 2024 because the effect would be antidilutive. The Company has excluded employee stock options to purchase 206,068 and 42,770 shares of common stock from the calculation of diluted loss per share during the nine months ended March 31, 2025 and 2024, because the effect would be antidilutive.

The calculation of diluted (loss) earnings per share includes the dilutive effect of a portion of the restricted stock granted to employees as these shares of restricted stock are considered contingently returnable shares for the purposes of the diluted (loss) earnings per share calculation and the vesting conditions in respect of a portion of the restricted stock had been satisfied.

14. (Loss) Earnings per share (continued)

The vesting conditions for all awards made are discussed in Note 17 to the Company's audited consolidated financial statements included in its Annual Report on Form 10-K for the year ended June 30, 2024.

The following table presents net loss attributable to Lesaka and the share data used in the basic and diluted loss per share computations using the two-class method:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
	(in thousands except percent and per share data)		(in thousands except percent and per share data)	
Numerator:				
Net loss attributable to Lesaka	$ (22,058)	$ (4,047)	$ (58,734)	$ (12,405)
Undistributed loss	(22,058)	(4,047)	(58,734)	(12,405)
Percent allocated to common shareholders (Calculation 1)	96%	96%	96%	95%
Numerator for loss per share: basic and diluted	$ (21,262)	$ (3,868)	$ (56,616)	$ (11,816)
Denominator				
Denominator for basic (loss) earnings per share:				
weighted-average common shares outstanding	78,347	60,990	69,724	60,134
Effect of dilutive securities:				
Denominator for diluted (loss) earnings per share: adjusted weighted average common shares outstanding and assuming conversion	78,347	60,990	69,724	60,134
Loss per share:				
Basic	$ (0.27)	$ (0.06)	$ (0.81)	$ (0.20)
Diluted	$ (0.27)	$ (0.06)	$ (0.81)	$ (0.20)
(Calculation 1)				
Basic weighted-average common shares outstanding (A)	78,347	60,990	69,724	60,134
Basic weighted-average common shares outstanding and unvested restricted shares expected to vest (B)	81,282	63,805	72,333	63,134
Percent allocated to common shareholders (A) / (B)	96%	96%	96%	95%

Options to purchase 5,143,500 shares of the Company's common stock at prices ranging from $6.00 to $14.00 per share were outstanding during the three and nine months ended March 31, 2025, but were not included in the computation of diluted (loss) earnings per share because the options' exercise price was greater than the average market price of the Company's common stock. Options to purchase 742,543 shares of the Company's common stock at prices ranging from $3.50 to $11.23 per share were outstanding during the three and nine months ended March 31, 2024, respectively, but were not included in the computation of diluted (loss) earnings per share because the options' exercise price was greater than the average market price of the Company's common stock. The options, which expire at various dates through February 3, 2032, were still outstanding as of March 31, 2025.

15. Supplemental cash flow information

The following table presents supplemental cash flow disclosures for the three and nine months ended March 31, 2025 and 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Cash received from interest	$ 641	$ 624	$ 1,938	$ 1,551
Cash paid for interest	$ 2,809	$ 3,464	$ 10,322	$ 12,697
Cash paid for income taxes	$ 505	$ 88	$ 3,713	$ 3,498

15. Supplemental cash flow information (continued)

Disaggregation of cash, cash equivalents and restricted cash

Cash, cash equivalents and restricted cash included on the Company's unaudited condensed consolidated statement of cash flows includes restricted cash related to cash withdrawn from the Company's debt facilities to fund ATMs. This cash may only be used to fund ATMs and is considered restricted as to use and therefore is classified as restricted cash. Cash, cash equivalents and restricted cash also includes cash in certain bank accounts that has been ceded to Nedbank. As this cash has been pledged and ceded it may not be drawn and is considered restricted as to use and therefore is classified as restricted cash as well. Refer to Note 9 for additional information regarding the Company's facilities. The following table presents the disaggregation of cash, cash equivalents and restricted cash as of March 31, 2025 and 2024, and June 30, 2024:

	March 31, 2025	March 31, 2024	June 30, 2024
Cash and cash equivalents	$ 71,008	$ 55,223	$ 59,065
Restricted cash	115	4,383	6,853
Cash, cash equivalents and restricted cash	$ 71,123	$ 59,606	$ 65,918

Leases

The following table presents supplemental cash flow disclosure related to leases for the three and nine months ended March 31, 2025 and 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$ 1,256	$ 853	$ 3,472	$ 2,225
Right-of-use assets obtained in exchange for lease obligations				
Operating leases	$ 2,411	$ 718	$ 3,629	$ 2,601

16. Revenue recognition

Disaggregation of revenue

The following table presents the Company's revenue disaggregated by major revenue streams, including a reconciliation to reportable segments for the three months ended March 31, 2025:

	Merchant	Consumer	Enterprise	Total
Processing fees	$ 34,431	$ 7,583	$ 6,581	$ 48,595
South Africa	32,673	7,583	6,581	46,837
Rest of Africa	1,758	-	-	1,758
Technology products	5,863	29	971	6,863
South Africa	5,790	29	971	6,790
Rest of Africa	73	-	-	73
Prepaid airtime sold	59,352	26	1,556	60,934
South Africa	52,682	26	1,556	54,264
Rest of Africa	6,670	-	-	6,670
Lending revenue	-	8,143	-	8,143
Interest from customers	1,793	504	-	2,297
Insurance revenue	-	5,170	-	5,170
Account holder fees	-	1,791	-	1,791
Other	998	850	29	1,877
South Africa	944	850	29	1,823
Rest of Africa	54	-	-	54
Total revenue, derived from the following geographic locations	102,437	24,096	9,137	135,670
South Africa	93,882	24,096	9,137	127,115
Rest of Africa	$ 8,555	$ -	$ -	$ 8,555

16. Revenue recognition (continued)

Disaggregation of revenue (continued)

The following table presents the Company's revenue disaggregated by major revenue streams, including a reconciliation to reportable segments for the three months ended March 31, 2024:

	Merchant	Consumer	Enterprise	Total
Processing fees	$ 21,944	$ 6,353	$ 6,738	$ 35,035
South Africa	20,417	6,353	6,738	33,508
Rest of Africa	1,527	-	-	1,527
Technology products	562	8	1,233	1,803
South Africa	518	8	1,233	1,759
Rest of Africa	44	-	-	44
Prepaid airtime sold	86,184	83	1,401	87,668
South Africa	81,083	83	1,401	82,567
Rest of Africa	5,101	-	-	5,101
Lending revenue	-	6,229	-	6,229
Interest from customers	1,553	-	-	1,553
Insurance revenue	-	3,178	-	3,178
Account holder fees	-	1,560	-	1,560
Other	604	493	71	1,168
South Africa	551	493	71	1,115
Rest of Africa	53	-	-	53
Total revenue, derived from the following geographic locations	110,847	17,904	9,443	138,194
South Africa	104,122	17,904	9,443	131,469
Rest of Africa	$ 6,725	$ -	$ -	$ 6,725

The following table presents the Company's revenue disaggregated by major revenue streams, including a reconciliation to reportable segments for the nine months ended March 31, 2025:

	Merchant	Consumer	Enterprise	Total
Processing fees	$ 97,433	$ 22,975	$ 18,918	$ 139,326
South Africa	92,010	22,975	18,918	133,903
Rest of Africa	5,423	-	-	5,423
Technology products	15,829	96	3,449	19,374
South Africa	15,619	96	3,449	19,164
Rest of Africa	210	-	-	210
Prepaid airtime sold	211,158	66	4,794	216,018
South Africa	191,829	66	4,794	196,689
Rest of Africa	19,329	-	-	19,329
Lending revenue	-	22,475	-	22,475
Interest from customers	5,079	624	-	5,703
Insurance revenue	-	14,378	-	14,378
Account holder fees	-	5,255	-	5,255
Other	3,197	2,228	80	5,505
South Africa	3,029	2,228	80	5,337
Rest of Africa	168	-	-	168
Total revenue, derived from the following geographic locations	332,696	68,097	27,241	428,034
South Africa	307,566	68,097	27,241	402,904
Rest of Africa	$ 25,130	$ -	$ -	$ 25,130

16. Revenue recognition (continued)

Disaggregation of revenue (continued)

The following table presents the Company's revenue disaggregated by major revenue streams, including a reconciliation to reportable segments for the nine months ended March 31, 2024:

	Merchant	Consumer	Enterprise	Total
Processing fees	$ 67,254	$ 18,261	$ 19,992	$ 105,507
South Africa	62,911	18,261	19,992	101,164
Rest of Africa	4,343	-	-	4,343
Technology products	1,630	39	5,405	7,074
South Africa	1,496	39	5,405	6,940
Rest of Africa	134	-	-	134
Prepaid airtime sold	263,040	176	3,817	267,033
South Africa	248,183	176	3,817	252,176
Rest of Africa	14,857	-	-	14,857
Lending revenue	-	17,188	-	17,188
Interest from customers	4,526	-	-	4,526
Insurance revenue	-	8,686	-	8,686
Account holder fees	-	4,430	-	4,430
Other	2,028	1,411	293	3,732
South Africa	1,876	1,411	293	3,580
Rest of Africa	152	-	-	152
Total revenue, derived from the following geographic locations	338,478	50,191	29,507	418,176
South Africa	318,992	50,191	29,507	398,690
Rest of Africa	$ 19,486	$ -	$ -	$ 19,486

17. Leases

The Company has entered into leasing arrangements classified as operating leases under accounting guidance. These leasing arrangements relate primarily to the lease of its corporate head office, administration offices and branch locations through which the Company operates its consumer business in South Africa. The Company's operating leases have remaining lease terms of between one and five years. The Company also operates parts of its consumer business from locations which it leases for a period of less than one year. The Company's operating lease expense during the three months ended March 31, 2025 and 2024 was $ 1.3 million and $ 0.9 million, respectively. The Company's operating lease expense during the nine months ended March 31, 2025 and 2024 was $ 3.5 million and $ 2.2 million, respectively.

The Company has also entered into short-term leasing arrangements, primarily for the lease of branch locations and other locations, to operate its consumer business in South Africa. The Company's short-term lease expense during the three months ended March 31, 2025 and 2024, was $1.1 million and $ 0.9 million, respectively. The Company's short-term lease expense during the nine months ended March 31, 2025 and 2024, was $ 3.4 million and $ 2.8 million, respectively.

The following table presents supplemental balance sheet disclosure related to the Company's right-of-use assets and its operating lease liabilities as of March 31, 2025 and June 30, 2024:

	March 31, 2025	June 30, 2024
Right of use assets obtained in exchange for lease obligations:		
Weighted average remaining lease term (years)	2.8	3.1
Weighted average discount rate (percent)	9.6	10.5

17. Leases (continued)

The maturities of the Company's operating lease liabilities as of March 31, 2025, are presented below:

Maturities of operating lease liabilities	
Year ended June 30,	
2025 (excluding nine months to March 31, 2025)	$ 1,578
2026	4,259
2027	2,841
2028	1,881
2029	742
Thereafter	256
Total undiscounted operating lease liabilities	11,557
Less imputed interest	1,610
Total operating lease liabilities, included in	9,947
Operating lease liability - current	3,814
Operating lease liability - long-term	$ 6,133

18. Operating segments

Operating segments

The Company discloses segment information as reflected in the management information systems reports that its chief operating decision maker uses in making decisions and to report certain entity-wide disclosures about products and services, and the countries in which the entity holds material assets or reports material revenues.

Change to internal reporting structure and recast of previously reported information

The Company's chief operating decision maker is the Company's Executive Chairman. During the second quarter of fiscal 2025, he changed the Company's operating and internal reporting structures to present a new segment, Enterprise, separately. The chief operating decision maker has decided to analyze the Company's operating performance primarily based on three operational lines, namely,

(i) Merchant, which focuses on both formal and informal sector merchants. Formal sector merchants are generally in urban areas, have higher revenues and have access to multiple service providers. Informal sector merchants, which are often sole proprietors and usually have lower revenues compared with formal section merchants, operate in rural areas or in informal urban areas and do not always have access to a full-suite of traditional banking products;

(ii) Consumer, which primarily focuses on individuals who have historically been excluded from traditional financial services and to whom we offer transactional accounts (banking), insurance, lending (short-term loans), payments solutions (digital wallet) and various value-added services; and

(iii) Enterprise, which comprises large-scale corporate and government organizations, including but not limited to banks, mobile network operators ("MNOs") and municipalities, and, through Recharger, landlords utilizing Recharger's prepaid electricity metering solution.

Reallocation of certain activities among operating segments in Q2 2025

The change in our operating segments during the second quarter of fiscal 2025 included the separation of Enterprise out of Merchant. The Company has also allocated the majority of Adumo's operations to Merchant, with a smaller part of its operations focusing on the provision of physical and digital prepaid and secure payout solutions for South African businesses with large individual end-users being allocated to Consumer. Previously reported information has been recast.

The Merchant segment includes revenue generated from the sale of alternative digital payments (select prepaid solutions, supplier-enabled payments, international money transfer and other) and card-acquiring services to informal sector merchants. It also includes activities related to the provision of goods and services provided to corporate and other juristic entities. The Company earns fees from processing activities performed (including card acquiring and the provision of a payment gateway services) for its customers, and rental and license fees from the provision of point of sales ("POS") hardware and software to the hospitality industry. The Company also provides cash management and payment services to merchant customers through a digital vault which is located at the customer's premises and through which the Company is able to provide the services which generate processing fee revenue. From July 1, 2023, the segment includes fees earned from transactions performed by customers utilizing its ATM infrastructure.

18. Operating segments (continued)

Reallocation of certain activities among operating segments (continued)

The Consumer segment includes activities related to the provision of financial services to customers, including a bank account, loans and insurance products. The Company charges monthly administration fees for all bank accounts. Customers that have a bank account managed by the Company are issued cards that can be utilized to withdraw funds at an ATM or to transact at a merchant POS. The Company earns processing fees from transactions processed for these customers. The Company also earns fees on transactions performed by other banks' customers utilizing its ATM (until June 30, 2023) or POS. The Company provides short-term loans to customers in South Africa for which it earns initiation and monthly service fees, and interest revenue from the second quarter of fiscal 2025. The Company writes life insurance contracts, primarily funeral-benefit policies, and policy holders pay the Company a monthly insurance premium. The Company also earns fees from the provision of physical and digital prepaid and secure payout solutions for South African businesses.

The Enterprise segment provides its business and government-related customers with transaction processing services that involve the collection, transmittal and retrieval of all transaction data. Through Recharger, Enterprise offers landlords access to Recharger's prepaid electricity metering solution through which Enterprise earns commission revenue from prepaid electricity voucher sales to tenants recharging prepaid meters. This segment also includes sales of hardware and licenses to customers. Hardware includes the sale of POS devices, SIM cards and other consumables which can occur on an ad hoc basis. Licenses include the right to use certain technology developed by the Company.

The reconciliation of the reportable segment's revenue to revenue from external customers for the three months ended March 31, 2025 and 2024, is as follows:

	Revenue		
	Reportable Segment	**Inter-segment**	**From external customers**
Merchant	$ 103,001	$ 564	$ 102,437
Consumer	24,096	-	24,096
Enterprise	9,444	307	9,137
Total for the three months ended March 31, 2025	$ 136,541	$ 871	$ 135,670
Merchant	$ 111,801	$ 954	$ 110,847
Consumer	17,904	-	17,904
Enterprise	11,322	1,879	9,443
Total for the three months ended March 31, 2024	$ 141,027	2,833	138,194

The reconciliation of the reportable segment's revenue to revenue from external customers for the nine months ended March 31, 2025 and 2024, is as follows:

	Revenue		
	Reportable Segment	**Inter-segment**	**From external customers**
Merchant	$ 334,442	$ 1,746	$ 332,696
Consumer	68,097	-	68,097
Enterprise	30,259	3,018	27,241
Total for the nine months ended March 31, 2025	$ 432,798	$ 4,764	$ 428,034
Merchant	$ 341,044	$ 2,566	$ 338,478
Consumer	50,191	-	50,191
Enterprise	32,710	3,203	29,507
Total for the nine months ended March 31, 2024	$ 423,945	$ 5,769	$ 418,176

18. Operating segments (continued)

The Company evaluates segment performance based on segment earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted for items mentioned in the next sentence ("Segment Adjusted EBITDA"), the Company's reportable segments' measure of profit or loss. The Company is working on obtaining a separate lending facility to fund a portion of its Consumer lending during the twelve months ended June 30, 2025. The Company has included an intercompany interest expense in its Consumer Segment Adjusted EBITDA for the three and nine months ended March 31, 2025. The Company does not allocate once-off items, stock-based compensation charges, depreciation and amortization, impairment of goodwill or other intangible assets, other items (including gains or losses on disposal of investments, fair value adjustments to equity securities), interest income, certain interest expense, income tax expense or loss from equity-accounted investments to its reportable segments. Group costs generally include: employee related costs in relation to employees specifically hired for group roles and related directly to managing the US-listed entity; expenditures related to compliance with the Sarbanes-Oxley Act of 2002; non-employee directors' fees; legal fees; group and US-listed related audit fees; and directors and officer's insurance premiums. Once-off items represent non-recurring expense items, including costs related to acquisitions and transactions consummated or ultimately not pursued. Unrealized loss FV for currency adjustments represents foreign currency mark-to-market adjustments on certain intercompany accounts. Interest adjustment represents the intercompany interest expense included in the Consumer Segment Adjusted EBITDA. The Stock-based compensation adjustments reflect stock-based compensation expense and are excluded from the calculation of Segment Adjusted EBITDA and are therefore reported as reconciling items to reconcile the reportable segments' Segment Adjusted EBITDA to the Company's loss before income tax expense. Effective from fiscal 2025, all lease charges are allocated to the Company's operating segments, whereas in fiscal 2024 the Company presented certain lease charges on a separate line outside of its operating segments. Prior period information has been re-presented to include the lease charges which were previously reported on a separate line in the Company's Consumer and Merchant (now Merchant, Enterprise and Consumer) operating segments.

The reconciliation of the reportable segments' measure of profit or loss to loss before income taxes for the three and nine months ended March 31, 2025 and 2024, is as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2025	2024	2025	2024
Reportable segments' measure of profit or loss	$ 14,569	$ 11,902	$ 41,511	$ 32,710
Operating loss: Group costs	(1,772)	(2,199)	(7,541)	(6,032)
Once-off costs	(2,306)	(907)	(4,599)	(169)
Interest adjustment	890	-	2,478	-
Unrealized Gain (Loss) FV for currency adjustments	114	(121)	(102)	(101)
Stock-based compensation charge adjustments	(2,497)	(2,090)	(7,518)	(5,653)
Depreciation and amortization	(8,429)	(5,791)	(22,928)	(17,460)
Loss on disposal of equity-accounted investments	-	-	(161)	-
Change in fair value of equity securities	(20,421)	-	(54,152)	-
Reversal of allowance of EMI doubtful debt	-	-	-	250
Interest income	645	628	1,952	1,562
Interest expense	(5,777)	(4,581)	(16,983)	(14,312)
Loss before income tax expense	$ (24,984)	$ (3,159)	$ (68,043)	$ (9,205)

18. Operating segments (continued)

Operating segments (continued)

The following tables summarize supplemental segment information for the three and nine months ended March 31, 2025 and 2024:

	Three months ended March 31,		Nine months ended March 31,	
	2025	**2024**	**2025**	**2024**
Revenues				
Merchant	$ 103,001	$ 111,801	$ 334,442	$ 341,044
Consumer	24,096	17,904	68,097	50,191
Enterprise	9,444	11,322	30,259	32,710
Total reportable segment revenue	136,541	141,027	432,798	423,945
Segment Adjusted EBITDA				
Merchant(1)(2)	8,103	7,420	25,976	21,827
Consumer(1)(2)	6,333	3,757	15,071	8,452
Enterprise(2)	133	725	464	2,431
Total Segment Adjusted EBITDA	14,569	11,902	41,511	32,710
Depreciation and amortization				
Merchant	3,111	1,957	8,365	5,861
Consumer	255	179	692	527
Enterprise	89	93	283	308
Subtotal: Operating segments	3,455	2,229	9,340	6,696
Group costs	4,974	3,562	13,588	10,764
Total	8,429	5,791	22,928	17,460
Expenditures for long-lived assets				
Merchant	2,686	2,802	12,355	7,538
Consumer	120	146	688	312
Enterprise	11	(5)	57	100
Subtotal: Operating segments	2,817	2,943	13,100	7,950
Group costs	-	-	-	-
Total	$ 2,817	$ 2,943	$ 13,100	$ 7,950

(1) Segment Adjusted EBITDA for the three months ended March 31, 2025, includes retrenchment and reorganization costs for Merchant of $0.7 million (ZAR 12.9 million) and Enterprise of $0.3 million (ZAR 5.4 million). Segment Adjusted EBITDA for Consumer includes retrenchment costs of $0.01 million (ZAR 0.1 million) for the three months ended March 31, 2024.

(2) Segment Adjusted EBITDA for the nine months ended March 31, 2025, includes retrenchment and reorganization costs for Merchant of $0.7 million (ZAR 12.9 million), Consumer of $0.1 million (ZAR 1.5 million) and Enterprise of $0.3 million (ZAR 5.6 million). Segment Adjusted EBITDA for Merchant includes retrenchment costs of $0.2 million (ZAR 4.7 million) and Consumer includes retrenchment costs of $0.2 million (ZAR 2.9 million) for the nine months ended March 31, 2024.

The segment information as reviewed by the chief operating decision maker does not include a measure of segment assets per segment as all of the significant assets are used in the operations of all, rather than any one, of the segments. The Company does not have dedicated assets assigned to a particular operating segment. Accordingly, it is not meaningful to attempt an arbitrary allocation and segment asset allocation is therefore not presented.

19. Income tax

Income tax in interim periods

For the purposes of interim financial reporting, the Company determines the appropriate income tax provision by first applying the effective tax rate expected to be applicable for the full fiscal year to ordinary income. This amount is then adjusted for the tax effect of significant unusual items, for instance, changes in tax law, valuation allowances and non-deductible transaction-related expenses that are reported separately, and have an impact on the tax charge. The cumulative effect of any change in the enacted tax rate, if and when applicable, on the opening balance of deferred tax assets and liabilities is also included in the tax charge as a discrete event in the interim period in which the enactment date occurs.

For the three and nine months ended March 31, 2025, the Company's effective tax rate was impacted by the tax expense recorded by the Company's profitable South African operations, non-deductible expenses (including transaction-related expenditures), the on-going losses incurred by certain of the Company's South African businesses, a valuation allowance created related to the fair value adjustment to MobiKwik, and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

For the three and nine months ended March 31, 2024, the Company's effective tax rate was impacted by the tax expense recorded by the Company's profitable South African operations, non-deductible expenses, the on-going losses incurred by certain of the Company's South African businesses and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

Uncertain tax positions

As of three months ended March 31, 2025 and June 30, 2024, the Company had no unrecognized tax benefits. The Company files income tax returns mainly in South Africa, Botswana, Namibia and in the U.S. federal jurisdiction. As of March 31, 2025, the Company's South African subsidiaries are no longer subject to income tax examination by the South African Revenue Service for periods before June 30, 2020. The Company is subject to income tax in other jurisdictions outside South Africa, none of which are individually material to its financial position, statement of cash flows, or results of operations.

20. Commitments and contingencies

Guarantees

The South African Revenue Service and certain of the Company's customers, suppliers and other business partners have asked the Company to provide them with guarantees, including standby letters of credit, issued by South African banks. The Company is required to procure these guarantees for these third parties to operate its business.

RMB has issued guarantees to these third parties amounting to ZAR 33.1 million ($1.8 million, translated at exchange rates applicable as of March 31, 2025) thereby utilizing part of the Company's short-term facilities. The Company pays commission of between 3.42% per annum to 3.44% per annum of the face value of these guarantees and does not recover any of the commission from third parties.

Nedbank has issued guarantees to these third parties amounting to ZAR 2.1 million ($0.1 million, translated at exchange rates applicable as of March 31, 2025) thereby utilizing part of the Company's short-term facilities. The Company pays commission of between 0.47% per annum to 1.84% per annum of the face value of these guarantees and does not recover any of the commission from third parties.

The Company has not recognized any obligation related to these guarantees in its consolidated balance sheet as of March 31, 2025. The maximum potential amount that the Company could pay under these guarantees is ZAR 35.2 million ($1.9 million, translated at exchange rates applicable as of March 31, 2025). As discussed in Note 9, the Company has ceded and pledged certain bank accounts to Nedbank as security for the guarantees issued by them with an aggregate value of ZAR 2.1 million ($0.1 million, translated at exchange rates applicable as of March 31, 2025). The guarantees have reduced the amount available under its indirect and derivative facilities in the Company's short-term credit facilities described in Note 9.

Contingencies

The Company is subject to a variety of insignificant claims and suits that arise from time to time in the ordinary course of business. Management currently believes that the resolution of these other matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial position, results of operations or cash flows.

21. Subsequent events

Lesaka ESOP Trust

On November 14, 2024, the Company announced that its shareholders voted on and approved the funding and issuance of shares to the Lesaka ESOP Trust at its annual general meeting. The Lesaka Employee Share Ownership Plan ("ESOP") is designed to create alignment with the Company's long-term growth objectives. The Lesaka ESOP Trust is also expected to advance the Company's transformation initiatives and plays an important role in improving the company's Broad-Based Black Economic Empowerment ("BBBEE") rating. As of November 2024, when shareholders approved the plan, the Company's employee base is comprised of approximately 87% designated groups for BBBEE purposes. Through the creation of a broader base of employee ownership, the Company is helping to promote economic inclusion and contribute to transformation in the broader South African economy. The Lesaka ESOP Trust is structured as an evergreen trust, ensuring the permanence of the plan and allowing for the inclusion of future employees as the Company continues to grow.

The Lesaka ESOP Trust was required to have an effective holding of 3% of the Company's issued shares at the date of implementation, and in February 2025, the Company issued 2,490,000 shares of its common stock to the Lesaka ESOP Trust. The subscription price payable by the Lesaka ESOP Trust for the shares was vendor funded by the Company through a notional vendor funding ("NVF") structure whereby the Company provided a notional loan to the Lesaka ESOP Trust representing the fair value of the shares, facilitating the acquisition by the Lesaka ESOP Trust of the shares without requiring any upfront payment by the Lesaka ESOP Trust except for the payment of a nominal value of $ 0.001 per share. The NVF structure will achieve the same economic effect as a traditional loan structure from the Company to the Lesaka ESOP Trust to enable the Lesaka ESOP Trust to subscribe for shares in the Company, but without any actual flow of funds from the Company to the Trust.

A notional amount on the date of issue was ascribed to each share that the Lesaka ESOP Trust subscribed for, which is equal to the fair market value of one of the Company shares of common stock (which is the amount the Lesaka ESOP Trust would have paid for one of the Company's shares in an ordinary course cash transaction with the Company) less a 10% discount. The principal amount on the NVF loan will accrue interest at a fixed rate of 3% per annum. The NVF will have a five-year term. The notional amount was not recognized in the Company's financial statements because it represents a formula to calculate the number of the Company's shares of common stock to be returned by the Lesaka ESOP Trust to the Company after five years.

On or about the 5th anniversary of the implementation date of the ESOP ("Maturity Date"), the Company will have the option to repurchase a portion of the shares held by the Lesaka ESOP Trust at the nominal aggregate amount to settle the total NVF loan outstanding. The number of shares to be repurchased will be determined by using a formula set out in the transaction documents that considers the total NVF loan outstanding on the Maturity Date and the market value of one of the Company's shares held by the Lesaka ESOP Trust. The purchase consideration that would have been payable for the shares the Company will repurchase (which is the fair market value the Company would have paid for the shares in an ordinary course cash transaction with the Lesaka ESOP Trust on the Maturity Date) will be set off against the total NVF loan outstanding. After settlement of the NVF loan, 50% of the remaining shares held by the Lesaka ESOP Trust, if any, will be distributed to eligible employees.

The Lesaka ESOP Trust will hold shares of the Company's common stock. The Lesaka ESOP Trust will therefore be entitled to receive its proportionate share of any dividends and other distributions declared by the Company to its shareholders and vote its shares held on matters requiring shareholder approval.

The Lesaka ESOP Trust is administered by the board of trustees made up of five members nominated by the Company's Board and the participants in the ESOP. The Company's Board has the right to nominate two members to the board of trustees. The balance of the trustees, one of which must be an independent trustee, are nominated by the participants. The nominees appointed to the board of trustees may not be members of the Company's Board or an officer as contemplated in Rule 16a-(f) of the Securities and Exchange Act of 1934. The nominees of the participants need to meet an election criteria to be eligible for nomination which requires participant nominees to have been employed by the Group for a continuous and uninterrupted period of at least three years. The trustees have the discretion to determine how the Lesaka ESOP Trust should vote shares of the Company common stock held on matters requiring the Company's shareholders approval. The decisions by the trustees are decided by a majority vote.

The Company is responsible for all reasonable operating expenses incurred by the Lesaka ESOP Trust until such time as the Lesaka ESOP Trust has sufficient cash resources of its own to settle its operating expenses. The Company controls the Lesaka ESOP Trust because the Lesaka ESOP Trust is considered to be a variable interest entity ("VIE") in which the Company has a controlling financial interest. Accordingly, the Lesaka ESOP Trust is consolidated by the Company. As the Lesaka ESOP Trust is consolidated by the Company, the 2,490,000 shares of the Company's common stock held by Lesaka ESOP Trust are accounted for as treasury shares at the nominal amount of $0.001 per share. Purchases and sales of the Company's common stock between the Company and the Lesaka ESOP Trust will be recognized within equity with no profit or loss being recognized in the statement of operations on such acquisition or disposal.

21. Subsequent events (continued)

Lesaka ESOP Trust (continued)

Qualifying employees were allocated A and B units. An A unit represents an option for the employees to acquire shares of the Company's common stock in future. The A unit represents an equity-settled share-based payment, requiring the recognition of a stock-based compensation charge over a five year service period. The A units are expected to be measured at their grant date fair value using a Black Scholes valuation model. A B unit represent an employees' entitlement to cash payments based on dividends paid by the Company to the Lesaka ESOP Trust, and consequently distributions that the Lesaka ESOP Trust makes to qualifying employees who are beneficiaries of the Lesaka ESOP Trust. These payments represent an employee benefit, requiring that the Company to recognize an expense to the value of the payment made when each payment is made.

Initial qualifying employees are required to have a minimum of two years service with the Company, with criterion being determined on December 31, 2024. Initial qualifying employees received invitation and allocation notices on or around April 1, 2025. As employees complete two years' service to any subsidiary of the Company they will become eligible for consideration as a beneficiary of the Lesaka ESOP Trust. Qualifying employees include employees of recent acquisitions, including Adumo.

On April 1, 2025, the Lesaka ESOP Trust awarded 2,030 qualifying employees 1,989,400 A units and 2,030 B units. Lesaka's closing price on the Nasdaq on April 1, 2025 was $5.00 per share and each A unit was issued with an initial strike price of $4.50 (the closing price less a 10% discount) and is expected to grow by 3% per annum through to April 1, 2030. The Company has not calculated the grant date fair value of these awards as of the date of filing this Quarterly Report on Form 10-Q on May 7, 2025.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our Annual Report on Form 10-K for the year ended June 30, 2024, and the unaudited condensed consolidated financial statements and the accompanying notes included in this Form 10-Q.

U.S. securities laws require that when we publish any non-GAAP measures, we disclose the reason for using these non-GAAP measures and provide reconciliations to the most directly comparable GAAP measures. We discuss why we consider it useful to present these non-GAAP measures and the material risks and limitations of these measures, as well as a reconciliation of these non-GAAP measures to the most directly comparable GAAP financial measure below at "—Results of Operations—Use of Non-GAAP Measures" below.

Forward-looking statements

Some of the statements in this Form 10-Q constitute forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed, implied or inferred by these forward-looking statements. Such factors include, among other things, those listed under Item 1A.—"Risk Factors" in our Annual Report on Form 10-K for the year ended June 30, 2024. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "could", "would", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of such terms and other comparable terminology.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we do not know whether we can achieve positive future results, levels of activity, performance, or goals. Actual events or results may differ materially. We undertake no obligation to update any of the forward-looking statements after the date of this Form 10-Q to conform those statements to reflect the occurrence of unanticipated events, except as required by applicable law.

You should read this Form 10-Q and the documents that we reference herein and the documents we have filed as exhibits hereto and thereto and which we have filed with the United States Securities and Exchange Commission ("SEC") completely and with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

Recent Developments

We disclose our financial results across three distinct operating divisions: Merchant, Consumer and Enterprise. Our evolving integrated multi-product platform is organized around addressing a number of customer needs.

Merchant Division

The Merchant Division ("Merchant") serves merchants and micro-merchants, combining existing Connect, Kazang and Kazang Insights (previously known as Touchsides) operations as well as the bulk of Adumo, specifically merchant acquiring and software by way of its GAAP hospitality platform. Combined, we believe the Lesaka offering is the most comprehensive in the market in meeting the needs of micro- and medium-size businesses in the region, empowering merchants and micro-merchants to transact efficiently and fulfill their potential.

Our integrated multi-product range provides merchants with card acquiring, cash management, lending, software and Alternative Digital Payments ("ADP"). ADP includes our pre-paid solutions and supplier enabled payments (previously referred to as our value-added services).

Performance in Merchant has been driven by:

Merchant acquiring

Merchant acquiring includes 81,106 devices deployed under the Adumo, Card Connect and Kazang brands.

	Q3 2025	Q3 2024	Q3 2023	2025 vs 2024
Number of devices in deployment	81,106	50,211	42,012	62%
Total Throughput for the quarter (ZAR billions)	9.9	3.9	3.2	154%

- Q3 2025 is inclusive of approximately 27,000 devices deployed under the Adumo brand with the Adumo transaction closing on October 1, 2024, the impact of which is not included in the prior period comparatives.
- Throughput increased to ZAR 9.9 billion for the quarter, driven mainly by the inclusion of Adumo in Q3 2025 and lower than historic year-on-year growth attributable to Kazang Pay.

Software

Our software solutions are offered through GAAP. GAAP has operations in South Africa, Botswana, Kenya and clients in a further 21 countries. It is the leading provider of integrated point-of-sales software and hardware to the hospitality industry in Southern Africa, serving clients such as KFC, McDonald's, Pizza Hut, Nando's and Krispy Kreme.

	Q3 2025
Number of GAAP sites	9,640
Approximate ARPU per site (ZAR)(1)	3,360

(1) ARPU is calculated on a revenue per site basis, as monthly figure based on a three-month rolling average for the quarter ending March 31, 2025.

- GAAP was acquired on October 1, 2024. The number of GAAP sites was 9,640 as of March 31, 2025.
- Monthly ARPU per site, which combines hardware, software and acquiring revenue, was approximately ZAR 3,360, representing a 7% year-on-year growth.

Cash management

Our cash management and digitalization solutions effectively "puts the bank" in 4,550 merchants' stores enabling them to deposit their cash faster and more safely on our proprietary Cash Connect vaults. Our cash business remains a vital product in our merchant offering and is a key differentiator for us in the digitalization of cash. It is a very apt point of entry for such a cash-heavy market where many merchants deal with the burdens, costs and risks of handling large amounts of cash. We provide robust cash vaults in the merchant sector (through Cash Connect) and are building a presence in the micro-merchant sector (through Kazang Vaults) enables our merchant customer base to mitigate their operational risks pertaining to cash management and security.

	Q3 2025	Q3 2024	Q3 2023	2025 vs 2024
Number of devices in deployment	4,550	4,465	4,369	2%
Cash settlements (throughput) for the quarter (ZAR billions)	27.5	27.0	26.2	2%

Lending

Our lending solutions are offered to merchants through Capital Connect and Adumo Capital. Merchant lending is an important component in enabling the merchants we serve to compete and grow. Merchants can apply online and have access to funds within 24 hours. Adumo Capital is a joint venture with Retail Capital, a division of Tyme Bank, with a 50:50 profit share.

	Q3 2025	Q3 2024	Q3 2023	2025 vs 2024
Total credit disbursed (ZAR millions)(1)	332	219	194	52%
Total net loan book size at period end (ZAR millions) (1)	494	299	302	65%

(1) Amounts reflected above includes 100% of Adumo Capital's credit disbursed and net loan book.

- Q3 2025 is inclusive of credit disbursed under the Adumo brand with the Adumo transaction closing on October 1, 2024, the impact of which is not included in the prior period comparatives.
- We experienced significant growth in credit disbursed during the third quarter of fiscal 2025, driven by Capital Connect disbursing ZAR 283 million in Q3 2025, compared with ZAR 139 million last quarter (Q2 2025) and ZAR 219 million a year ago (Q3 2024).

Alternative Digital Payments

ADP includes our pre-paid solutions and supplier enabled payments (previously referred to as our value-added services).

Pre-paid solutions comprise airtime, electricity and gaming vouchers. Supplier enabled payments predominantly includes supplier payments, with the balance attributable to international money transfers, bill payments, satellite (digital) television offerings.

	Q3 2025	Q3 2024	Q3 2023	2025 vs 2024
Number of devices in deployment	92,957	80,291	71,806	16%
Total throughput for the quarter (ZAR billions)	10.6	8.3	7.5	28%
Pre-paid solutions throughput for the quarter (ZAR billions)	4.7	4.5	3.8	3%
Supplier enabled payments throughput for the quarter (ZAR billions)	5.9	3.8	3.7	57%

- We had 92,957 devices deployed as of March 31, 2025, representing a 16% year-on-year growth compared to 80,291 devices as of March 31, 2024. Core to our device placement strategy is the decision to focus on quality business and optimizing our existing fleet, which is reflected in healthy throughput growth.
- Total throughput increased 28% to ZAR 10.6 billion year-on-year, driven by a 57% increase in supplier enabled payments.

Consumer Division

The Consumer Division ("Consumer") offers a transactional account, loans and insurance. Consumer includes our EasyPay Payouts platform (previously known as Adumo Payouts) where we service consumers who are corporate employees and receive work-related benefit payments from their employers through us.

We continue to deliver against our strategic focus areas underpinning our growth strategy in Consumer.

	Q3 2025	Q3 2024	Q3 2023	2025 vs 2024
Transactional accounts (banking) - EasyPay Everywhere ("EPE")				
Total active EPE transactional account base at quarter end (millions)	1.7	1.5	1.3	16%
Total active EPE transactional account base at quarter end - Permanent grant recipients (millions)(1)	1.5	1.3	1.0	19%
Approximate Gross EPE account activations for the quarter - Permanent grant recipients (number)	124,000	97,000	39,000	28%
Approximate Net EPE account activations for the quarter - Permanent grant recipients (number)(1)	89,000	58,000	1,000	53%
Lending - EasyPay Loans				
Approximate number of loans originated during the quarter (number)	320,000	266,000	207,000	20%
Gross advances in the quarter (ZAR millions)	641	416	320	54%
Loan book size, before allowances, at quarter end (ZAR millions)(2)	808	509	398	59%
Insurance - EasyPay Insurance				
Approximate number of insurance policies written in the quarter (number)	55,000	46,000	36,000	20%
Total active insurance policies on book at quarter end (number)	527,671	414,243	309,165	27%
Average revenue per customer per month, as of March 31, (permanent grant beneficiaries) (ZAR)	106	90	78	18%
EasyPay Payouts				
Approximate number of active cardholders	230,000	-	-	nm
Approximate load value for the quarter (ZAR millions)	155	-	-	nm

(1) Source: SASSA statistical reports portal (2025) | Permanent grant customers per SASSA's monthly Social Assistance report (March 31, 2025).

(2) Gross loan book, before provisions.

- *Driving customer acquisition, supported by increased focus on customer service*

    - We achieved approximately 124,000 gross account activations in the quarter, compared to approximately 97,000 a year ago (Q3 2024) and 99,000 last quarter (Q2 2025). This result reflects continued growth at the new levels achieved for the permanent base since fiscal 2024, and the impact of operational issues experienced at the Post Bank specific to this quarter.
    - After accounting for churn, net active account growth (*permanent grant customers per SASSA's monthly Social Assistance report for March 31, 2025, on the SASSA statistical reports portal)* for the quarter was approximately 89,000 accounts, compared to approximately 58,000 in the third quarter of fiscal 2024, and 65 000 a quarter ago (Q2 2025).
    - Our total active EPE transactional account base stood at approximately 1.7 million at the end of March 2025, of which approximately 1.5 million (or approximately 90%) are permanent grant recipients (*permanent grant customers per SASSA's monthly Social Assistance report for March 31, 2025, on the SASSA statistical reports portal).* The balance comprises Social Relief of Distress ("SRD") grant recipients, which was introduced during the COVID pandemic and extended by another year in February 2025, to continue until March 2026, in its current form.
    - Our priority is to grow our permanent grant recipient customers base, where we can build deeper relationships by offering products such as insurance and lending. We do not offer the same breadth of service to the SRD grant base due to the temporary nature of the grant.

- *Progress on cross selling*

EasyPay Loans

- We originated approximately 320,000 loans during the quarter, with our consumer loan book, before allowances ("gross book"), increasing 59% to ZAR 808 million as of March 31, 2025, compared to ZAR 509 million as of March 31, 2024.
- We have not amended our credit scoring or other lending criteria, and the growth is reflective of the demand for our tailored loan product for this market, growth in EPE bank account customer base and improved cross-selling capabilities.
- The loan conversion rate continues to improve following the implementation of a number of targeted Consumer lending campaigns and encouraging results from our digital channels.
- The portfolio loss ratio, calculated as the loans written off over the last 12 months as a percentage of the total gross loan book at the end of the quarter, has remained stable at approximately 6% on an annualized basis, compared to quarter three fiscal 2024.

EasyPay Insurance

- Our insurance product sales continue to grow and is a material contributor to the improvement in our overall ARPU. We have been able to improve customer penetration to approximately 35% of our active permanent grant account base as of March 31, 2025, compared to 32% as of March 31, 2024. Approximately 55,000 new policies were written in the quarter, compared to approximately 46,000 in the comparable period in fiscal 2024. The total number of active policies has grown 27% to approximately 528,000 policies as of March 31, 2025, compared to 414,000 policies as of March 31, 2024.

ARPU

- ARPU for our permanent client base has increased to approximately ZAR 106 per month for the third quarter of fiscal 2025, from approximately ZAR 90 in the third quarter of fiscal 2024.

EasyPay Payouts

- On 1 October, 2024, the EasyPay Payouts business officially became part of the Consumer Division.
- The number of active card holders was approximately 230,000 at the end of the third quarter of fiscal 2025, with a load value of approximately ZAR 155 million for quarter ended March 31, 2025.

Enterprise Division

Our Enterprise Division ("Enterprise") focuses on large corporates, mobile network operators, banks, governments, municipalities, and, through Recharger, landlords utilizing Recharger's prepaid electricity metering solution. Our offering includes our bill and utility payments platform, a new payment switch, Prism Switch, as well as Hardware Security Modules, a third-party vending and security business. Enterprise serves third party corporates, and the technology needs of our Consumer and Merchant Divisions.

	Q3 2025	Q3 2024	2025 vs 2024
Bill Payments			
Total Throughput for the quarter (ZAR billions)	8	7	12%
Utility Payments			
Approximate number of registered prepaid electricity meters deployed (number)	502,790	-	nm
Total Throughput for the quarter (ZAR billions)	1.8	1.7	9%
Switching			
Approximate number of transactions (million)(1)	2.2	-	nm

(1) Our new payment switch, Prism Switch has been in production since June 2024 thus prior period comparatives are not applicable.

- The Recharger transaction closed on March 3, 2025. Utility payments throughput for Q3 2025 is inclusive of R116 million attributable to Recharger utility payments for the month of March 2025, the impact of which is not included in the prior period comparatives.

Acquisition of Recharger

On November 20, 2024, we announced the acquisition of Recharger. With closing conditions satisfied, the deal closed on March 3, 2025, demonstrating positive advancement of our strategy in the Enterprise Division. Recharger, allocated to the Enterprise operating segment, is a South African prepaid electricity submetering and payments business with a base of over 500,000 registered prepaid electricity meters. We expect the acquisition to act as an entry point for us into the South African private utilities space while augmenting the Enterprise division's alternative payment offering.

Debt refinance and new banking partner

At the end of February 2025, we completed the ZAR 4.5 billion refinance of our Group's debt facilities, including Investec Bank as a new banking partner alongside our incumbent bank, RMB. The benefits of the debt refinance include: consolidating most of the Group's legacy senior debt facilities at the centre, reducing the Group's overall weighted average borrowing rate by approximately 1.3% per year, reshaping the repayment profile of our senior debt, diversifying our funding sources and increasing debt facility headroom, thereby creating flexibility and capacity for organic and inorganic growth.

Lesaka Employee Share Trust

We successfully launched Lesaka's Employee Share Ownership Plan ("ESOP") in March 2025 reflecting our commitment to our people. Our ESOP is designed to create alignment with our long-term growth objectives. The Lesaka ESOP Trust will hold an effective 3% of our issued shares at the date of implementation, representing approximately ZAR 220 million at the current market price. This allocation of shares ensures that employees have a meaningful stake in our future financial success and gives them the opportunity to share in the value created by us.

The Lesaka ESOP Trust advances our transformation initiatives and plays an important role in improving the company's Broad-Based Black Economic Empowerment ("BBBEE") rating. Our employee base is comprised of 87% designated groups for BBBEE purposes. Through the creation of a broader base of employee ownership, we are helping to promote economic inclusion and contribute to transformation in the broader South African economy.

Association of South African Payment Providers ("ASAPP")

ASAPP, publicly launched (www.asapp.co.za) in January 2025, is now fully established as the main representatives of non-bank participants in the payments space. The eight original members (Altron Fintech, Hello Group Inc., iKhokha (Pty) Ltd, Lesaka Technologies (Pty) Ltd, Network International Holdings Plc, Peach Payment Services (Pty) Ltd, Shop2Shop (Pty) Ltd, Yoco Technologies (Pty) Ltd) have been joined by Flash Group, PayU GPO, Cross Switch Technology Ltd, and Paycorp Group. Key workstreams include:

- Greater inclusion of Non-Bank participation in the payment's ecosystem including services such as settlement of funds as part of the Bank's Act.
- Calling to action a review of interchange pricing in South Africa, directly with the South African Reserve Bank ("SARB").
- Working alongside the SARB and other regulatory stakeholders on the strategic direction of the Faster Payment System, National Treasury Financial Inclusion Forum and the Payments Industry Body Formation.

Critical Accounting Policies

Our unaudited condensed consolidated financial statements have been prepared in accordance with U.S. GAAP, which requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities. As future events and their effects cannot be determined with absolute certainty, the determination of estimates requires management's judgment based on a variety of assumptions and other determinants such as historical experience, current and expected market conditions and certain scientific evaluation techniques. Critical accounting policies are those that reflect significant judgments or uncertainties and may potentially result in materially different results under different assumptions and conditions. We have identified the following critical accounting policies that are described in more detail in our Annual Report on Form 10-K for the year ended June 30, 2024:

- Business Combinations and the Recoverability of Goodwill;
- Intangible Assets Acquired Through Acquisitions;
- Revenue recognition – principal versus agent considerations;
- Valuation of investment in Cell C;
- Recoverability of equity securities and equity-accounted investments;
- Deferred Taxation;
- Stock-based Compensation;
- Accounts Receivable and Allowance for Doubtful Accounts Receivable; and
- Lending.

Recent accounting pronouncements adopted

Refer to Note 1 to our unaudited condensed consolidated financial statements for a full description of accounting pronouncements adopted, including the dates of adoption and the effects on our unaudited condensed consolidated financial statements.

Recent accounting pronouncements not yet adopted as of March 31, 2025

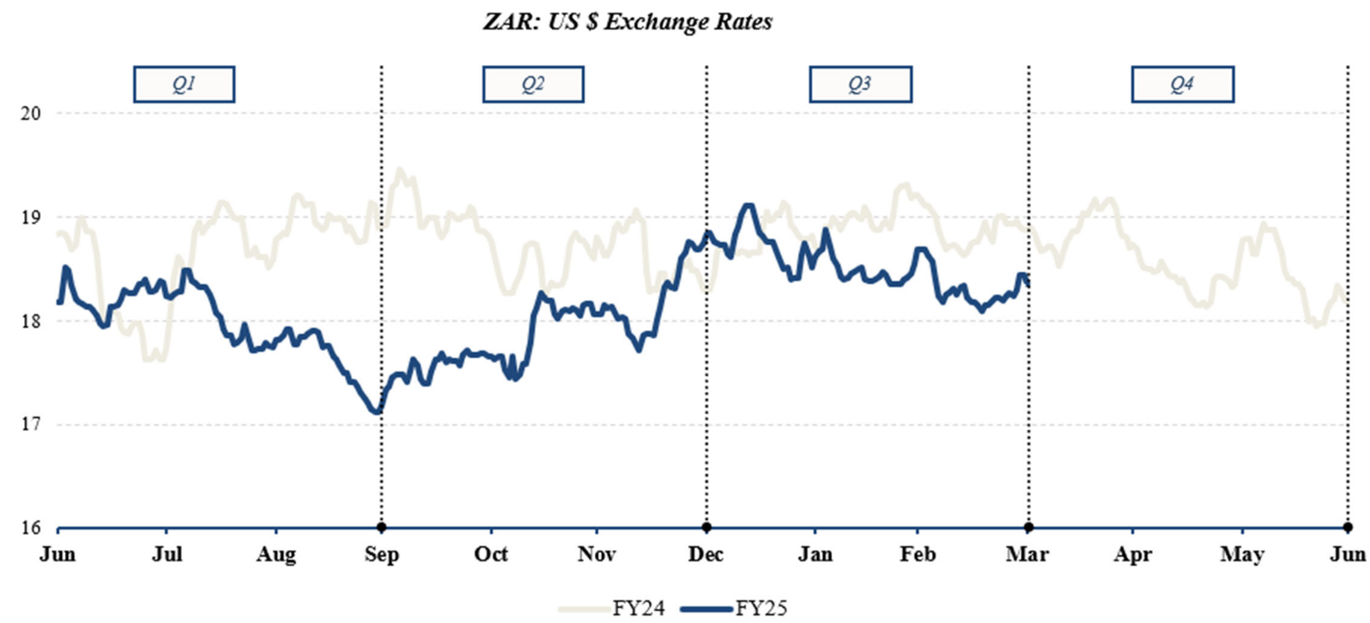
Refer to Note 1 to our unaudited condensed consolidated financial statements for a full description of recent accounting pronouncements not yet adopted as of March 31, 2025, including the expected dates of adoption and effects on our financial condition, results of operations and cash flows.

Currency Exchange Rate Information

Actual exchange rates

The actual exchange rates for and at the end of the periods presented were as follows:

Table 1	Three months ended March 31,		Nine months ended March 31,		Year ended June 30,
	2025	2024	2025	2024	2024
ZAR : $ average exchange rate	18.5066	18.7313	18.1212	18.7536	18.7070
Highest ZAR : $ rate during period	19.1171	19.4568	19.1171	19.4568	19.4568
Lowest ZAR : $ rate during period	18.0985	18.2076	17.1144	17.6278	17.6278
Rate at end of period	18.3508	18.8760	18.3508	18.8760	18.1808



Translation exchange rates for financial reporting purposes

We are required to translate our results of operations from ZAR to U.S. dollars on a monthly basis. Thus, the average rates used to translate this data for the three and nine months ended March 31, 2025 and 2024, vary slightly from the averages shown in the table above. Except as described below, the translation rates we use in presenting our results of operations are the rates shown in the following table:

Table 2	Three months ended March 31,		Nine months ended March 31,		Year ended June 30,
	2025	2024	2025	2024	2024
Income and expense items: $1 = ZAR	18.4021	18.8780	18.0393	18.7571	18.6844
Balance sheet items: $1 = ZAR	18.3508	18.8760	18.3508	18.8760	18.1808

We have translated the results of operations and operating segment information for the three and nine months ended March 31, 2025 and 2024, provided in the tables below using the actual average exchange rates per month (i.e. for each of January 2025, February 2025, and March 2025 for the third quarter of fiscal 2025) between the USD and ZAR in order to reduce the reconciliation of information presented to our chief operating decision maker. The impact of using this method compared with the average rate for the quarter and year to date is not significant, however, it does result in minor differences. We believe that presentation using the average exchange rates per month compared with the average exchange rate per quarter and year to date improves the accuracy of the information presented in our external financial reporting and leads to fewer differences between our external reporting measures which are supplementally presented in ZAR, and our internal management information, which is also presented in ZAR.

Results of Operations

The discussion of our consolidated overall results of operations is based on amounts as reflected in our unaudited condensed consolidated financial statements which are prepared in accordance with U.S. GAAP. We analyze our results of operations both in U.S. dollars, as presented in the unaudited condensed consolidated financial statements, and supplementally in ZAR, because ZAR is the functional currency of the entities which contribute the majority of our results and is the currency in which the majority of our transactions are initially incurred and measured. Presentation of our reported results in ZAR is a non-GAAP measure. Due to the significant impact of currency fluctuations between the U.S. dollar and ZAR on our reported results and because we use the U.S. dollar as our reporting currency, we believe that the supplemental presentation of our results of operations in ZAR is useful to investors to understand the changes in the underlying trends of our business.

Our operating segment revenue presented in "—Results of operations by operating segment" represents total revenue per operating segment before intercompany eliminations. A reconciliation between total operating segment revenue and revenue, as well as the reconciliation between our segment performance measure and net loss before tax (benefits) expense, is presented in our unaudited condensed consolidated financial statements in Note 18 to those statements. Our chief operating decision maker is our Executive Chairman and he evaluates segment performance based on segment earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted for items mentioned in the next sentence ("Segment Adjusted EBITDA") for each operating segment. We do not allocate once-off items (as defined below), stock-based compensation charges, depreciation and amortization, impairment of goodwill or other intangible assets, other items (including gains or losses on disposal of investments, fair value adjustments to equity securities, fair value adjustments to currency options), interest income, interest expense, income tax expense or loss from equity-accounted investments to our reportable segments. We have included an intercompany interest expense in our Consumer Segment Adjusted EBITDA for the three and nine months ended March 31, 2025. Once-off items represent non-recurring expense items, including costs related to acquisitions and transactions consummated or ultimately not pursued. The Stock-based compensation adjustments reflect stock-based compensation expense and are both excluded from the calculation of Segment Adjusted EBITDA and are therefore reported as reconciling items to reconcile the reportable segments' Segment Adjusted EBITDA to our loss before income tax expense. Effective from fiscal 2025, all lease charges are allocated to our operating segments, whereas in fiscal 2024 we presented certain lease charges on a separate line outside of our operating segments. Prior period information has been re-presented to include the lease charges which were previously reported on a separate line in our Consumer and Merchant (and now Merchant, Consumer and Enterprise) operating segments.

Group Adjusted EBITDA represents Segment Adjusted EBITDA after deducting group costs. Refer also "Results of Operations—Use of Non-GAAP Measures" below.

Our fiscal 2025 financial results include Adumo from October 1, 2024 and Recharger from March 3, 2025. Adumo and Recharger are not included in our financial results for fiscal 2024.

We analyze our business and operations in terms of three inter-related but independent operating segments: (1) Merchant (2) Consumer and (3) Enterprise. In addition, corporate activities that are impracticable to allocate directly to the operating segments, as well as any inter-segment eliminations, are included in Group costs. Inter-segment revenue eliminations are included in Eliminations.

Third quarter of fiscal 2025 compared to third quarter of fiscal 2024

The following factors had a significant impact on our results of operations during the third quarter of fiscal 2025 as compared with the same period in the prior year:

- ***Lower revenue in ZAR:*** Our revenues decreased 4% in ZAR, primarily due to fewer low margin prepaid airtime sales and a lower contribution from our legacy Enterprise businesses, which was partially offset by the inclusion of Adumo and Recharger, an increase in ADP throughput in Merchant, as well as higher transaction, insurance and lending revenues in Consumer;
- ***Operating income increase, before transaction costs:*** Operating income before transaction and related costs increased primarily due to a strong performance by Consumer and the contribution from Adumo and Recharger from March 3, 2025, which was partially offset by higher costs and the increase in amortization of acquisition-related intangible assets related to the acquisition of Adumo;
- ***Non-cash fair value adjustment related to equity securities:*** We recorded a non-cash fair value loss of $20.4 million during the third quarter of fiscal 2025 related to our investment in MobiKwik;
- ***Higher net interest charge:*** Net interest charge increased to $5.1 million (ZAR 95.0 million) from $4.0 million (ZAR 74.6 million) primarily due to higher overall borrowings, which was partially offset by a small increase in interest received as a result of the inclusion of Adumo; and
- ***Foreign exchange movements:*** The U.S. dollar was 3% weaker against the ZAR during the third quarter of fiscal 2025 compared to the prior period, which positively impacted our U.S. dollar reported results.

Consolidated overall results of operations

This discussion is based on the amounts prepared in accordance with U.S. GAAP.

The following tables show the changes in the items comprising our statements of operations, both in U.S. dollars and in ZAR:

Table 3

	In United States Dollars		
	Three months ended March 31,		
	2025	2024	%
	$ ’000	$ ’000	change
Revenue	135,670	138,194	(2%)
Cost of goods sold, IT processing, servicing and support	91,233	107,854	(15%)
Selling, general and administration	34,217	23,124	48%
Depreciation and amortization	8,429	5,791	46%
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs	1,222	631	94%
Operating income	569	794	(28%)
Change in fair value of equity securities	(20,421)	-	nm
Interest income	645	628	3%
Interest expense	5,777	4,581	26%
Loss before income tax (benefit) expense	(24,984)	(3,159)	691%
Income tax (benefit) expense	(2,934)	931	nm
Net loss before earnings from equity-accounted investments	(22,050)	(4,090)	439%
Earnings from equity-accounted investments	12	43	(72%)
Net loss	(22,038)	(4,047)	445%
Less net income attributable to non-controlling interest	20	-	nm
Net loss attributable to us	(22,058)	(4,047)	445%

Table 4

	In South African Rand		
	Three months ended March 31,		
	2025	2024	%
	ZAR ’000	ZAR ’000	change
Revenue	2,510,061	2,609,913	(4%)
Cost of goods sold, IT processing, servicing and support	1,688,015	2,036,881	(17%)
Selling, general and administration	632,841	436,746	45%
Depreciation and amortization	155,919	109,379	43%
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs	22,361	11,915	88%
Operating income	10,925	14,992	(27%)
Change in fair value of equity securities	(373,784)	-	nm
Interest income	11,944	11,861	1%
Interest expense	106,923	86,504	24%
Loss before income tax (benefit) expense	(457,838)	(59,651)	668%
Income tax (benefit) expense	(53,650)	17,575	nm
Net loss before earnings from equity-accounted investments	(404,188)	(77,226)	423%
Earnings from equity-accounted investments	220	811	(73%)
Net loss	(403,968)	(76,415)	429%
Less net income attributable to non-controlling interest	369	-	nm
Net loss attributable to us	(404,337)	(76,415)	429%

Revenue decreased by $2.5 million (ZAR 99.9 million) or 1.8% (in ZAR 3.8%). The decrease was primarily due to fewer low margin prepaid airtime sales, which was partially offset by the inclusion of Adumo, an increase in the volume of ADP provided (prepaid airtime), the impact of an increase in certain issuing fee base prices year-over-year, and transaction activity in our issuing business, and an increase in insurance premiums collected and lending revenues following higher loan originations. Refer to discussion above at “—Recent Developments” for a description of key trends impacting our revenue this quarter.

Cost of goods sold, IT processing, servicing and support decreased by $16.6 million (ZAR 348.9 million) or 15.4% (in ZAR 17.1%), primarily due to the decrease in low margin prepaid airtime sales, which was partially offset by the inclusion of Adumo, higher commissions paid related to ADP revenue generated, and higher insurance-related claims and third-party transaction fees.

Selling, general and administration expenses increased by $11.1 million (ZAR 196.1 million), or 48.0% (in ZAR 44.9%). The increase was primarily due to the inclusion of Adumo; higher employee-related expenses (including the impact of annual salary increases); reorganization and retrenchment costs, an increase in the allowance for credit losses as a result of higher lending activities by both Consumer and Merchant, higher stock-based compensation charges; and the year-over-year impact of inflationary increases on certain expenses, which was partially offset by lower bonus provision expense.

Depreciation and amortization expense increased by $2.6 million (ZAR 46.5 million), or 45.6% (42.5%). The increase was due to the inclusion of acquisition-related intangible asset amortization related to intangible assets identified pursuant to the Adumo and Recharger acquisitions and an increase in depreciation expense related to additional POS devices deployed.

Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs increased primarily due to the inclusion of post-combination compensation charges recognized related to the Recharger acquisition. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

Our operating income margin for the third quarter of fiscal 2025 and 2024 was 0.4% and 0.6%, respectively. We discuss the components of operating loss margin under "—Results of operations by operating segment."

The change in fair value of equity securities of $20.4 million during the third quarter of fiscal 2025 represents a non-cash fair value adjustment loss related to MobiKwik. We did not record any changes in the fair value of equity interests in MobiKwik during the third quarter of fiscal 2024, or any fair value adjustments for Cell C during the third quarter of fiscal 2025 or 2024, respectively. We continue to carry our investment in Cell C at $0 (zero). Refer to Note 5 to our unaudited condensed consolidation financial statements for the methodology and inputs used in the fair value calculation for MobiKwik and Cell C.

Interest on surplus cash was flat at $0.6 million (ZAR 11.9 million) from $0.6 million (ZAR 11.9 million).

Interest expense increased to $5.8 million (ZAR 106.9 million) from $4.6 million (ZAR 86.5 million). In ZAR, the increase was primarily by higher overall borrowings during the third quarter of fiscal 2025 compared with the comparable period in the prior quarter.

Fiscal 2025 income tax benefit was $(2.9) million (ZAR (53.7) million) compared to an income tax expense of $0.9 million (ZAR 17.6 million) in fiscal 2024. Our effective tax rate for fiscal 2025 was impacted by deferred tax impact related to the fair value adjustment to our equity securities, the tax expense recorded by our profitable South African operations, a deferred tax benefit related to acquisition-related intangible asset amortization, non-deductible expenses (in transaction-related expenses), the on-going losses incurred by certain of our South African businesses, a valuation allowance created related to the fair value adjustment to MobiKwik, and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

Our effective tax rate for fiscal 2024 was impacted by the tax expense recorded by our profitable South African operations, a deferred tax benefit related to acquisition-related intangible asset amortization, non-deductible expenses, the on-going losses incurred by certain of our South African businesses, and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

The table below presents the relative earnings (loss) from our equity-accounted investments:

Table 5	**Three months ended March 31,**		
	2025	**2024**	**$ %**
	$ '000	**$ '000**	**change**
Other	12	43	(72%)
Total income (loss) from equity-accounted investments	12	43	(72%)

Results of operations by operating segment

The composition of revenue and the contributions of our business activities to operating loss are illustrated below:

Table 6

	In United States Dollars				
	Three months ended March 31,				
Operating Segment	**2025 $ ’000**	**% of total**	**2024 $ ’000**	**% of total**	**% change**
Consolidated revenue:					
Merchant	103,001	76%	111,801	81%	(8%)
Consumer	24,096	18%	17,904	13%	35%
Enterprise	9,444	7%	11,322	8%	(17%)
Subtotal: Operating segments	136,541	101%	141,027	102%	(3%)
Eliminations	(871)	(1%)	(2,833)	(2%)	(69%)
Total consolidated revenue	**135,670**	**100%**	**138,194**	**100%**	**(2%)**
Group Adjusted EBITDA:					
Merchant(1)(2)	8,103	63%	7,420	76%	9%
Consumer(1)(2)	6,333	49%	3,757	39%	69%
Enterprise(2)	133	1%	725	7%	(82%)
Group costs	(1,772)	(13%)	(2,199)	(22%)	(19%)
Group Adjusted EBITDA (non-GAAP)(3)	**12,797**	**100%**	**9,703**	**100%**	**32%**

(1) Segment Adjusted EBITDA for the three months ended March 31, 2025, includes reorganization and retrenchment costs of $0.7 million for Merchant and Enterprise of $0.3 million. Segment Adjusted EBITDA Consumer includes retrenchment costs of $0.01 million for the third quarter of fiscal 2024.

(2) Lease expenses which were previously presented on a separate line in fiscal 2024 are now included in Merchant, Enterprise and Consumer Segment Adjusted EBITDA. The prior period has been re-presented to conform with current period presentation. See also “—Results of Operations— Presentation of Merchant, Consumer and Enterprise by segment for fiscal 2025 to date and fiscal 2024”.

(3) Group Adjusted EBITDA is a non-GAAP measure, refer to reconciliation below at “—Results of Operations—Use of Non-GAAP Measures”.

Table 7

	In South African Rand				
	Three months ended March 31,				
Operating Segment	**2025 ZAR ’000**	**% of total**	**2024 ZAR ’000**	**% of total**	**% change**
Consolidated revenue:					
Merchant	1,905,817	76%	2,111,386	81%	(10%)
Consumer	445,845	18%	338,170	13%	32%
Enterprise	174,565	7%	213,856	8%	(18%)
Subtotal: Operating segments	2,526,227	101%	2,663,412	102%	(5%)
Eliminations	(16,166)	(1%)	(53,499)	(2%)	(70%)
Total consolidated revenue	**2,510,061**	**100%**	**2,609,913**	**100%**	**(4%)**
Group Adjusted EBITDA:					
Merchant(1)(2)	149,858	63%	140,091	76%	7%
Consumer(1)(2)	117,144	49%	70,988	39%	65%
Enterprise(2)	2,384	1%	13,716	7%	(83%)
Group costs	(32,623)	(13%)	(41,529)	(22%)	(21%)
Group Adjusted EBITDA (non-GAAP)(3)	**236,763**	**100%**	**183,266**	**100%**	**29%**

(1) Segment Adjusted EBITDA Merchant and Segment Adjusted EBITDA Merchant include reorganization and retrenchment costs of ZAR 12.9 million and Enterprise of ZAR 5.4 million, respectively, for the third quarter of fiscal 2025. Segment Adjusted EBITDA for Consumer includes retrenchment costs of ZAR 0.1 million for the third quarter of fiscal 2024.

(2) Lease expenses which were previously presented on a separate line in fiscal 2024 are now included in Merchant, Enterprise and Consumer Segment Adjusted EBITDA. The prior period has been re-presented to conform with current period presentation.

(3) Group Adjusted EBITDA is a non-GAAP measure, refer to reconciliation below at “—Results of Operations—Use of Non-GAAP Measures”.

Merchant

Segment revenue primarily decreased due to fewer low margin prepaid airtime sales ("Pinned airtime"), which was partially offset by the inclusion of Adumo, a higher volume of ADP. In ZAR, the increase in Segment Adjusted EBITDA is primarily due to the inclusion of Adumo, which was partially offset by higher operating expenses incurred, including employment-related expenditures, to expand our offering, an increase in the allowance for credit losses following higher loan originations and reorganization and retrenchment costs incurred during the third quarter of fiscal 2025. We recorded a significant proportion of our airtime sales in revenue (see further below) and cost of sales, while only earning a relatively small margin. This significantly depresses the Segment Adjusted EBITDA margins shown by the business. From the first quarter of fiscal 2025, we have experienced a shift in the mix between the sale of Pinned Airtime and distribution of pinless prepaid airtime ("Pinless Airtime"), and this trend has continued through to the third quarter of fiscal 2025, with the volume of Pinned Airtime sales decreasing, which results in a lower revenue and related cost of sales, and an overall improved margin.

Our Segment Adjusted EBITDA margin for the third quarter of fiscal 2025 and 2024 was 7.9% and 6.6%, respectively.

Consumer

Segment revenue increased primarily due to higher transaction fees generated from the higher EPE account holders base, the impact of an increase in certain issuing fee base prices year-over-year, and transaction activity in our issuing business, insurance premiums collected, lending revenues following an increase in loan originations and the inclusion of Adumo. This increase in revenue has translated into improved profitability, which was partially offset by a higher allowance for credit losses following an increase in loan originations during the quarter, higher insurance-related claims, interest expense (of approximately ZAR 16.5 million) incurred to fund our lending book and the year-over-year impact of inflationary increases on certain expenses. As noted during the first quarter of fiscal 2025, we intend to obtain a separate lending facility to fund a portion of our lending during fiscal 2025. Therefore, we have included an intercompany interest expense in our Consumer Segment Adjusted EBITDA for the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024.

Our Segment Adjusted EBITDA margin for the third quarter of fiscal 2025 and 2024 was 26.3% and 21.0%, respectively.

Enterprise

Segment revenue decreased primarily due to fewer ad hoc hardware sales as well as lower revenue generated from the sale of prepaid airtime vouchers, which was partially offset by the inclusion of Recharger. In ZAR, the significant decrease in Segment Adjusted EBITDA is primarily due to the impact of fewer sales, which was partially offset by the inclusion of Recharger.

Our Segment Adjusted (loss) EBITDA margin for the third quarter of fiscal 2025 and 2024 was 1.41% and 6.4%, respectively.

Group costs

Our group costs primarily include employee related costs in relation to employees specifically hired for group roles and costs related directly to managing the US-listed entity; expenditures related to compliance with the Sarbanes-Oxley Act of 2002; non-employee directors' fees; legal fees; group and US-listed related audit fees; and directors' and officers' insurance premiums.

Our group costs for fiscal 2025 decreased compared with the prior period due to lower bonus provision expense, which was partially offset by higher employee costs resulting from an increase in the number of individuals allocated to group costs and base salary adjustments, audit and consulting fees.

Year to date fiscal 2025 compared to year to date fiscal 2024

The following factors had a significant impact on our results of operations during the year to date fiscal 2025 as compared with the same period in the prior year:

- ***Revenue flat in $, lower revenue in ZAR:*** Our revenues were flat in U.S. dollar and decreased 1.1% in ZAR, primarily due to the inclusion of Adumo and Recharger, an increase in value-added services activity in Merchant, as well as higher transaction, insurance and lending revenues in Consumer, which was partially offset by fewer Pinned Airtime sales and a lower contribution from Enterprise;
- ***Operating income increase, before transaction costs:*** Operating income, before transaction and related costs, increased significantly primarily due to contribution from Adumo from October 1, 2024 and Recharger from March 3, 2025, which was partially offset by increased costs and the increase in amortization of acquisition-related intangible assets related to the acquisition of Adumo and Recharger;
- ***Non-cash fair value adjustment related to equity securities:*** We recorded a non-cash fair value loss of $54.2 million during the year to date fiscal 2025 related to our investment in MobiKwik;
- ***Higher net interest charge:*** Net interest charge increased to $15.0 million (ZAR 272.5 million) from $12.8 million (ZAR 239.0 million) primarily due to higher overall borrowings, which was partially offset by an increase in interest received as a result of the inclusion of Adumo; and
- ***Foreign exchange movements:*** The U.S. dollar was 4% weaker against the ZAR during the year to date fiscal 2025 compared to the prior period, which adversely impacted our U.S. dollar reported results.

Consolidated overall results of operations

This discussion is based on the amounts prepared in accordance with U.S. GAAP.

The following tables show the changes in the items comprising our statements of operations, both in U.S. dollars and in ZAR:

Table 8

	In United States Dollars		
	Nine months ended March 31,		
	2025 $ ’000	**2024 $ ’000**	**% change**
Revenue	428,034	418,176	2%
Cost of goods sold, IT processing, servicing and support	303,418	329,610	(8%)
Selling, general and administration	97,213	67,146	45%
Depreciation and amortization	22,928	17,460	31%
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs	3,174	665	377%
Operating income	1,301	3,295	(61%)
Change in fair value of equity securities	(54,152)	-	nm
Loss on disposal of equity-accounted investments	161	-	nm
Reversal of allowance for EMI doubtful debt receivable	-	250	nm
Interest income	1,952	1,562	25%
Interest expense	16,983	14,312	19%
Loss before income tax (benefit) expense	(68,043)	(9,205)	639%
Income tax (benefit) expense	(9,268)	1,881	nm
Net loss before income (loss) from equity-accounted investments	(58,775)	(11,086)	430%
Income (Loss) from equity-accounted investments	89	(1,319)	nm
Net loss	(58,686)	(12,405)	373%
Less net income attributable to non-controlling interest	48	-	nm
Net loss attributable to us	(58,734)	(12,405)	373%

Table 9

	In South African Rand		
	Nine months ended March 31,		
	2025 ZAR ’000	**2024 ZAR ’000**	**% change**
Revenue	7,754,951	7,842,078	(1%)
Cost of goods sold, IT processing, servicing and support	5,495,767	6,181,076	(11%)
Selling, general and administration	1,761,823	1,259,415	40%
Depreciation and amortization	415,665	327,408	27%
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs	56,809	12,550	353%
Operating income	24,887	61,629	(60%)
Change in fair value of equity securities	(988,494)	-	nm
Loss on disposal of equity-accounted investments	2,886	-	nm
Reversal of allowance for EMI doubtful debt receivable	-	4,741	nm
Interest income	35,347	29,309	21%
Interest expense	307,831	268,262	15%
Loss before income tax (benefit) expense	(1,238,977)	(172,583)	618%
Income tax (benefit) expense	(169,202)	35,245	nm
Net loss before income (loss) from equity-accounted investments	(1,069,775)	(207,828)	415%
Income (Loss) from equity-accounted investments	1,586	(25,041)	nm
Net loss	(1,068,189)	(232,869)	359%
Less net income attributable to non-controlling interest	865	-	nm
Net loss attributable to us	(1,069,054)	(232,869)	359%

Revenue increased by $9.9 million (ZAR 87.1 million), or 2.4% (in ZAR, 1.1%), primarily due to the inclusion of Adumo, an increase in the volume of value-added services provided (Pinless Airtime and gaming), an increase in certain issuing fee base prices and transaction activity in our issuing business, and an increase in insurance premiums collected and lending revenues following higher loan originations, which was partially offset by fewer Pinned Airtime sales.

Cost of goods sold, IT processing, servicing and support decreased by $26.2 million (or 7.9%) and, in ZAR, decreased by ZAR 685.3 million (or 11.1%), primarily due to the decrease in Pinned Airtime sales, which was partially offset by the inclusion of Adumo, higher commissions paid related to ADP revenue generated, and higher insurance-related claims and third-party transaction fees.

Selling, general and administration expenses increased by $30.1 million (ZAR 502.4 million), or 44.8% (in ZAR 39.9%). The increase was primarily due to the inclusion of Adumo; higher employee-related expenses (including annual bonuses and annual salary increases); higher stock-based compensation charges, consulting fees, audit fees, and travel expenses; and the year-over-year impact of inflationary increases on certain expenses.

Depreciation and amortization expense increased by $5.5 million (ZAR 88.3 million), or 31.3% (27.0%). The increase was due to the inclusion of acquisition-related intangible asset amortization related to intangible assets identified pursuant to the Adumo and Recharger acquisitions and an increase in depreciation expense related to additional POS devices deployed.

Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs includes fees paid to external service providers associated with legal and advisory services procured to close the Adumo transaction on October 1, 2024, and the Recharger transaction in March 2025, and increased primarily due to the inclusion of post-combination compensation charges recognized related to the Recharger acquisition. Refer to Note 2 to our unaudited condensed consolidation financial statements for additional information.

Our operating income margin for the year to date fiscal 2025 and 2025 was 0.3% and 0.8%, respectively. We discuss the components of operating loss margin under "—Results of operations by operating segment."

The change in fair value of equity securities of $54.2 million during the year to date fiscal 2025 represents a non-cash fair value adjustment loss related to MobiKwik. We did not record any changes in the fair value of equity interests in MobiKwik during the year to date fiscal 2024, or any fair value adjustments for Cell C during the year to date fiscal 2025 or 2024, respectively. We continue to carry our investment in Cell C at $0 (zero).

We recorded a loss of $0.2 million related to the change in our investment in an equity security recorded under the equity method to consolidation during fiscal 2025. Refer to Note 2 to our consolidated financial statements for additional information regarding this loss.

Interest on surplus cash increased to $2.0 million (ZAR 35.3 million) from $1.6 million (ZAR 29.3 million), primarily due to the inclusion of Adumo and higher overall average cash balances on deposit during the year to date fiscal 2025 compared with 2024.

Interest expense increased to $17.0 million (ZAR 307.8 million) from $14.3 million (ZAR 268.3 million). In ZAR, the increase was primarily as a result of higher overall borrowings during the year to date fiscal 2025 compared with the comparable period in the prior quarter.

Fiscal 2025 income tax benefit was $(9.3) million (ZAR (169.2) million) compared an income tax expense of $1.9 million (ZAR 35.2 million) in fiscal 2024. Our effective tax rate for fiscal 2025 was impacted by deferred tax impact related to the fair value adjustment to our equity securities, the tax expense recorded by our profitable South African operations, a deferred tax benefit related to acquisition-related intangible asset amortization, non-deductible expenses (in transaction-related expenses), a valuation allowance created related to the fair value adjustment to MobiKwik, the on-going losses incurred by certain of our South African businesses and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

Our effective tax rate for fiscal 2024 was impacted by the tax expense recorded by our profitable South African operations, a deferred tax benefit related to acquisition-related intangible asset amortization, non-deductible expenses, the on-going losses incurred by certain of our South African businesses and the associated valuation allowances created related to the deferred tax assets recognized regarding net operating losses incurred by these entities.

Finbond is listed on the Johannesburg Stock Exchange and reports its six-month results during our first half and its annual results during our fourth quarter. We sold our entire remaining interest in Finbond during the year to date fiscal 2024. The table below presents the relative (loss) earnings from our equity-accounted investments:

Table 10	Nine months ended March 31,		
	2025 $ '000	2024 $ '000	$ % change
Finbond	-	(1,445)	nm
Share of net loss	-	(278)	nm
Impairment	-	(1,167)	nm
Other	89	126	(29%)
	89	(1,319)	nm

Results of operations by operating segment

The composition of revenue and the contributions of our business activities to operating loss are illustrated below:

Table 11	*In United States Dollars*				
	Nine months ended March 31,				
Operating Segment	**2025 $ '000**	**% of total**	**2024 $ '000**	**% of total**	**% change**
Consolidated revenue:					
Merchant	334,442	79%	341,044	82%	(2%)
Consumer	68,097	16%	50,191	12%	36%
Enterprise	30,259	7%	32,710	8%	(7%)
Subtotal: Operating segments	432,798	102%	423,945	102%	2%
Eliminations	(4,764)	(2%)	(5,769)	(2%)	(17%)
Total consolidated revenue	**428,034**	**100%**	**418,176**	**100%**	**2%**
Group Adjusted EBITDA:					
Merchant(1)(2)	25,976	76%	21,827	82%	19%
Consumer(1)(2)	15,071	44%	8,452	32%	78%
Enterprise(1)(2)	464	1%	2,431	9%	(81%)
Group costs	(7,541)	(21%)	(6,032)	(23%)	25%
Group Adjusted EBITDA (non-GAAP)(3)	**33,970**	**100%**	**26,678**	**100%**	**27%**

(1) Segment Adjusted EBITDA for the nine months ended March 31, 2025, includes reorganization and retrenchment costs for Merchant of $0.7 million, Enterprise of $0.3 million, and Consumer of $0.1 million. Segment Adjusted EBITDA for Merchant includes retrenchment costs of $0.2 million and Consumer includes retrenchment costs of $0.2 million for year to date fiscal 2024.

(2) Lease expenses which were previously presented on a separate line in fiscal 2024 are now included in Merchant, Consumer and Enterprise Segment Adjusted EBITDA. The prior period has been re-presented to conform with current period presentation.

(3) Group Adjusted EBITDA is a non-GAAP measure, refer to reconciliation below at "—Results of Operations—Use of Non-GAAP Measures".

Table 12	*In South African Rand*				
	Nine months ended March 31,				
Operating Segment	**2025 ZAR '000**	**% of total**	**2024 ZAR '000**	**% of total**	**% change**
Consolidated revenue:					
Merchant	6,058,673	79%	6,395,041	82%	(5%)
Consumer	1,234,595	16%	941,566	12%	31%
Enterprise	548,390	7%	613,770	8%	(11%)
Subtotal: Operating segments	7,841,658	102%	7,950,377	102%	(1%)
Eliminations	(86,707)	(2%)	(108,299)	(2%)	(20%)
Total consolidated revenue	**7,754,951**	**100%**	**7,842,078**	**100%**	**(1%)**
Group Adjusted EBITDA:					
Merchant(1)(2)	470,476	76%	409,236	82%	15%
Consumer(1)(2)	273,313	44%	158,833	32%	72%
Enterprise(1)(2)	8,415	1%	45,689	9%	(82%)
Group costs	(135,542)	(21%)	(113,172)	(23%)	20%
Group Adjusted EBITDA (non-GAAP)(3)	**616,662**	**100%**	**500,586**	**100%**	**23%**

(1) Segment Adjusted EBITDA for the nine months ended March 31, 2025, includes reorganization and retrenchment costs for Merchant of ZAR 12.9 million, Enterprise of ZAR 5.6 million, and Consumer of ZAR 1.5 million. Segment Adjusted EBITDA for Merchant includes retrenchment costs of ZAR 4.7 million and Consumer includes retrenchment costs of ZAR 2.9 million for year to date fiscal 2024.

(2) Lease expenses which were previously presented on a separate line in fiscal 2024 are now included in Merchant and Consumer Segment Adjusted EBITDA. The prior period has been re-presented to conform with current period presentation.

(3) Group Adjusted EBITDA is a non-GAAP measure, refer to reconciliation below at "—Results of Operations—Use of Non-GAAP Measures".

Merchant

Segment revenue primarily increased due to the inclusion of Adumo, a higher volume of ADP provided (Pinless Airtime and gaming), which was partially offset by fewer Pinned Airtime sales. In ZAR, the increase in Segment Adjusted EBITDA is primarily due to the inclusion of Adumo, which was partially offset by higher operating expenses incurred, including employment-related expenditures, to expand our offering, an increase in the allowance for credit losses following higher loan originations and reorganization and retrenchment costs incurred during the third quarter of fiscal 2025. From the first quarter of fiscal 2025, we have experienced a shift in the mix between the sale of Pinned Airtime and distribution of Pinless Airtime, and this trend has continued through to the third quarter of fiscal 2025, with the volume of Pinned Airtime sales decreasing, which results in a lower revenue and related cost of sales, and an overall improved margin.

Our Segment Adjusted EBITDA margin (calculated as Segment Adjusted EBITDA divided by revenue) for the year to date fiscal 2025 and 2024 was 7.8% and 6.4%, respectively.

Consumer

Segment revenue increased primarily due to higher transaction fees generated from the higher EPE account holders base, an increase in certain issuing fee base prices and transaction activity in our issuing business, insurance premiums collected, lending revenues following an increase in loan originations and the inclusion of Adumo. This increase in revenue has translated into improved profitability, which was partially offset by a higher allowance for credit losses following an increase in loan originations in December 2024 and the third quarter of fiscal 2025, higher insurance-related claims, interest expense (of approximately ZAR 45.0 million) incurred to fund our lending book, higher computer software license costs, and the year-over-year impact of inflationary increases on certain expenses. As discussed in our commentary for the second quarter of fiscal 2025, we have included an intercompany interest expense in our Consumer Segment Adjusted EBITDA for year to date fiscal 2025 compared with the year to date fiscal 2024.

Our Segment Adjusted EBITDA margin for the year to date fiscal 2025 and 2024 was 22.1% and 16.8%, respectively.

Enterprise

Segment revenue decreased primarily due to fewer ad hoc hardware sales as well as lower revenue generated from the sale of prepaid airtime vouchers, which was partially offset by the inclusion of Recharger. In ZAR, the significant decrease in Segment Adjusted EBITDA is primarily due to the impact of few sales, which was partially offset by the inclusion of Recharger.

Our Segment Adjusted EBITDA margin for the year to date fiscal 2025 and 2024 was 1.5% and 7.4%, respectively.

Group costs

Our group costs for fiscal 2025 increased compared with the prior period due to higher employee costs resulting from an increase in the number of individuals allocated to group costs and base salary adjustments, higher bonus expense, travel, audit, consulting and legal fees.

Presentation of Merchant, Consumer and Enterprise by segment for fiscal 2025 to date and fiscal 2024

The tables below present Merchant, Consumer and Enterprise revenue and EBITDA for fiscal 2025 to date and fiscal 2024, including lease charges, as well as the U.S. dollar/ ZAR exchange rates applicable per fiscal quarter and year:

Table 13

	Fiscal 2025			
	In United States dollars			
	Quarter 1 $ ’000	**Quarter 2 $ ’000**	**Quarter 3 $ ’000**	**F2025 $ ’000**
Revenue				
Merchant	115,630	115,811	103,001	334,442
Consumer	21,072	22,929	24,096	68,097
Enterprise	11,882	8,933	9,444	30,259
Subtotal: Operating segments	148,584	147,673	136,541	432,798
Eliminations	(3,038)	(855)	(871)	(4,764)
Total consolidated revenue	**145,546**	**146,818**	**135,670**	**428,034**
Group Adjusted EBITDA:				
Merchant	7,554	10,319	8,103	25,976
Consumer	4,396	4,342	6,333	15,071
Enterprise	362	(31)	133	464
Group costs	(2,949)	(2,820)	(1,772)	(7,541)
Group Adjusted EBITDA (non-GAAP)	**9,363**	**11,810**	**12,797**	**33,970**
Income and expense items: $1 = ZAR	17.72	17.85	18.40	18.04

Table 14

	Fiscal 2024				
	In United States dollars				
	Quarter 1 $ ’000	**Quarter 2 $ ’000**	**Quarter 3 $ ’000**	**Quarter 4 $ ’000**	**F2024 $ ’000**
Revenue					
Merchant	112,061	117,182	111,801	118,746	459,790
Consumer	15,580	16,707	17,904	19,020	69,211
Enterprise	9,467	11,921	11,322	14,187	46,897
Subtotal: Operating segments	137,108	145,810	141,027	151,953	575,898
Eliminations	(1,019)	(1,917)	(2,833)	(5,907)	(11,676)
Total consolidated revenue	**136,089**	**143,893**	**138,194**	**146,046**	**564,222**
Group Adjusted EBITDA:					
Merchant	6,910	7,497	7,420	7,343	29,170
Consumer	2,120	2,575	3,757	4,227	12,679
Enterprise	815	891	725	500	2,931
Group costs	(1,822)	(2,011)	(2,199)	(1,812)	(7,844)
Group Adjusted EBITDA (non-GAAP)	**8,023**	**8,952**	**9,703**	**10,258**	**36,936**
Income and expense items: $1 = ZAR	18.71	18.71	18.88	18.47	18.68

Use of Non-GAAP Measures

U.S. securities laws require that when we publish any non-GAAP measures, we disclose the reason for using these non-GAAP measures and provide reconciliations to the most directly comparable GAAP measures. The presentation of Group Adjusted EBITDA is a non-GAAP measure. We provide this non-GAAP measure to enhance our evaluation and understanding of our financial performance and trends. We believe that this measure is helpful to users of our financial information understand key operating performance and trends in our business because it excludes certain non-cash expenses (including depreciation and amortization and stock-based compensation charges) and income and expenses that we consider once-off in nature.

Non-GAAP Measures

Group Adjusted EBITDA is earnings before interest, tax, depreciation and amortization ("EBITDA"), adjusted for non-operational transactions (including loss on disposal of equity-accounted investments, change in fair value of equity securities), (earnings) loss from equity-accounted investments, stock-based compensation charges and once-off items. We are working on obtaining a separate lending facility to fund a portion of our Consumer lending during the twelve months ended June 30, 2025. We expected to have this facility in place on July 1, 2024, however, we have been unable to finalize terms as the separate lending facility will form part of a broader refinancing of our facilities. Therefore, we have included an intercompany interest expense in our Consumer Segment Adjusted EBITDA for the three and nine months ended March 31, 2025. Once-off items represents non-recurring income and expense items, including costs related to acquisitions and transactions consummated or ultimately not pursued.

The table below presents the reconciliation between GAAP net loss attributable to Lesaka to Group Adjusted EBITDA:

Table 15

	Three months ended March 31,		**Nine months ended March 31,**	
	2025	**2024**	**2025**	**2024**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Loss attributable to Lesaka - GAAP	**(22,058)**	**(4,047)**	**(58,734)**	**(12,405)**
Less net income attributable to non-controlling interest	(20)	-	(48)	-
Net loss	(22,038)	(4,047)	(58,686)	(12,405)
(Earnings) loss from equity accounted investments	(12)	(43)	(89)	1,319
Net loss before (earnings) loss from equity-accounted investments	(22,050)	(4,090)	(58,775)	(11,086)
Income tax (benefit) expense	(2,934)	931	(9,268)	1,881
Loss before income tax expense	(24,984)	(3,159)	(68,043)	(9,205)
Interest expense	5,777	4,581	16,983	14,312
Interest income	(645)	(628)	(1,952)	(1,562)
Reversal of allowance for doubtful EMI loan receivable	-	-	-	(250)
Net loss on disposal of equity-accounted investment	-	-	161	-
Change in fair value of equity securities	20,421	-	54,152	-
Operating income	569	794	1,301	3,295
PPA amortization (amortization of acquired intangible assets)	4,974	3,562	13,588	10,762
Depreciation and amortization	3,455	2,229	9,340	6,698
Stock-based compensation charges	2,497	2,090	7,518	5,653
Interest adjustment	(890)	-	(2,478)	-
Once-off items(1)	2,306	907	4,599	169
Unrealized loss (gain) FV for currency adjustments	(114)	121	102	101
Group Adjusted EBITDA - Non-GAAP	**12,797**	**9,703**	**33,970**	**26,678**

(1) The table below presents the components of once-off items for the periods presented:

Table 16

	Three months ended March 31,		**Nine months ended March 31,**	
	2025	**2024**	**2025**	**2024**
	$ '000	**$ '000**	**$ '000**	**$ '000**
Transaction costs	1,084	276	1,621	456
Transaction costs related to Adumo and Recharger acquisitions and certain compensation costs	1,222	631	3,174	665
Indirect taxes provision release	-	-	(196)	-
Income recognized related to closure of legacy businesses	-	-	-	(952)
Total once-off items	**2,306**	**907**	**4,599**	**169**

Once-off items are non-recurring in nature, however, certain items may be reported in multiple quarters. For instance, transaction costs include costs incurred related to acquisitions and transactions consummated or ultimately not pursued. The transactions can span multiple quarters, for instance in fiscal 2025 we incurred significant transaction costs related to the acquisition of Adumo and Recharger over a number of quarters, and the transactions are generally non-recurring.

Indirect tax provision release relates to the reversal of a non-recurring indirect tax provision created in fiscal 2023 which was resolved in fiscal 2025 following settlement of the matter with the tax authority. Income recognized related to closure of legacy businesses represents (i) gains recognized related to the release of the foreign currency translation reserve on deconsolidation of a subsidiaries and (ii) costs incurred related to subsidiaries which we are in the process of deregistering/ liquidation and therefore we consider these costs non-operational and ad hoc in nature.

Liquidity and Capital Resources

As of March 31, 2025, our cash and cash equivalents were $71.0 million and comprised of U.S. dollar-denominated balances of $3.2 million, ZAR-denominated balances of ZAR 1.2 billion ($65.9 million), and other currency deposits, primarily Botswana pula, of $1.9 million, all amounts translated at exchange rates applicable as of March 31, 2025. The increase in our unrestricted cash balances from June 30, 2024, was primarily due to the positive contribution from our Merchant and Consumer operations and utilizing of our borrowing facilities, which was partially offset by the utilization of cash reserves to fund certain scheduled and other repayments of our borrowings, settle the cash portion of the purchase consideration related to our various acquisitions, purchase ATMs and vaults, pay annual bonuses, pay for expenses included in our group costs, and to make an investment in working capital.

We generally invest any surplus cash held by our South African operations in overnight call accounts that we maintain at South African banking institutions, and any surplus cash held by our non-South African companies in U.S. dollar-denominated money market accounts.

Historically, we have financed most of our operations, research and development, working capital, and capital expenditures, as well as acquisitions and strategic investments, through internally generated cash and our financing facilities. When considering whether to borrow under our financing facilities, we consider the cost of capital, cost of financing, opportunity cost of utilizing surplus cash and availability of tax efficient structures to moderate financing costs. Refer to Note 12 to our consolidated financial statements for the year ended June 30, 2024, as well as Note 9 to these condensed consolidated financial statements for additional information related to our borrowings.

Available short-term borrowings

Summarized below are our short-term facilities available and utilized as of March 31, 2025:

Table 17	**RMB GBF**		**RMB Other**		**Nedbank**	
	$ ’000	**ZAR ’000**	**$ ’000**	**ZAR ’000**	**$ ’000**	**ZAR ’000**
Total short-term facilities available, comprising:						
Total overdraft	38,195	700,901	-	-	-	-
Indirect and derivative facilities(1)	-	-	5,487	100,700	8,531	156,556
Total short-term facilities available	**38,195**	**700,901**	**5,487**	**100,700**	**8,531**	**156,556**
Utilized short-term facilities:						
Overdraft	23,550	432,156	-	-	-	-
Indirect and derivative facilities(1)	-	-	1,804	33,097	115	2,107
Total short-term facilities utilized	**23,550**	**432,156**	**1,804**	**33,097**	**115**	**2,107**
Interest rate, based on South African prime rate		10.50%		N/A		N/A

(1) Other facilities include indirect and derivative facilities may only be used for guarantees, letters of credit and forward exchange contracts to support guarantees issued by RMB and Nedbank to various third parties on our behalf.

In terms of a commitment provided to the lender under the CTA entered into on February 27, 2025, we have undertaken not to utilize more than ZAR 5.0 million ($0.3 million) of the Nedbank Facility.

Long-term borrowings

We have aggregate long-term borrowing outstanding of ZAR 3.6 billion ($194.7 million translated at exchange rates as of March 31, 2025) as described in Note 9. These borrowings include outstanding long-term borrowings obtained by Lesaka SA of ZAR 3.1 billion, which was used to refinance our previous long-term borrowings. We have utilized all of these long-term borrowings. We also have a revolving credit facility, of ZAR 300.0 million which is utilized to fund a portion of our merchant finance loans receivable book and an asset backed facility of ZAR 227.0 million which is utilized to partially fund the acquisition of POS devices and vaults.

Restricted cash

We have also entered into cession and pledge agreements with Nedbank related to our Nedbank indirect credit facilities and we have ceded and pledged certain bank accounts to Nedbank. The funds included in these bank accounts are restricted as they may not be withdrawn without the express permission of Nedbank. Our cash, cash equivalents and restricted cash presented in our consolidated statement of cash flows as of March 31, 2025, includes restricted cash of $0.1 million that has been ceded and pledged.

Arrangement with African Bank to fund our ATMs

In September 2024, we entered into an arrangement with African Bank Limited ("African Bank") and certain cash-in-transit service providers to fund our ATMs. Under this arrangement, African Bank will use its cash resources to fund our ATMs and it is specifically recorded that the cash in our ATMs are African Bank's property. Therefore, as we have not utilized a facility to obtain the cash, and do not own or control the cash for an extended period of time, we do not record cash or cash equivalents and borrowings in our consolidated statement of financial position. Cash withdrawn from our ATMs by our EPE customers and other consumers are settled through the interbank settlement system from the ATM users bank account to African Bank's bank accounts. We pay African Bank a monthly fee for the service provided which is calculated based on the cumulative daily outstanding balance of cash utilized multiplied by the South African prime interest rate less 1%. We are exposed to the risk of cash lost while it is in our ATMs (i.e. from theft) and are required to repay African Bank for any shortages.

Cash flows from operating activities

Third quarter

Net cash provided by operating activities during the third quarter of fiscal 2025 was $10.7 million (ZAR 196.2 million) compared to net cash utilized of $19.2 million (ZAR 362.1 million) during the third quarter of fiscal 2024. Excluding the impact of income taxes, our cash provided by operating activities during the third quarter of fiscal 2025 was positively impacted by movements within our Merchant and Enterprise businesses related to quarter-end transaction processing activities, lower inventory holdings as of March 31, 2025, and the contribution from our Merchant and Consumer businesses, which was partially offset by the impact of cash utilized for the significant net growth in our Consumer and Merchant finance loans receivable books.

During the third quarter of fiscal 2025, we paid first provisional South African tax payments of $0.6 million (ZAR 10.9 million) related primarily to certain of Adumo's subsidiaries 2025 tax year. We also paid taxes totaling $0.1 million in other tax jurisdictions, primarily in Namibia and Botswana during the third quarter of fiscal 2025. During the third quarter of fiscal 2024, we paid taxes totaling $0.1 million in other tax jurisdictions, primarily in Botswana.

Taxes paid (refunded) during the third quarter of fiscal 2025 and 2024 were as follows:

Table 18	**Three months ended March 31,**			
	2025	**2024**	**2025**	**2024**
	$	**$**	**ZAR**	**ZAR**
	'000	**'000**	**'000**	**'000**
First provisional payments	594	1	10,885	18
Second provisional payments	-	36	-	691
Tax refund received	(151)	(7)	(2,016)	(128)
Total South African taxes paid	443	30	8,869	581
Foreign taxes paid	62	58	1,148	1,072
Total tax paid	505	88	10,017	1,653

Year to date

Net cash used in operating activities during the year to date of fiscal 2025 was $2.6 million (ZAR 47.6 million) compared to net cash provided by operating activities of $23.1 million (ZAR 434.0 million) during the year to date of fiscal 2024. Excluding the impact of income taxes, our cash used in operating activities during the year to date of fiscal 2025 includes cash utilized for the settlement of working capital movements within our Merchant and Enterprise businesses related to quarter-end transaction processing activities and which were settled in the following week (our fourth quarter of fiscal 2024 closed on a Sunday), and the net growth in our the significant net growth in our Consumer and Merchant finance loans receivable books, which was partially offset by was positively impacted by the contribution from Merchant and Consumer businesses.

During the year to date of fiscal 2025, we paid first provisional South African tax payments of $3.7 million (ZAR 67.1 million) related to our 2025. We also paid taxes totaling $0.2 million in other tax jurisdictions, primarily in Namibia and Botswana during the year to date of fiscal 2025. During the year to date of fiscal 2024, we paid first provisional South African tax payments of $2.7 million (ZAR 49.5 million) related to our 2024 tax year and South African tax payments related to prior years of $0.6 million (ZAR 12.2 million). We also paid taxes totaling $0.2 million in other tax jurisdictions, primarily in Botswana.

Taxes (refunded) paid during the year to date of fiscal 2025 and 2024 were as follows:

Table 19	Nine months ended March 31,			
	2025 $ '000	2024 $ '000	2025 ZAR '000	2024 ZAR '000
First provisional payments	3,682	2,663	67,149	49,534
Second provisional payments	-	36	-	691
Taxation paid related to prior years	93	641	1,660	12,187
Tax refund received	(264)	(38)	(4,069)	(768)
Total South African taxes paid	3,511	3,302	64,740	61,644
Foreign taxes paid	202	196	3,693	3,677
Total tax paid	3,713	3,498	68,433	65,321

Cash flows from investing activities

Third quarter

Cash used in investing activities for the third quarter of fiscal 2025 included capital expenditures of $2.8 million (ZAR 51.8 million), primarily due to the acquisition of vaults and POS devices. We also incurred expenditures of $1.7 million (ZAR 30.8 million), primarily related to the capitalization of development costs, during the third quarter of fiscal 2025. During the third quarter of fiscal 2025, we paid $6.7 million related to acquisition of certain businesses, including Recharger.

Cash used in investing activities for the third quarter of fiscal 2024 included capital expenditures of $2.9 million (ZAR 55.6 million), primarily due to the acquisition of vaults and POS devices.

Year to date

Cash used in investing activities for the year to date of fiscal 2025 included capital expenditures of $13.1 million (ZAR 236.3 million), primarily due to the acquisition of vaults and POS devices. We also incurred expenditures of $2.3 million (ZAR 41.0 million), primarily related to the capitalization of development costs, during the third quarter of fiscal 2025. During the year to date of fiscal 2025, we paid $10.6 million related to acquisition of certain businesses, including Adumo and Recharger.

Cash used in investing activities for the year to date of fiscal 2024 included capital expenditures of $8.0 million (ZAR 149.1 million), primarily due to the acquisition of vaults. During the year to date of fiscal 2024, we received proceeds of $3.5 million related to the sale of remaining interest in Finbond and $0.25 million related to the second (and final) tranche from the disposal of our entire equity interest in Carbon.

Cash flows from financing activities

Third quarter

During the third quarter of fiscal 2025, we utilized $21.4 million from our South African overdraft facilities to partially fund the acquisition of Recharger and for the February 2025 refinance of certain of our facilities, and repaid $50.5 million towards our refinanced facilities. We utilized $175.8 million of our long-term borrowings for the February 2025 refinance of certain of our facilities. We repaid $134.5 million of long-term borrowings towards our refinanced facilities and in accordance with our repayment schedule and paid $7.2 million to settle Adumo's borrowings. We also paid fees of $0.5 million related the February 2025 refinance and paid dividends to the non-controlling interest of $0.1 million.

During the third quarter of fiscal 2024, we utilized $24.9 million from our South African overdraft facilities to fund our ATMs and our cash management business through Connect, and repaid $43.4 million of those facilities. We utilized $3.4 million of our long-term borrowings to fund the acquisition of certain capital expenditures and for working capital requirements. We repaid $7.2 million of long-term borrowings in accordance with our repayment schedule as well as to settle a portion of our revolving credit facility utilized.

Year to date

During the year to date of fiscal 2025, we utilized $94.2 million from our South African overdraft facilities to fund our ATMs and our cash management business through Connect as well as to partially fund the acquisition of Recharger and for the February 2025 refinance of certain of our facilities. We repaid $84.9 million of those facilities, including towards our refinanced facilities. We utilized $189.5 million of our borrowings to settle a portion of the Adumo purchase consideration, pay certain transaction expenses, repay Adumo's borrowings, repurchase shares of our common stock, fund the acquisition of certain capital expenditures, for working capital requirements and for the February 2025 refinance of certain of our facilities. We repaid $130.0 million of long-term borrowings towards our refinanced facilities and in accordance with our repayment schedule, paid $7.2 million to settle Adumo's borrowings, and settled a portion of our revolving credit facility utilized. We also paid an origination fee of $1.0 million to secure additional borrowings as well as paid dividends to the non-controlling interest of $0.4 million.

During the year to date of fiscal 2024, we utilized $153.5 million from our South African overdraft facilities to fund our ATMs and our cash management business through Connect, and repaid $172.2 million of those facilities. We utilized $14.4 million of our long-term borrowings to fund the acquisition of certain capital expenditures and for working capital requirements. We repaid $13.1 million of long-term borrowings in accordance with our repayment schedule as well as to settle a portion of our revolving credit facility utilized. We also paid $0.2 million to repurchase shares from employees in order for the employees to settle taxes due related to the vesting of shares of restricted stock.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Capital Expenditures

We expect capital spending for the fourth quarter of fiscal 2025 to primarily include spending for acquisition of POS devices, vaults, computer software, computer and office equipment, as well as for our ATM infrastructure and branch network in South Africa. Our capital expenditures for the third quarter of fiscal 2025 and 2025 are discussed under "—Liquidity and Capital Resources—Cash flows from investing activities." Our capital expenditures for the past three fiscal years were funded through internally generated funds, or our asset-backed borrowing arrangements. We had outstanding capital commitments as of March 31, 2025, of $0.1 million. We expect to fund these expenditures through internally generated funds and available facilities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In addition to the tables below, see Note 5 to the unaudited condensed consolidated financial statements for a discussion of market risk.

We have short and long-term borrowings in South Africa which attract interest at rates that fluctuate based on changes in the South African prime and 3-month JIBAR interest rates. The following table illustrates the effect on our annual expected interest charge, translated at exchange rates applicable as of March 31, 2025, as a result of changes in the South African prime and 3-month JIBAR interest rates, using our outstanding short and long-term borrowings as of March 31, 2025. The effect of a hypothetical 1% (i.e. 100 basis points) increase and a 1% decrease in the interest rates applicable to the borrowings as of March 31, 2025, are shown. The selected 1% hypothetical change does not reflect what could be considered the best- or worst-case scenarios.

Table 20	**As of March 31, 2025**		
	Annual expected interest charge ($ '000)	**Hypothetical change in interest rates**	**Estimated annual expected interest charge after hypothetical change in interest rates ($ '000)**
Interest on South African borrowings	23,853	1%	26,048
		(1%)	21,658

The following table summarizes our exchange-traded equity security with equity and liquidity price risk as of March 31, 2025. The effects of a hypothetical 10% increase and a 10% decrease in market prices as of March 31, 2025, is also shown. The selected 10% hypothetical change does not reflect what could be considered the best or worst case scenarios. Indeed, results could be far worse due both to the nature of equity markets and the liquidity risk associated with the equity security.

Table 21	**As of March 31, 2025**			
	Fair value ($ '000)	**Hypothetical price change**	**Estimated fair value after hypothetical change in price ($ '000)**	**Percentage Increase (Decrease) in Shareholders' Equity**
Exchange-traded equity securities	22,113	10%	24,324	1%
		10%	19,902	(1%)

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including our executive chairman and our group chief financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of March 31, 2025.

We previously identified and disclosed in Part II, Item 9A of our Annual Report on Form 10-K for the year ended June 30, 2024, material weaknesses in our internal control over financial reporting related to: (1) information technology general controls ("ITGCs"), specifically insufficient risk assessment, design and implementation, monitoring activities and training of individuals to operate controls in the areas of user access and program-change management for certain information technology systems that support our financial reporting processes and (2) insufficient design and implementation of controls and associated policies and procedures in our annual goodwill impairment assessment. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

As a result of insufficient time to design, implement and fully test controls to ensure we have remediated the material weaknesses discussed in our Annual Report on Form 10-K for our fiscal year ended June 30, 2024 (as described above), the executive chairman and the group chief financial officer concluded that our disclosure controls and procedures were not effective as of March 31, 2025.

Notwithstanding the previously identified material weaknesses, management believes the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial condition, results of operations and cash flows as of and for the periods presented in accordance with GAAP.

Remediation Plan

Management has made good progress and continues to actively work on remediating the identified material weakness and remains committed to remediating the material weakness in a timely manner. Our remediation process is ongoing and includes, but is not limited to, the following steps:

- the review of ITGCs and implementation of changes to certain controls to address the issues related to the material weaknesses identified above; and
- the review and implementation of changes to the design of the controls related to the goodwill impairment assessment.

The remediation plan may be adjusted as is appropriate, as we continue to evaluate and enhance our internal control over financial reporting. Other than the design and implementation of the remediation plan, there have not been any changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2025, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1A. Risk Factors

See "Item 1A RISK FACTORS" in Part I of our Annual Report on Form 10-K for the fiscal year ended June 30, 2024, for a discussion of risk factors relating to (i) our business, (ii) operating in South Africa and other foreign markets, (iii) government regulation, and (iv) our common stock. Except as set forth below, there have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the fiscal year ended June 30, 2024.

We may not be able to successfully integrate Adumo and Recharger's operations with our business.

On October 1, 2024, we announced the closing of our ZAR 1.67 billion ($96.2 million) investment to acquire a 100% interest in Adumo and on March 5, 2024, we announced the closing of our ZAR 503.4 million ($27.0 million) investment to acquire a 100% interest in Recharger. Integrating these businesses into our company may require significant attention from our senior management which may divert their attention from our day-to-day business. The difficulties of integration may be increased by cultural differences between our two organizations and the necessity of retaining and integrating personnel, including Adumo and Recharger's key employees and management team. The services of some of these individuals will be important to the continued growth and success of Adumo and Recharger's business and to our ability to integrate those businesses with ours. If we were to lose the services of these key employees or fail to sufficiently integrate them, our ability to operate these businesses successfully would likely be materially and adversely impacted.

As such, if we are unable to successfully integrate Adumo and Recharger's operations into our business we could be required to record material impairments, and as a result, our financial condition, results of operations, cash flows and stock price could suffer.

We depend upon third-party suppliers, making us vulnerable to supply shortages and price fluctuations, which could harm our business.

We obtain our smart cards, ATMs, electronic payment and POS devices, components for our safe assets, components to repair the ISV (independent software vendor) division's POS hardware, and the other hardware we use in our business from a limited number of suppliers, and do not manufacture this equipment ourselves. We generally do not have long-term agreements with our manufacturers or component suppliers. If our suppliers become unwilling or unable to provide us with adequate supplies of parts or products when we need them, or if they increase their prices, we may not be able to find alternative sources in a timely manner and could be faced with a critical shortage. This could harm our ability to meet customer demand and cause our revenues to decline. Even if we are able to secure alternative sources in a timely manner, our costs could increase as a result of supply or geopolitical shocks, which may lead to an increase in the prices of goods and services from third parties. A supply interruption, such as the recent global shortage of semiconductors, or an increase in demand beyond current suppliers' capabilities could harm our ability to distribute our equipment and thus to acquire new customers who use our technology. Any interruption in the supply of the hardware necessary to operate our technology, or our inability to obtain substitute equipment at acceptable prices in a timely manner, could impair our ability to meet the demand of our customers, which would have an adverse effect on our business.

We do not have a South African banking license and, therefore, we provide our EPE solution through an arrangement with a third-party bank, which limits our control over this business and the economic benefit we derive from it. If this arrangement were to terminate, we would not be able to operate our EPE business without alternate means of access to a banking license. We are also required to comply with the requirements of payment schemes, including VISA and Mastercard. Furthermore, we provide certain of our services under partnerships with South African banks. We will be unable to provide our payments and card-acquiring businesses if we fail to comply with payment scheme rules, and/or fails to maintain certain regulatory licenses and registrations, and/ or if we were unable to continue to partner with South African banks to provide our payments and card acquiring services.

The South African retail banking market is highly regulated. Under current law and regulations, our EasyPay Everywhere ("EPE") business activities require us to be registered as a bank in South Africa or to have access to an existing banking license. We are not currently so registered, but we have an agreement with Grindrod Bank, a subsidiary of African Bank Limited, that enables us to implement our EPE program in compliance with the relevant laws and regulations. If this agreement were to be terminated, we would not be able to operate these services unless we were able to obtain access to a banking license through alternate means. Furthermore, we have to comply with the South African Financial Intelligence Centre Act, 2001 and money laundering and terrorist financing control regulations, when we open new bank accounts for our customers and when they transact. Failure to effectively implement and monitor responses to the legislation and regulations may result in significant fines or prosecution of Grindrod Bank and ourselves.

We are required to comply with the requirements of payment schemes, including VISA and Mastercard. We have deployed a significant number of devices, and any mandatory compliance upgrades to our deployed POS devices would require significant capital expenditures and/or be disruptive to our customer base. Failure to comply with the payment schemes' rules may result in significant fines and/or a loss of license to participate in the scheme(s).

We provide card acquiring services to our customers by partnering with Nedbank Limited and ABSA Bank Limited, and payment processing services in partnership with the largest banks in South Africa. If these agreements were to be terminated, Adumo would not be able to operate its payment services unless it were able to obtain alternative card acquiring or payment processing agreements with other partners or obtain a direct designation license with the scheme's and regulatory bodies. In addition, if we were to lose our PASA registrations or fail to have them renewed, it would be unable to operate its payment services.

Compliance with the requirements under these various regulatory regimes may cause us to incur significant additional costs and failure to comply with such requirements could result in the shutdown of the non-complying facility, the imposition of liens, fines and/or civil or criminal liability.

In addition, the South African Financial Advisory and Intermediary Services Act, 2002, requires persons who act as intermediaries between financial product suppliers and consumers in South Africa to register as financial service providers. EasyPay Insurance was granted a Financial Service Provider, or FSP, license on June 9, 2015, and EasyPay Financial Services (Pty) Ltd was granted a FSP license on July 11, 2017. If our FSP licenses are withdrawn or suspended, we may be stopped from continuing our financial services businesses in South Africa unless we are able to enter into a representative arrangement with a third party FSP.

Furthermore, the proposed Conduct of Financial Institutions Bill will make significant changes to the current licensing regime however, the current proposal is that existing licences will be converted. The second draft of the Conduct of Financial Institutions Bill was published for public comment on September 29, 2020.

Proposed regulatory changes to the national payments system are expected to have a substantial impact on the South African payments industry. It may change the manner in which we conduct business and likely lead to increased operating costs for our business as we work to ensure compliance with the new legislative and regulatory framework, which may have a material adverse effect on our business.

On March 3, 2025, the South African Reserve Bank (“SARB”) published certain draft regulatory documents for commentary that are expected to have a substantial impact on how we conduct our business namely: (i) a draft directive entitled “Directive in respect of specific payment activities within the national payment system” (the “Directive”); (ii) a draft exemption notice entitled “Designation by the Prudential Authority of specific activities conducted in the national payment system which shall be deemed not to constitute ‘the business of a bank’ under paragraph (cc) in section 1(1) of the Banks Act, 1990” (the “Exemption Notice”); and (iii) the National Payment System Bill (“NPS Bill”), which seeks to replace the existing National Payment System Act, 1998. The proposed regulations were made available for comment, and we submitted detailed comments to our industry body, Association of South African Payment Providers, on the proposed regulations.

The key objectives of the proposed regulations are to clarify the mandate and objectives of the SARB with respect to the national payment system (“NPS”); and establish a robust regulatory, oversight, and supervisory framework for the NPS. The proposed regulations also aim to promote financial inclusion, competition, the prevention of financial crime, and the fair treatment and protection of customers, while introducing an activity-based licensing and authorization regime. In this regard, the Directive defines thirteen “payment activities” and provides that a person, which can be a bank or a non-bank, providing a “payment activity" must obtain authorisation from the SARB to undertake such activity. Under the Exemption Notice, certain payment activities are exempted from the definition of ‘the business of a bank’. Prior to the Exemption Notice, these activities could only be undertaken by a bank. Pursuant to the Exemption Notice, these activities can be undertaken by non-banks, subject to certain conditions. Certain of our businesses, including EasyPay Everywhere, Adumo and Kazang Pay, currently undertake activities which would qualify as “payment activities” under the Directive and the NPS Bill. Under the current regulatory framework, these activities are undertaken in partnership with a sponsoring bank and the sponsoring bank is subject to regulation by the SARB. In other words, the business undertaking the “payment activity” is not subject to direct regulation with respect to such payment activities.

It is uncertain if and when the proposed regulations will enter into effect and whether a non-bank such as the relevant Lesaka subsidiary may elect whether to conduct an exempted payment activity by partnering with a bank to do so, or on its own, if it is authorised by the SARB - i.e. whether both options will be available to a non-bank. Should our businesses be subject to direct regulation under this new regime (i.e., if our current sponsorship model is no longer available), we expect that we will incur significant operating costs to comply with the new requirements, and to obtain authorization with respect thereto. Furthermore, while some requirements may already exist under other current regulatory frameworks for certain of our businesses, we will likely need to invest in additional resources, systems and processes to satisfy the regulatory requirements contemplated in the proposed regulations, which may also lead to increased operational costs, which may have a material adverse effect on our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On February 5, 2020, our board of directors approved the replenishment of our existing share repurchase authorization to repurchase up to an aggregate of $100 million of common stock. The authorization has no expiration date.

The table below presents information relating to purchases of shares of our common stock during the third quarter of fiscal 2025:

Table 22	(a)	(b)	(c)	(d)
Period	Total number of shares purchased	Average price paid per share (US dollars)	Total number of shares purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs
Jan 1, 2025 - Jan 31, 2025	-	-	-	100,000,000
Feb 1, 2025 - Feb 28, 2025(1)	5,662	4.86	-	100,000,000
Mar 1, 2025 - Mar 31, 2025	-	-	-	100,000,000
Total	5,662		-	

(1) Relates to the delivery of 5,662 shares of our common stock in February 2025 to us by certain of our employees to settle their income tax liabilities. These shares do not reduce the repurchase authority under the share repurchase program.

Other than as reported in a Current Report on Form 8-K, we did not sell any securities that were not registered under the Securities Act during the third quarter of fiscal 2025.

Item 5. Other Information

Our Section 16 officers and directors, as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934 (the “Exchange Act”), may from time to time enter into plans for the purchase or sale of our common stock that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act. During the quarter ended March 31, 2025, no officers or directors, as defined in Rule 16a-1(f), adopted, modified, or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Item 408 of Regulation S-K.

Item 6. Exhibits

The following exhibits are filed as part of this Form 10-Q:

Exhibit No.	Description of Exhibit	Included Herewith	Incorporated by Reference Herein		
			Form	Exhibit	Filing Date
10.46	Common Terms Agreement Senior Term Loan, Revolving Loan and Working Capital Facilities and Lesaka Technologies Proprietary Limited (as Term/RCF Borrower) and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (as Facility Agent) and Bowwood and Main No 408 (RF) Proprietary Limited (as Debt Guarantor) dated February 27, 2025	X			
10.47	Senior Term Facility A Agreement between Lesaka Applied Technologies Proprietary Limited (as Term/RCF Borrower) and The Persons Listed in Annexure A (as Original Senior Term Facility A Lenders) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (as Facility Agent) dated February 27, 2025	X			
10.48	Senior Term Facility B Agreement between Lesaka Applied Technologies Proprietary Limited (as Term/RCF Borrower) and The Persons Listed in Annexure A (as Original Senior Term Facility B Lenders) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (as Facility Agent) dated February 27, 2025	X			
10.49	Senior RCF Agreement between Lesaka Applied Technologies Proprietary Limited (as Term/RCF Borrower) and The Persons Listed in Annexure A (as Original Senior RCF Lenders) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (as Facility Agent) dated February 27, 2025	X			
10.50	Pledge and Cession in Security Agreement between Lesaka Technologies, Inc. (as Cedent) and Lesaka Technologies Proprietary Limited (as Obligors' agent and Term/RCF Borrower) and Bowwood and Main No 408 (RF) Proprietary Limited (as Debt Guarantor) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (as Facility Agent) dated February 27, 2025	X			
10.51	Subordination Agreement between Lesaka Applied Technologies Proprietary Limited (as Term/RCF Borrower) and The Persons Listed in Annexure A (as Original Subordinated Parties) and The Persons Listed in Annexure B (as Original Obligors) and The Persons Listed in Annexure C (As Original Lenders) and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) (as Facility Agent) and Bowwood and Main No 408 (RF) Proprietary Limited (as Debt Guarantor) dated February 28, 2025	X			
10.52	General Banking Facility Agreement dated February 27, 2025 between Lesaka Technologies (Proprietary) Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division)	X			
10.53*	Contract of Employment, dated as of October 1, 2024, between Lesaka Technologies (Pty) Ltd and Daniel Luke Smith	X			
10.54*	Restrictive Covenants Agreement, dated as of October 1, 2024, between Lesaka Technologies (Pty) Ltd and Daniel Luke Smith	X			
10.55*	Employment Agreement, dated as of October 1, 2024, between Lesaka Technologies, Inc. and Daniel Luke Smith	X			
10.56*	Restrictive Covenants Agreement, dated as of October 1, 2024, between Lesaka Technologies, Inc. and Daniel Luke Smith	X			

31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Exchange Act	X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Exchange Act	X
32	Certification pursuant to 18 USC Section 1350	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Taxonomy Extension Schema	X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X
101.LAB	XBRL Taxonomy Extension Label Linkbase	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X
104	Cover page formatted as Inline XBRL and contained in Exhibit 101	

* Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 7, 2025.

LESAKA TECHNOLOGIES, INC.

By: /s/ Ali Mazanderani

Ali Mazanderani

Executive Chairman

By: /s/ Dan Smith

Dan Smith

Group Chief Financial Officer, Treasurer and Secretary